Financial Results
2011

Investor Relations Department

Miguel Viana, Head of IR
Sónia Pimpão
Elisabete Ferreira
Ricardo Farinha
Pedro Coelhas
Noélia Rocha

Phone: +351 21 001 2834
Email: ir@edp.pt
Site: www.edp.pt

Conference call and webcast

Date: Friday, 9th March, 2012, 11:00 am (UK/Portuguese time)

Webcast: www.edp.pt

By Phone dial-In number: +44 (0)20 7162 0077 Conference ID: 913196

Replay: By Phone dial-In number: +44 (0)20 7031 4064 Conference ID: 913196

Lisbon, March 8th 2012

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

Index

EDP 2011 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level.
The financial statements presented in this document are non-audited. The source from all operational data is EDP.

Main Highlights

Income Statement (€ m)	2011	2010*	Δ %	Δ Abs.
Gross Profit	**5,436**	**5,404**	**0.6%**	**+32**
Supplies and services	901	862	4.5%	+39
Personnel costs	574	575	-0.3%	-2
Costs with social benefits	61	153	-60%	-92
Other operating costs (net)	145	200	-28%	-56
Net Operating costs (1)	**1,681**	**1,792**	**-6.2%**	**-111**
EBITDA	**3,756**	**3,613**	**4.0%**	**+143**
Provisions	1	104	-99%	-103
Net depreciation and amortisation (2)	1,488	1,447	2.8%	+41
EBIT	**2,267**	**2,063**	**9.9%**	**+205**
Capital gains/(losses)	21	61	-66%	-40
Financial results	(715)	(485)	-48%	-230
Results from associated companies	19	23	-17%	-4
Pre-tax Profit	**1,592**	**1,662**	**-4.2%**	**-69**
Income taxes	260	427	-39%	-167
Discontinued activities	-	-	-	-
Net profit for the period	1,332	1,235	8%	+97
Net Profit Attributable to EDP Shareholders	**1,125**	**1,079**	**4.2%**	**+46**
Non-controlling Interest	207	156	33%	+52

Key Operational Data	2011	2010	Δ %	Δ Abs.
Employees	12,305	12,096	1.7%	+209
Installed capacity (MW)	23,212	21,990	5.6%	+1,222

Key Financial Data (€ m)	2011	2010	Δ %	Δ Abs.
FFO (Funds from operations)	2,827	2,903	-2.6%	-76
Capex	2,161	2,667	-19%	-507
Maintenance	752	694	8.4%	+58
Expansion	1,408	1,973	-29%	-565
Net financial investment in the period	(146)	(182)	20%	+37

Key Balance Sheet Data (€ m)	Dec-11	Dec-10	Δ %	Δ Abs.
Equity booK value	8,110	7,855	3.2%	+255
Net debt	16,948	16,247	4.3%	+701
Regulatory receivables	1,647	1,443	14%	+204
Net debt/EBITDA (x)	4.5x	4.5x	-	0.0x
Adjusted net debt (3)/EBITDA (x)	4.1x	4.1x	-	0.0x

EBITDA advanced 4% YoY to €3,756m in 2011, driven by our operations in regulated networks (+€161m), wind (+€88m). These increases offset the decline in LT Contracted Generation (-€52m) and liberalised activities (-€56m). In 2011 EDP changed its accounting policy as to the interest cost and estimated return of the pension fund assets: these amounts, so far accounted as operating costs (€85m in 2010), are now accounted at financial results level (€88m in 2011). Excluding this impact, EBITDA grew 2% YoY in 2011.

EBITDA generated outside Portugal accounted for 58% of EBITDA in 2011. Moreover, 90% of total EBITDA derived from LT contracted and regulated activities, reflecting our low-risk operational profile. In Portugal, where the bulk of EDP's operations are LT contracted/regulated, regulatory visibility improved materially: (1) in Dec-11, ERSE disclosed tariff parameters, providing clarity for tariffs in 2012-14 and witnessing an increase in regulatory receivables in 2012; (2) In Oct-11, the Government announced the deferral from 2012 to 2013 of a €141m receivable from the CMECs; (3) the Government announced the progressive phase out, up to Jul-13, of regulated tariffs for the remaining consumers (residential), putting pressure off tariffs deviations/deficits. **For 2012,** EDP is making use of existing flexibility stemming from the integrated management of gas and electricity operations in Iberia, favouring gas sales in the wholesale market. As such, it has so far secured spreads for 80% of its gas sourcing commitments and for all of the expected coal production in 2012. Accordingly, EDP has so far forward contracted with clients over 20TWh of electricity sales.

Net operating costs[(1)] fell 6% (-€111m), to €1,681m, supported by a €56m fall in other net operating costs and by the abovementioned change in accounting policy (-€85m). Adjusted for this accounting change, net operating costs fell 2% reflecting the mixed impact of: (i) operating costs €30m higher as the impact from larger base of operations at EDPR (+€35m) and from HR restructuring costs in LT Contracted generation (€14m in 2011) was partially compensated by tight cost control and reduction of curtailment costs in the electricity distribution business in Portugal; and (ii) other net operating costs €56m lower YoY on the back of a €27m gain booked in the sale of transmission assets, higher impact from IFRIC 18 (+€29m) and lower provisioning for doubtful debts stemming from a tight control over bad debts. .

EBIT rose 10% to €2,267m, mainly driven by EBITDA growth, extension of EDPR's wind farms useful life and lower provisions. Net depreciation and amortisation rose €41m in 2011, impacted by new capacity additions. **Financial results** totalled -€715m in 2011, mainly reflecting: (i) the increase in the average cost of debt (from 3.5% in 2010 to 4.1% in 2011); (ii) an 7% rise in average net debt; (iii) the impact from the aforementioned change in accounting policy (-€88m); (iv) impairment in our stake in BCP (-€58m), and (v) provision due to a litigation with a client in Brazil (-€22m). **Non-controlling interest** increased 33% YoY to €207m in 2011, following EDP's sale of a 13.8% stake in EDP Brasil, along with the increase of EDPR net profit. **Net profit rose 4%, to €1,125m in 2011**. A DPS of €0.185 will be proposed for approval at EDP's next AGM.

Net debt rose from €16.2bn in Dec-10 to €16.9bn in Dec-11 driven by: (1) regulatory receivables €0.2bn higher YoY, at €1.6bn; (2) net acquisitions of €0.15bn, mainly mirroring the payment of 20% in Genesa (€231m), 10% of Naturgas (€214m) as agreed in 2010, Jari hydro plant (c€150m, capex included), which was not fully compensated by the proceeds from the sale of 14% stake in EDP Brasil (€353m) and from Ampla (€85m). Additionally, dividends payment totalled €754m (of which €617m to EDP shareholders) and expansion capex amounted €1,408m. Up to Dec-11, EDP spent €1.4bn in 2.8GW currently under construction (1.0GW due in 2012). Also, EDP invested €431m in the completion of 1,2GW (wind and 437MW of hydro in Portugal) in 2011. Excluding regulatory receivables, EDP's adjusted net debt/EBITDA was stable at 4.1x in Dec-11, reflecting the large cumulated expenditure in projects in progress.

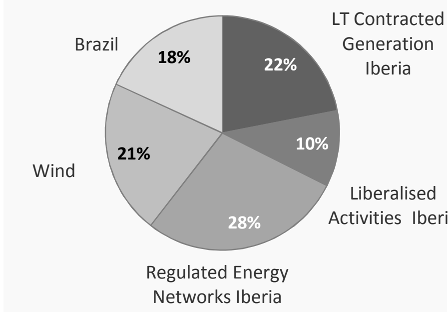
As of Dec-11, total cash position and available credit facilities amounted to €4.1bn. As part of the EDP's privatization process, EDP agreed on a partnership with China Three Gorges (CTG) through which: (i) CTG will acquire minority stakes (c1.5GW) in wind farms worth €2.0bn up to 2015 (€800m in the 12months following the deal closing); (ii) EDP will count with a €2.0bn credit facilty up to 20 years; (iii) the 2 groups will co-invest in selected new projects. Adjusted for this, **EDP has €8.1bn of liquidity position, which allows it to cover refinancing needs until 1H15.**

* Note: 2010 financial statements are stated as reported in 2010, thereby not including the change in accounting policy as to pension funds costs. (1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets. (3) Excluding regulatory receivables.

EBITDA Breakdown

EBITDA (€ m)	2011	2010	Δ %	Δ Abs.	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LT Contracted Generation	824.2	876.7	-6.0%	-52	213.8	208.4	216.3	238.1	197.9	205.0	207.5	213.8
Liberalised Activities Iberia	392.5	448.9	-13%	-56	166.7	124.8	95.7	61.7	131.0	78.8	87.8	94.8
Regulated Networks Iberia	1,099.9	938.4	17%	+161	232.4	220.1	212.3	273.6	275.7	249.3	276.4	298.5
Wind Power	800.7	712.7	12%	+88	184.5	158.4	130.2	239.6	220.1	189.1	139.1	252.4
Brazil	681.7	674.0	1.1%	+8	165.6	175.6	153.9	178.9	198.2	194.3	161.9	127.4
Other	(43.5)	(37.9)	-	-6	(23.6)	3.9	11.6	(29.9)	(14.8)	(24.2)	1.9	(6.4)
Consolidated	**3,755.6**	**3,612.8**	**4.0%**	**+143**	**939.6**	**891.2**	**820.0**	**962.0**	**1,008.2**	**892.2**	**874.6**	**980.6**

EBITDA 2011



EDP consolidated EBITDA rose 4% YoY (+€143m) to €3,756m in 2011, driven by our operations in regulated networks (+€161m) and wind (+€88m). EBITDA from LT Contracted Generation in Iberia fell 6% (-€52m) and liberalised activities in Iberia retreated 13% (-€56m). EDP 2011 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: the respective amounts, so far accounted as operational expenses (€85m in 2010), are now accounted at financial results level (€88m in 2011). Excluding this impact, EBITDA grew 2% YoY in 2011. ForEx impact on EBITDA was negligible.

LONG TERM CONTRACTED IBERIA – EBITDA fell 6% (-€52m) to €824m in 2011, reflecting the mixed impact from: i) the end of Carregado power plant PPA in Dec-10 (-€85m) and curtailment costs (-€14m); and ii) lower costs with social benefits (+€14m YoY) resulting from the abovementioned change in accounting policy. Excluding these impacts, EBITDA grew 4%, backed by higher inflation, higher-than-contracted plants availability and the partial commissioning of Sines DeNOx facilities.

LIBERALISED ACTIVITIES IBERIA – EBITDA from liberalised activities fell 13% YoY (-€56m) to €393m in 2011. EBITDA from electricity business was 16% (-€68m) lower YoY, reflecting: i) a decline in total volumes (-2% YoY); ii) lower unit margins (€9/MWh in 2011 vs. €11/MWh in 2010) due to higher sourcing costs and fewer arbitrage opportunities; and iii) higher net operating costs stemming from new capacity on stream and from the implementation of RD14/2010 (measures to reduce the tariff deficit) in Spain. These impacts were only partially compensated by an increase in other revenues, namely with capacity payments (backed by new capacity addition in Spain and by the attribution of similar capacity payments in Portugal and Spain during 2011). In 4Q11, EDP started operations in two out of the eight hydro plants under construction: the repowerings of Picote II (246MW) and of Bemposta II (191MW), both in Portugal. Despite a highly competitive retail market environment, EBITDA from gas supply in Iberia went up 35% YoY (+€11m), on the back of gas sales to the wholesale market and lower operating costs following lower provisions for doubtful debts.

REGULATED NETWORKS IBERIA – EBITDA rose 17% YoY (+€161m) to €1,100m in 2011. Excluding the impacts from IFRIC18[1] in both years, the mentioned change in accounting and assets sales, EBITDA rose 4% YoY (+€37m). EBITDA from gas regulated activities in Iberia went up 11% YoY (+€27m) to €268m in 2011, driven by: i) higher regulated revenues and connection fees in Spain and Portugal; ii) higher recovery of past years tariff adjustments and start of accounting of tariff deviations in Portugal; iii) impact (+€5m YoY) from IFRIC18[1]; and iii) higher efficiency. EBITDA from electricity distribution in Spain went up 34% YoY to €182m, propelled by a €27m gain related to the sale of transmission assets to REE, a €40m positive impact in 2011 (+€20m YoY) related to IFRIC18[1], higher distribution regulated revenues (+€9m) and improved efficiency. In turn, EBITDA from electricity distribution and last resort supply activity in Portugal (59% of regulated networks EBITDA) amounted to €651m in 2011. Excluding the impact from the aforementioned change in accounting policy (€59m in 2010) and a €21m intra-group real estate gain in 2011 (no impact at consolidated level), EBITDA increased by 1% to €630m (+€8m). This increase reflects a 4% decline in controllable costs, which compensated the lower consumption and GDP deflator incorporated in 2011 tariffs.

WIND POWER – EDPR's EBITDA rose 12% YoY (+€88m) to €801m in 2011, in line with the 11% YoY increase of installed capacity to 7,157MW by Dec-11. 2011 EBITDA includes some one-off items: i) +€52m from a fair value revaluation test on EDPR's Italian put option and success fees; and ii) -€15m of write-offs related to pipeline rationalisation, of which €11m from US. Also, 2010 EBITDA includes a one-off €16m income ("cash-in") from the cutback of a US PPA contract maturity. Excluding these impacts, EBITDA went up 10% YoY (+€67m). Main EBITDA growth drivers were: i) **European markets ex-Iberia (EBITDA +€23m YoY,** excluding the one-off gain of the mentioned fair value revaluation test**)**, reflecting 287MW of new capacity, higher avg. selling prices (+2% YoY), due to higher contribution of the Polish and Romanian assets, and slightly lower avg. load factors (-1pp YoY to 23%); ii) **Brazil (EBITDA +€13m YoY)**, on the commissioning of the Tramandaí wind farm (70MW), higher avg. selling prices (+9% YoY) and a 35% load factor (+9pp YoY); iii) **Spain (EBITDA +€12m**, including hedging results), following 151MW of new capacity, higher avg. selling prices (+4% YoY) and a lower load factor (-2pp YoY to 25%); and iv) **US (EBITDA +€9m YoY**, including a -€13m impact from forex and excluding the mentioned one-off items), reflecting 198MW of new capacity, higher avg. load factor (+1pp to 33%) and lower avg. selling price (-4% YoY).

BRAZIL – EBITDA rose €8m YoY to €682m in 2011 (forex impact was negligible: +€1m from 0.2% appreciation of the Real against the Euro). In local currency, EDP Energias do Brasil's EBITDA went up 1% YoY, reflecting: i) the tariff revision in distribution (mainly from Bandeirante in Oct-10); ii) higher electricity demand, up 2.8% YoY, even though the 4Q11 (up by only 0.6% YoY) was negatively affected by lower demand from industrial clients; iii) the inflation update on PPA's selling price; and iv) a favorable allocation of contracted volumes in the year, which were mostly offset by higher controllable costs.

Note that the above mentioned €21m intra-group real estate gain recorded in 2Q11 at the level of electricity distribution in Portugal was compensated at the level of "Other".

(1) With the application of IFRIC 18, with impact only in Spanish business, the assets received from customers ensuring their direct access to the energy distribution network, are registered as assets at fair value against operating income, and amortized through their useful lives.

Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	2011	2010*	Δ %	Δ Abs.
EBITDA	**3,755.6**	**3,612.8**	**4.0%**	**+143**
Provisions	0.7	103.6	-99%	-103
Depreciation and amortisation	1,517.2	1,469.0	3.3%	+48
Compensation for depreciation	(29.7)	(22.3)	-33%	-7
EBIT	**2,267.4**	**2,062.5**	**10%**	**+205**

Financial Results (€ m)	2011	2010*	Δ %	Δ Abs.
Net financial interest	(661.4)	(557.6)	-19%	-104
Capitalized financial costs	140.6	168.7	-17%	-28
Net foreign exch. diff. and derivates	(36.3)	(49.7)	27%	+13
Investment income	7.9	16.2	-51%	-8
Unwinding w/ pension & medical care resp.	(88.1)	-	-	-88
Other Financials	(78.1)	(62.5)	-25%	-16
Financial Results	**(715.4)**	**(485.0)**	**-48%**	**-230**

Results from Associat. Companies (€ m)	2011	2010	Δ %	Δ Abs.
CEM (21%) - China/Macao	9.2	10.2	-9.5%	-1
DECA II (EEGSA (21%)) - Guatemala	-	4.5	-	-5
EDP Renováveis subsidiaries	3.9	4.9	-20%	-1
Other	6.3	3.9	64%	+2
Results from associated companies	**19.5**	**23.5**	**-17%**	**-4**

Capital Gains/(Losses) (€ m)	2011	2010	Δ %	Δ Abs.
SEASA - EDP Renováveis	9.4	-	-	+9
Oni SGPS - Telecom Portugal	-	6.9	-	-7
DECA II (EEGSA (21%)) - Guatemala	-	57.0	-	-57
Ampla Energia & Ampla Investimentos	9.5	-	-	+10
Other	2.0	(3.2)	-	+5
Capital Gains/(Losses)	**20.9**	**60.8**	**-66%**	**-40**

Income Tax (€ m)	2011	2010	Δ %	Δ Abs.
Pre-tax profit	**1,592.4**	**1,661.8**	**-4.2%**	**-69**
Income taxes	260.4	427.2	-39%	-167
Effective tax rate (%)	*16.4%*	*25.7%*	*-9.4 pp*	-
Discontinued activities	-	-	-	-

Non-controlling Interest (€ m)	2011	2010	Δ %	Δ Abs.
EDP Renováveis	22.3	16.9	32%	+5
HC Energia	2.1	(1.0)	-	+3
Energias do Brasil	160.9	132.3	22%	+29
Other	22.0	7.5	193%	+15
Non-controlling Interest	**207.3**	**155.7**	**33%**	**+52**

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) increased €41m in 2011, as: (i) the expansion of EDPR's wind portfolio; (ii) new capacity in the liberalised generation, (iii) impact from the revaluation of some of EDPR's European assets and liabilities; more than compensated (iv) the extension of the useful life of the wind farms (from 20 to 25 years, in Jun-11) and of several other plants in Portugal in 2010 and (v) impact resulting from fiscal benefits regarding depreciation costs in the generation and distribution businesses in Brazil.

Provisions in 2011 include a €11m related to a litigation with a client in Brazil (EDP booked a total amount of €33m, of which €11m at EBIT level and €22m at financial results). This was offset by write-backs, mostly related to favourable resolutions on legal disputes in Spain, and compares favourably to an abnormally high level of provisions in 2010.

Financial Results:

a) Net financial interests paid increased 19% YoY, to €661m in 2011, following (i) a c60bp increase of the average cost of debt, from 3.5% in 2010 to 4.1% in 2011, driven by the increase in short term interest rates and (ii) an increase by 7% in average net debt.

b) Capitalised financial costs decreased by 17% due to lower level of works in progress, namely at EDP Renováveis.

c) Net foreign exchange and derivatives improved by €13m YoY to a €36m loss in 2011, impacted mostly by lower losses in derivatives related to hedging in the energy markets.

d) Unwinding with pension and medical care responsibilities amounted to €88m. Note that EDP 2011 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level (€88m in 2011 vs. €85m in 2010).

e) Other financials in 2011 amounted to -€78m including: (i) an impairment in our financial stake in BCP (€58m); and (ii) a €22m provision due to a litigation with a client in Brazil.

Results from associated companies: in Oct-10, EDP sold its 21% stake in DECA II (Guatemala). EDP Renováveis subsidiaries includes essentially our equity stake in ENEOP Portugal (€2.2m impact in 2011) whereas the "Other" reflects namely our 20% stake in Setgas, a regional gas distribution company in Portugal (€3.4m impact in 2011).

Capital gains and losses: in Apr-11, EDPR sold its 16.7% stake in SEASA, which owns 74 operating MW wind farm in Spain, recognizing a capital gain of €9m; in Oct-11, EDP completed the sale of 7.7% of Ampla Energia e Serviços and Ampla Investimentos e Serviços in Brazil to Endesa, ensuring a capital gain of €10m.

Income tax: decreased €167m due to one-off effects in 2011 in fiscal consolidation perimeters in Iberia.

Non-controlling interest increased 33% YoY to €207m in 2011, following the the reduction of EDP stake in EDP Brasil from 65% to 51% in Jul-11, and the increase of EDPR net profit.

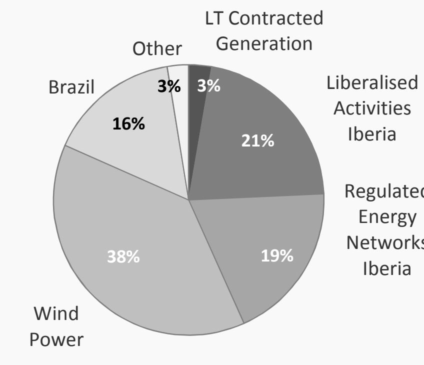
* Note: 2010 financial statements are stated as reported in 2010, thereby not including the change in accounting policy as to pension funds costs.

Capital Expenditure Breakdown

Capex (€ m)	2011	2010	Δ %	Δ Abs.
LT contracted gen. Iberia	58.9	96.0	-38.6%	-37
Liberalised activities Iberia	465.4	466.4	-0%	-1
Regulated networks Iberia	410.9	370.7	10.8%	+40
Wind power	828.7	1,231.7	-33%	-403
Brazil	341.2	427.3	-20%	-86
Other	55.6	75.2	-26%	-20
EDP Group	**2,160.6**	**2,667.3**	**-19%**	**-507**
Expansion Capex	**1,408.2**	**1,972.9**	**-29%**	**-565**
Maintenance Capex	**752.4**	**694.4**	**8.4%**	**+58**

Capex (€ m)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
LT contracted gen. Iberia	12.8	22.9	25.1	35.1	13.9	18.4	13.6	13.1
Liberalised activities Iberia	55.3	96.3	107.0	207.8	49.0	104.1	115.2	197.1
Regulated networks Iberia	65.9	82.2	81.2	141.4	70.5	97.7	90.8	151.9
Wind power	382.0	452.3	285.3	112.1	190.4	154.6	171.1	312.6
Brazil	39.5	82.3	111.4	194.1	63.0	60.8	104.7	112.8
Other	17.1	3.1	36.9	18.1	5.9	16.8	12.5	20.3
EDP Group	**572.6**	**739.1**	**646.9**	**708.7**	**392.7**	**452.4**	**507.8**	**807.8**
Expansion Capex	**446.6**	**561.5**	**444.9**	**520.0**	**263.4**	**271.4**	**322.2**	**551.3**
Maintenance Capex	**126.0**	**177.7**	**202.1**	**188.7**	**129.3**	**181.0**	**185.6**	**256.5**

CAPEX 2011



Generation Projects Installed in 2011 (€ m)	MW	Capex 2011
Hydro Portugal	437	65
Wind Power	720	364
Special regime (ex-wind)	10	2
Hydro Brazil	9	1
Total	**1,176**	**431**

Generation Projects Under Construction (€ m)	MW	Capex 2011	Acc. Capex (1)
Hydro Portugal	1,710	318	520
Wind power (2)	375	155	218
Coal Brazil	360	127	600
Hydro Brazil	383	34	61
Total	**2,828**	**634**	**1,400**

Consolidated capex totaled €2,161m in 2011, 65% of which devoted to expansion projects. In line with EDP's strategy to invest in risk controlled activities, LT contracted/regulated activities absorbed 76% of capex. **Maintenance capex** totaled €752m in 2011, mostly devoted to regulated networks and Brazil. **Expansion capex** amounted €1,408m, 90% of which invested in CO_2-free technologies (hydro and wind).

Capex in new wind capacity (c60% of expansion capex), at EDPR level, amounted to €829m and was mainly invested in US (49%), Poland and Romania (11% each), Spain (8%), Brazil (7%). Out of total wind capex, €364m were invested in the conclusion of 720MW put in operation during 2011: 198MW in US, 195MW in Romania, 151MW in Spain, 70MW in Poland, 70MW in Brazil. Moreover, EDPR has so far spent €218m (€155m in 2011) in 375MW currently under construction (all under long term/regulated tariff regimes): 215MW in US (State of New York), 80MW in Poland, 58MW in Spain, 20MW in Italy, 2MW in Portugal.

Capex in new hydro capacity (32% of expansion capex) totaled €412m in 2011, the bulk of which (€383m) devoted to construction/repowering works in 8 plants in Portugal (2,147MW due in 2011/15). In line with this, the first two repowering came on stream in Nov-11 (Picote II, 246MW) and in Dec-11 (Bemposta II, 191MW) enhancing an improved efficiency in water management in Douro basin. Additionally, Alqueva II (256MW, 82% of capex already incurred), is due to come on stream in 2H12.

In Brazil, EDP already invested: (1) €600m in its 360MW share in Pecém coal plant; and (2) €61m in the repowering of Mascarenhas (9MW), due in 2013, and initial construction works of Jari (373MW) due in 2015. The first stage of Mascarenhas repowering (9MW) started operations in 2Q11.

Overall, EDP increased its installed capacity by 1,212MW in 2011, to 23.2GW. Additionally, up to Dec-11, EDP had already spent €1.4bn in 2.8GW under construction. Looking forward, EDP plans a total capex of €2.0bn in 2012. Out of capacity currently under construction, EDP expects to bring 1,0GW into operation during 2012.

(1) Accumulated capex net of debts to equipment suppliers. (2) Amount of accumulated capex as of Dec-11 includes capacity under construction & development.

Cash Flow

Consolidated Cash Flow (€ m)	2011	2010	Δ %	Δ Abs.
EBITDA	**3,755.6**	**3,612.8**	**4.0%**	**+143**
Current Income tax	(187.5)	(186.3)	-1%	-1
Net financial interest	(661.4)	(557.6)	-19%	-104
Net Income and dividends from associates	27.4	39.6	-31%	-12
Other adjustments	(107.3)	(5.5)	-1845%	-102
FFO (Funds From Operations)	**2,826.8**	**2,903.0**	**-2.6%**	**-76**
Net financial interest	661.4	557.6	19%	+104
Net Income and dividends from associates	(27.4)	(39.6)	-31%	-12
Change in operating working capital	(514.0)	(1,578.8)	-	+1,065
Regulatory receivables	(204.3)	(847.4)	-	+643
Other	(309.7)	(731.5)	-	+422
Operating Cash Flow	**2,946.8**	**1,842.1**	**60%**	**+1,105**
Expansion capex	(1,408.2)	(1,972.9)	-29%	-565
Maintenance capex	(752.4)	(694.4)	8.4%	+58
Change in working capital from equipment suppliers	(54.0)	(49.9)	8%	+4
Net Operating Cash Flow	**732.2**	**(875.1)**	**-**	**+1,607**
Net financial (investments)/divestments	(145.6)	(182.3)	-	+37
Net financial interest paid	(530.3)	(414.5)	-28%	-116
Dividends received from associates	19.6	37.4	48%	-18
Dividends paid	(754.1)	(649.1)	16%	+105
Anticipated proceeds from inst. partnerships in US wind	141.1	228.4	-38%	-87
Effect of exchange rate fluctuations	(42.8)	(378.9)	89%	+336
Other non-operating changes	(121.5)	(6.0)	-	-115
Decrease/(Increase) in Net Debt	**(701.4)**	**(2,240.3)**	**-**	**+1,539**

Net Financial (Investments)/Divestments (€ m)	2011	2010	Δ %	Δ Abs.
Major Financial Investments	**615.5**	**283.7**	**117%**	**+332**
Consolidation perimeter EDP Renováveis	31.6	64.8	-51%	-33
Genesa (20% stake)	231.4	-	-	+231
Gas assets	213.6	198.4	8%	+15
Jari (Brazil)	122.0	-	-	+122
Other	17.0	20.5	-17%	-4
Major Financial Divestments	**469.9**	**101.4**	**364%**	**+369**
Consolidation perimeter EDP Renováveis	30.4	-	-	+30
EDP Brasil Shares (13.8% stake)	353.3	-	-	+353
Ampla (7.7% stake)	85.0	-	-	+85
DECA II (Guatemala)	-	91.2	-	-91
Other	1.3	10.2	-88%	-9
Net Financial (Investments)/Divestments	**(145.6)**	**(182.3)**	**20%**	**+37**

Funds from operations (FFO) decreased 3% to €2,827m following €104m rise in net financial interest paid due to a 60bp increase of average cost of debt and 7% increase average net debt. The other adjustments reflect a change of accounting policy of the interest cost and estimated return of the pension fund assets (€88m) and lower provisions which were partially compensated by a €143m increase in EBITDA (see EBITDA breakdown explanation).

Operating cash flow rose by €1,105m in 2011, to €2,947m. Note that 2010 operating cash flow is negatively impacted by €847m increase in regulatory receivables due to an abnormally high annual corporate tax payment in Portugal (€0.4bn) related to the sale of the right to receive the 2007/2008/2009 Portuguese's tariff deficits in the amount of €1.7bn. In 2011, regulatory receivables increased €223m reflecting a slowdown of securitizations in Spain on 2H11. Note that in Jan/Feb-12, EDP has already granted €125m of securitizations. The -€310m of other changes in working capital in 2011 are essentially related to reduction of the liabilities to suppliers and lower tax liabilities.

Expansion capex decreased 29% to €1,408m in 2011 reflecting lower capex in wind activities.

Financial divestments include mainly the sale of a 14% stake in EDP Brasil, net cash-in of €353m, the sale in Oct-11 of a 7.7% stake in Ampla and the sale of financial stakes in two wind farms (Seasa). **Financial investments** in 2011 include the acquisition of a 20% stake in Genesa following the exercise of a put option by Caja Madrid, payment of an additional 10% stake in Naturgas in Oct-11, in line with the existing agreement with Ente Vasco de Energia, acquisition of the exploration rights of Jari hydro plant (373 MW) in Brazil in Oct-11 and amounts related to EDPR's activity namely payment of success fees related to development of wind projects previously acquired. Note that the privatization process in 4Q11 implied the delay of some ongoing disposals that EDP still expects to close over 1H12.

On May 13th 2011, EDP paid its **annual dividend** amounting to €617m (€0.17/share), a 10% increase vs. previous year. The amount of €754m of dividends paid in 2011 include also the amount paid to non-controling interests namely at level of EDP Brasil.

The "**Other non-operating changes**" are mainly impacted by shareholder loan to our associate company ENEOP.

Overall, **net debt** in 2011 increased €0.7bn vs. €2.2bn increase in 2010.

Statement of Consolidated Financial Position

Assets (€ m)	Dec-11	Dec-10	Δ Abs.
Property, plant and equipment, net	20,708	20,324	385
Intangible assets, net	10,128	9,963	164
Financial investments, net	332	591	-259
Deferred Tax asset	511	515	-4
Assets held for sale	202	31	171
Inventories	346	357	-11
Accounts receivable - trade, net	2,152	2,187	-35
Accounts receivable - other, net	5,169	4,897	273
Financial assets held for Trading	0	36	-36
Cash and cash equivalents	1,732	1,588	143
Total Assets	**41,281**	**40,489**	**792**

(Dec. vs. Dec.)

Equity (€ m)	Dec-11	Dec-10	Δ Abs.
Share capital	3,657	3,657	-
Treasury stock and share premium	392	388	4
Consol. net profit, reserv. and retaining earnings	4,061	3,810	251
Equity Book Value	**8,110**	**7,855**	**255**
Non-controling Interest	**3,277**	**2,930**	**347**
Total Equity	**11,387**	**10,785**	**602**

Liabilities (€ m)	Dec-11	Dec-10	Δ Abs.
Medium/ Long-term debt & borrowings	15,786	14,887	899
Short-term debt & borrowings	2,999	3,004	-6
Provisions	415	431	-16
Hydrological correction account	69	75	-6
Deferred tax liability	954	856	98
Accounts payble - Other,net	9,670	10,450	-779
Total Liabilities	**29,894**	**29,704**	**190**
Total Equity and Liabilities	**41,281**	**40,489**	**792**

Regulatory Receivables (€ m)	Dec-11	Dec-10	Δ Abs.
Portugal Distribution and Gas (1)	739	201	539
Portugal Annual CMEC Deviation	390	488	-98
Spain (2)	514	759	-245
Brazil (1)	4	(5)	9
Regulatory Receivables	**1,647**	**1,443**	**204**

Prov. for Social Benefits & Inst. Part. Liability (€ m)	Dec-11	Dec-10	Δ Abs.
Pensions (3)	1,004	1,104	-100
Medical care	819	800	19
Net institutional partnership liability (4)	1,024	1,009	15
Prov. for Social Benefits & Inst. Part. Liability	**2,847**	**2,914**	**-67**

Total amount of **property, plant and equipments, intangible assets and goodwill** increased by €0.5bn vs. Dec-10 to €30.8bn as of Dec-11, following: (1) +€2.2bn due to capex in 2011; (2) -€1.5bn of depreciations in the same period; (3) +€0.3bn from concession right in Brazil, following the acquisition of the exploration rights of Santo Antônio do Jari hydro power plant (373MW); and (4) a net -€0.2bn impact from both the depreciation of BRL and polish Zloty vs. EUR and appreciation of the USD vs. the EUR between Dec-10 and Dec-11. As of Dec-11, EDP's balance sheet included €3.3bn of works in progress (11% of total consolidated fixed assets of €30.8bn) largely related to investments already made in power plants, wind farms, equipment or concession rights which are not yet operating or being depreciated.

The book value of **financial investments & assets held for sale** amounted to €534m as of Dec-11, including essentially our financial stakes in CEM (21%), BCP (2.6%) and REN (3.5%). The observed -€0.1bn reduction essentially relates to currency impact, downward revaluations of assets and asset disposals (electricity transmission assets in Spain to REE in 1Q11 and 7.7% stake in both Ampla Energia e Serviços and Ampla Investimentos e Serviços to Endesa in 4Q11); which were mostly offset by a €0.2bn increase of assets held for sale related to ongoing negotiations on the possible disposal of some non-strategic assets.

Total amount of **accounts receivable (trade & other, net)** increased €0.2bn vs. Dec-10 to €7.3bn in Dec-11, reflecting a increase of loans granted to EDP Group associate companies (namely to ENEOP – Eólicas de Portugal consortium in which EDPR owns a 40% stake). The amount of gross regulatory receivables remained relatively stable, reflecting: (1) a €0.3bn decline in Spanish pending tariff deficit; and a (2) €0.1bn lower receivables from generation under CMEC system in Portugal; which were compensated by (3) a €0.4bn increase in receivables in Portugal from energy distribution & last resort supply.

Total amount of EDP's net regulatory receivables increased €204m to €1.6bn as of Dec-11, mostly as a result of: (1) a €245m decline from Spain (strongly impacted by the €504m cash proceeds in the period from tariff deficit securitization deals); and (2) a €441m increase from Portugal (increase in pending receivables from energy distribution & last resort supply and a decline in pending receivables related to generation under CMEC system).

Equity book value increased €255m in 2011, reflecting the €1,125m net profit of the period, the €617m dividend payment, the negative impact in reserves from the BRL and polish Zloty depreciation vs. the Euro in the period (-0.25bn), and the increase of non-controlling interests (+€0.3bn) from the sale of 13.8% of EDP Brasil (Jul-11).

Accounts payable (other, net) fell -€0.8bn vs. Dec-10 to €9.7bn as of Dec-11, essentially due to: (1) declines in accounts payable to suppliers (-€0.1bn) and equipment suppliers (-€0.1bn); (2) the payment, in Apr-11, of €0.2bn related to EDPR's purchase of a 20% stake in Genesa following the decision of CajaMadrid to exercise its put option (as of Dec-10, the liability associated to this put option was under "Accounts payable – Put options over non-controlling interest liabilities"); (3) the payment, in Oct-11, of €0.2bn for an additional 10% stake in Naturgas, in line with the existing agreement with Ente Vasco de Energia; (4) a decrease in the amount of regulatory payables related to previous years (-€0.2bn); and (5) a reduction in the amount of unfunded **pension fund and medical care liabilities** (-€0.1bn), which amounted to €1.8bn as of Dec-11 (gross, before deferred taxes), following the payments done in the period and no new additions of liabilities related to the entry of new employees to these employee benefit plans – note that more than 70% of these liabilities are related to employees from regulated electricity distribution and supply in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment. Note that **adjusted institutional partnership liability** related to our wind operations in US remained stable at €1.0bn – this amount is adjusted by deferred revenues, related to tax credits already benefited by the institutional investor; adjusted institutional partnership liability should be gradually reduced over the lifetime of each wind power plant. In 2011, EDPR signed two new institutional partnership structures: i) USD116m in Jul-11 for 99MW Timber Road II wind farm (Ohio); and ii) USD124m in Dec-11 (USD97m realized upfront), for 99MW Blue Canyon VI wind farm (Oklahoma).

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

Consolidated Net Financial Debt

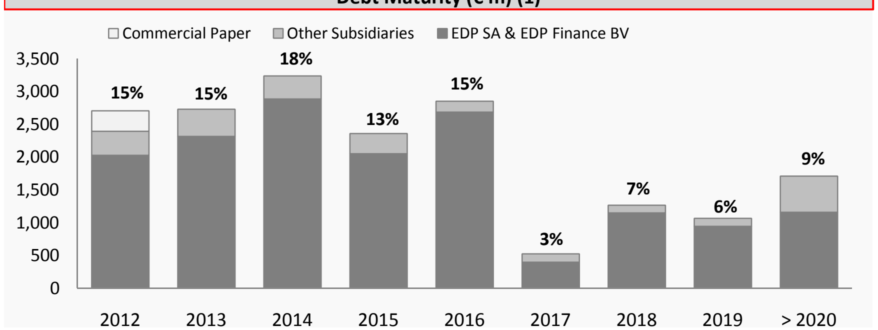
Nominal Financial Debt by Company (€m)	Dec-11	Dec-10	Δ %	Δ Abs.
EDP S.A. and EDP Finance BV	15,909.1	15,161.3	5%	748
EDP Produção + HC Energia + Portgás	259.3	332.5	-22%	-73
EDP Renováveis	833.8	728.9	14%	105
EDP Brasil	1,406.1	1,452.0	-3%	-46
Nominal Financial Debt	**18,408.4**	**17,674.6**	**4%**	**734**
Accrued Interest on Debt	304.4	265.1	15%	39
Fair Value of Hedged Debt	72.3	(48.0)	-	120
Derivatives associated with Debt (2)	(105.1)	(20.9)	-	-84
Total Financial Debt	**18,680.0**	**17,870.7**	**5%**	**809**
Cash and cash equivalents	**1,731.5**	**1,588.2**	9%	143
EDP S.A., EDP Finance BV and Other	1,140.8	579.6	97%	561
EDP Renováveis	219.9	500.6	-56%	-281
Energias do Brasil	370.8	507.9	-27%	-137
Financial assets at fair value through P&L	**0.2**	**35.7**	-99%	-36
EDP Consolidated Net Debt	**16,948.3**	**16,246.8**	**4%**	**701**

Credit Lines by Dec-11 (€m)	Maximum Amount	Number of Counterparts	Available Amount	Maturity
Revolving Credit Facility	2,000	21	1,600	Nov-15
Domestic Credit Lines	145	10	145	Renewable
Underwritten CP Programmes	650	3	650	Renewable
Total Credit Lines	**2,795**		**2,395**	

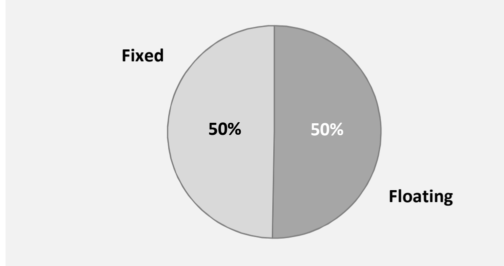
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**BB+/Neg/A2**	**Ba1/Neg/NP**	**BBB+/Neg/F2**
Last Rating Action	01-02-2012	16-02-2012	23-12-2011

Debt Ratios	2011	2010
Net Debt / EBITDA	4.5x	4.5x
Net Debt / EBITDA adjust. by Reg. Receivables	4.1x	4.1x

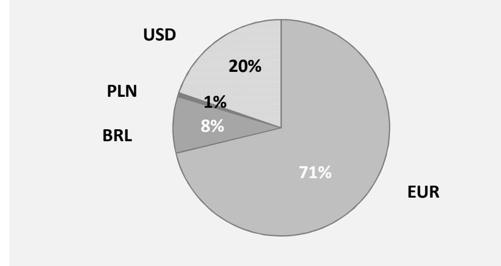
Debt Maturity (€ m) (1)



Debt by Interest Rate Type (1)



Debt by Currency (1)



EDP's financial debt is essentially issued at holding level (EDP SA/EDP BV) both through the debt capital markets (public & private) and loan markets. Our investments/operations are funded in local currency in order to mitigate forex risk. EDP Brasil is ring fenced and mostly non-recourse to EDP SA and is self funded in local currency. Other external funding of the EDP Group consists essentially of project finance mainly raised by some of EDP Renováveis subsidiaries. Our USD debt is fully dedicated to the funding of EDP Renováveis wind investments in US, issued at EDP SA/EDP BV level and then on-lent internally.

EDP's funding strategy aims to maintain access to diversified funding sources and to assure its funding needs 24 months in advance. EDP targets a steady improvement of its free cash flow position and credit ratios over the next years. In 2011, **EDP's net debt/EBITDA and net debt/EBITDA adjusted** for regulatory receivables were 4.5x and 4.1x, respectively. In Feb-12, Moody's and Standard & Poor's downgraded EDP credit rating as a result of the rating downgrade of the Republic of Portugal. EDP's credit rating stands now 1 notch above the Republic of Portugal by S&P, 2 notches by Moody's and 3 notches by Fitch, reflecting maximum notch differential allowed between EDP and Portugal Sovereign by-the-book Credit Rating Agencies methodologies, which unable to reflect EDP's distinct credit profile.

In Jan-11 EDP contracted with the European Investment Bank a €300m loan maturing in 15 years to fund the repowering of new hydro plants in Portugal. In Feb-11, EDP issued a Eurobond in the amount of €750m maturing in Feb-16 with a coupon of 5.875%. Also in Feb-11, EDP issued a Swiss Franc bond in the amount of CHF230m maturing in Feb-14 with a coupon of 3.5%, which was swapped to Euros. In Apr-11, EDP contracted a syndicated loan in the amount of €300m with a tenor of 3 years. In Aug-11, EDP contracted a 1-year floating rate private placement in the amount of €350m and new €300m domestic commercial paper programme which is fully utilised. In Dec-11, EDP issued a €200m retail bond maturing in Dec-14 with a coupon of 6%. During 2011, EDPR executed project finance structures in Romania (€188m) and Brazil (R$228m).

In accordance with the strategic partnership with CTG, they will invest €2bn in minority equity stakes in wind farms until 2015 (€800m in 12 months after deal closing, including co-funding capex) and a firm funding commitment by a Chinese bank to EDP in the amount of up to €2bn for a maturity up to 20 years after deal closing.

By Dec-11, debt average maturity was 4.4 years (not including any impact of CTG deal). The weight of floating rate in the Group's consolidated debt decreased: 56% Floating/44% Fixed by Dec-10 to 50% Floating/50% Fixed by Dec-11. EDP's main reference in floating interest rate is Euribor 1 month/3 months. As at Dec-11, total cash and liquidity facilities available amounted to 4.1 bn. This includes €1.7bn in cash, and €2.4bn in liquidity facilities, of which €650m in commercial paper programs underwriting commitment and €1.6bn in a €2.0bn revolving facility with 4 years residual maturity. This liquidity position allows EDP to cover its refinancing needs until 1H13.

(1) Nominal Value. (2) Derivatives designated for net investment and fair-value hedge of debt

Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 2011	Portugal 2010	Δ%	Spain 2011	Spain 2010	Δ%	Iberian Peninsula 2011	Iberian Peninsula 2010	Δ%
Hydro	10.8	14.9	-27%	27.7	38.7	-28%	38.5	53.5	-28%
Nuclear	-	-	-	57.7	62.0	-7.0%	57.7	62.0	-7.0%
Coal	9.1	6.6	39%	43.4	22.1	97%	52.6	28.6	83%
CCGT	10.3	10.7	-3.6%	50.6	64.6	-22%	60.9	75.3	-19%
Fuel/gas/diesel	(0.0)	0.0	-	-	1.8	-	(0.0)	1.9	-
Own consumption	-	-	-	(7.2)	(6.7)	7.7%	(7.2)	(6.7)	7.7%
(-)Pumping	(0.7)	(0.5)	44%	(3.2)	(4.5)	-27%	(4.0)	(5.0)	-20%
Conventional Regime	**29.5**	**31.7**	**-6.8%**	**168.9**	**178.0**	**-5.1%**	**198.4**	**209.7**	**-5.4%**
Wind	9.0	9.0	-0.2%	41.7	43.4	-3.9%	50.7	52.4	-3.3%
Other	9.2	8.9	3.2%	50.7	47.5	6.6%	59.9	56.4	6.1%
Special Regime	**18.2**	**17.9**	**1.5%**	**92.4**	**90.9**	**1.6%**	**110.5**	**108.8**	**1.6%**
Import/(export) net	2.8	2.6	7.2%	(6.1)	(8.3)	-27%	(3.3)	(5.7)	-42%
Gross demand (before grid losses)	**50.5**	**52.2**	**-3.2%**	**255.2**	**260.6**	**-2.1%**	**305.7**	**312.8**	**-2.3%**
Adjust. temperature, working days			-2.3%			-1.2%			n.a.

Gas Demand (TWh)	Portugal 2011	Portugal 2010	Δ%	Spain 2011	Spain 2010	Δ%	Iberian Peninsula 2011	Iberian Peninsula 2010	Δ%
Conventional demand	35.5	34.8	1.9%	262.9	265.0	-0.8%	298.4	299.8	-0.5%
Demand for electricity generation	21.3	22.3	-4.4%	109.9	135.6	-19%	131.2	157.9	-17%
Total Demand	**56.8**	**57.1**	**-0.6%**	**372.8**	**400.7**	**-7.0%**	**429.6**	**457.8**	**-6.2%**

Electricity demand in Iberia fell 2.3% in 2011 following a 5.4% YoY drop in 4Q11 (Spain and Portugal declines broadly in line). In Spain (83% of Iberia), demand was 2.1% lower due consumption weakness, temperature and calendar effects. In Portugal (17% of total), demand fell 3.2% driven by the residential and SME segments.

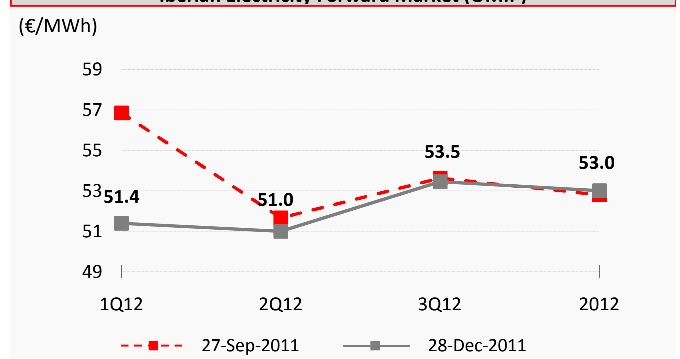
In spite of the fall in Iberian total demand (-7TWh) and the rise in special regime output (+1.7TWh, fuelled by solar), residual thermal demand (RTD) rose 7% (+8TWh) propelled by (i) lower net hydro output (-14TWh), on lower production factors (0.9 in 2011 vs. 1.3 in 2010) and (ii) lower nuclear output. The rise in RTD was fully met by coal plants (+24TWh in 2011) while CCGTs output was 14TWh lower in 2011. As a result of coal's cost-competitive advantage vis a vis CCGTs and of the implementation of the RDL 1221/2010 in Spain (Feb-11), avg. coal load factor in 2011 advanced 18p.p. to 41% in Spain (vs. 59% in Portugal), while CCGT's average load factor retreated 8p.p. to 23% (31% in Portugal). Wind output declined 3% in 2011, affected by a 13% YoY fall in 4Q11 following very weak resources (wind factor at 0.97 in 2011 vs. 1.08 in 2010).

Average electricity spot price in Spain surged 35% in 2011. On a quarterly basis, spot price declined 4% to €52/MWh in 4Q11, driven by mild weather conditions (putting pressure off gas prices), stable fuel and declining CO_2 costs. Average CO_2 prices in 2011 declined 10% in 2011, notwithstanding the sharp fall in end-of-the-period prices: -50% YoY to €7.3/ton. Average electricity final price in Spain rose 34% in 2011, standing €10/MWh above the pool price, as a result of the contribution from ancillary services and capacity payments.

In the Iberian gas market, consumption declined 6.2% in 2011 following a 13% YoY fall in 4Q11 derived from lower consumption at CCGTs. Conventional demand declined 0.5% reflecting the mixed impact of higher consumption in Portugal (+1.9%) and lower consumption in Spain (-0.8%). Gas consumed at thermal plants fell 17% in 2011, reflecting low working hours at CCGTs, both in Portugal and Spain.

Installed Capacity in Electricity (GW)	Iberian Peninsula 2011	Iberian Peninsula 2010	Δ%
Hydro	21.5	21.2	1.2%
Nuclear	7.5	7.5	-
Coal	12.6	12.6	0.0%
CCGT	28.7	27.5	4.5%
Fuel/gas/diesel	2.9	4.7	-38%
Conventional Regime	**73.2**	**73.4**	**-0.4%**
Wind	25.6	23.9	7.1%
Other special regime	18.6	17.2	8.2%
Special Regime	**44.3**	**41.2**	**7.6%**
Total	**117.4**	**114.6**	**2.5%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	2011	2010	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	0.92	1.31	-30%
Spain	0.83	1.33	-38%
Electricity spot price, €/MWh (1)			
Portugal	50.4	37.2	35%
Spain	49.9	36.9	35%
Electricity final price, €/MWh (1) (2)			
Spain	60.0	44.7	34%
CO2 allowances (EUA), €/ton (1)	12.9	14.5	-10%
Coal (API2 CIF ARA), USD/t (1)	122.5	86.3	42%
Gas (CMP Spain), €/MWh (1)	25.1	21.6	16%
Gas NBP, €/MWh(1)	22.2	16.8	32%
Brent, USD/bbl (1)	110.9	80.2	38%
EUR/USD (1)	1.39	1.33	5.0%

Sources: EDP, REN, REE, Enagas, OMEL, OMIP, Bloomberg. (1) Average in the period (2) Final price reflects spot price and system costs (capacity payment, ancillary services).

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

Income Statement (€ m)	2011	2010	Δ%	Δ Abs.
PPA/CMEC Revenues	**1,146.2**	**1,068.4**	**7.3%**	**+78**
Revenues in the market (i)	909.2	755.5	20%	+154
Annual deviation (ii)	234.4	221.3	5.9%	+13
PPAs/CMECs accrued income (iii)	2.7	91.6	-97%	-89
PPA/CMEC Direct Costs	**246.5**	**106.5**	**131%**	**+140**
Coal	244.1	134.8	81%	+109
Fuel oil	3.0	9.2	-67%	-6
CO2 and other costs (net)	(0.6)	(37.4)	-98%	+37
Gross Profit PPA/CMEC	**899.7**	**961.9**	**-6.5%**	**-62**
Thermal (cogen., waste, biomass)	68.2	59.2	15.2%	+9
Mini-hydro	41.0	55.3	-26%	-14
Gross Profit Special Regime	**109.2**	**114.4**	**-4.6%**	**-5**
Net Operating costs (1)	184.7	199.7	-7.5%	-15
EBITDA	**824.2**	**876.7**	**-6.0%**	**-52**
Net depreciation and provision	209.6	213.8	-2.0%	-4
EBIT	**614.6**	**662.9**	**-7.3%**	**-48**
At Fin. Results: Hedging Gains (Losses) (2)	(6.7)	(14.6)	-54%	+8
Employees (#)	1,325	1,400	-5.4%	-75

PPA/CMEC: Key Data	2011	2010	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1.02	1.01	1.0%	+0.0
Thermal plants	1.09	1.10	-0.5%	-0.0
Installed Capacity (MW)	**6,221**	**6,931**	**-10%**	**-710**
Hydro (3)	4,094	4,094	-	-
Coal	1,180	1,180	-	-
Fuel oil	946	1,657	-43%	-710

Special Regime: Key Data	2011	2010	Δ %	Δ Abs.
Output (GWh)	**2,385**	**2,534**	**-5.9%**	**-150**
Mini-hydro Portugal	438	622	-30%	-184
Thermal Portugal	1,105	1,003	10%	+103
Thermal Spain	841	910	-7.5%	-69
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	93	89	5.3%	+5
Thermal Portugal	33	29	15%	+4
Thermal Spain	37	36	3.3%	+1

Capex (€ m)	2011	2010	Δ %	Δ Abs.
PPA/CMEC Generation	**48.0**	**79.8**	**-39.8%**	**-32**
Hydro recurrent	25.5	22.9	11%	+3
Thermal recurrent	5.8	21.6	-73%	-16
Non recurrent (environmental)	16.7	35.3	-53%	-19
Special Regime	**10.9**	**16.2**	**-33%**	**-5**
Expansion	1.6	12.3	-87%	-11
Maintenance	9.2	3.9	136%	+5
Total	**58.9**	**96.0**	**-38.6%**	**-37**

LT Contracted generation 2011 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the pension fund assets: these costs, so far accounted as operating costs (€14m in 2010), are now accounted at financial results level (€14m in 2011). **EBITDA from LT contracted generation** fell 6% (-€52m) to €824m in 2011, reflecting the mixed impact from (i) the exclusion of Carregado plant from this portfolio after the end of its PPA, in Dec-10 (-€85m) and curtailment costs (€14m in 2011), on one hand; and (ii) the abovementioned change in accounting policy (+€14m), on the other hand. Adjusted for these, EBITDA grew 4%, backed by higher inflation, higher-than-contracted plants availability and partial commissioning of Sines DeNOx facilities.

Gross profit from PPA/CMEC fell 6% (-€62m) to €900m in 2011, backed by the end of PPA of our 710MW Carregado fuel oil plant (€94m contribution in 2010) and lower contribution from results with fuel procurement (+€0.8m in 2011 vs. +€19m in 2010). Adjusted for these impacts, gross profit rose by 6% in 2011, driven by higher inflation YoY (+€27m), higher-than-contracted plants availability (+2% at hydro plants, +9% at thermal plants) and the start-up of DeNOx facilities of Sines (+€13m in 2011).

The **annual deviation** between market gross profit under CMECs assumptions and gross profit under actual market conditions ('revisibility') amounted €234m in 2011 (due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers), fuelled by a very dry 4Q11. The deviation at thermal plants in 2011 (€231m) derived from (i) output 16% short of CMECs' reference, (ii) average clean dark spreads c40% short of CMEC's reference and (iii) higher-than-contracted availability rates. Also, hydro plants' deviation amounted €3.4m reflecting the mixed impact from (i) average realised prices 3% above the CMEC's reference; (ii) output 1% below the CMEC's reference, following a 28% YoY decline in 4Q11 output backed by very dry weather conditions; and (iii) higher-than-contracted availability rates. As part of 2012 tariffs published by ERSE on Dec 15th and in line with LD 109/2011 from November 18th, the annual deviation relative to 2010 pending recovery by 2011YE (€141m) will be recovered through tariffs in 2013, rather than 2012.

Gross profit from special regime was 5% lower in 2011, at €109m in 2011, as the impact from lower output at mini hydro plants (-30%) was almost offset by a 15% rise in gross profit from thermal special regime derived from higher contribution from operations in Portugal (on volume 10% higher; unit margin 15% higher YoY).

Net operating costs(1) totalled €185m, reflecting tight cost control, the exclusion of Carregado plant from this portfolio (-€9m), the aforementioned change in accounting policy (-€14m) and curtailment costs of €14m in 2011. **Net depreciation charges and provisions** fell 2% supported by the extension of the useful life in several plants in 2010.

Capex in LT contracted generation amounted to €59m in 2011, 31% of which devoted to non-recurrent projects. The bulk of non-recurrent investment reported to the new DeNOx facility at Sines (€17m in 2011). This €100m-investment is due to be remunerated under PPA/CMEC system (8.5% ROA before inflation and taxes), being fully depreciated until 2017. In Jan-11, 50% of Sines DeNOx was brought on stream; the remaining was commissioned in early 2012. Expansion capex in special regime reports to Tudela cogeneration plant in Spain (10MW), on stream since Jan-11.

Explanatory note on PPA/CMEC:
In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the need to increase liquidity in the Iberian electricity wholesale market. In terms of EDP's P&L, the total gross profit resulting from CMECs' financial system will keep the same profile over the next 10 years as the former PPA.
PPA/CMEC gross profit has 3 components:
(i) Revenues in the market, resulting from the sale of electricity in the Iberian wholesale market and including both ancillary services and capacity payments.
(ii) Annual deviation ('revisibility'), equivalent to the difference between CMEC's initial assumptions made in 2007 (outputs, market prices, fuel and CO_2 costs) and real market data. This annual deviation will be paid/received by EDP, through regulated tariffs, up to two years after occurring.
(iii) PPA/CMEC Accrued Income, reflecting the differences in the period, in terms of cash flow profile, between PPA and CMEC assumed at the beginning of the system in July 2007.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net); (2) Includes a €18m realised loss in 2011 (vs. a €2.3m loss in 2010);
(3) Includes Aguieira and Raiva (360MW), subject to a tolling agreement for a 5-year period, starting in Apr-09.

Liberalised Activities in the Iberian Market

Income Statement (1) (€ m)	2011	2010	Δ%	Δ Abs.
Gross Profit	**769.2**	**820.2**	**-6%**	**-51**
Electricity generation	486.3	474.2	3%	+12
Portugal	146.4	172.3	-15%	-26
Spain	350.3	292.6	20%	+58
Adjustments	-10.4	9.3	-	-20
Electricity supply	205.6	273.2	-24.7%	-68
Gas supply	77.3	72.8	6.1%	+4
Net Operating costs (2)	376.8	371.3	1.5%	+6
EBITDA	**392.5**	**448.9**	**-13%**	**-56**
Provisions	-21.6	93.2	-	-115
Net depreciation and amortisation	256.0	225.1	14%	+31
EBIT	**158.0**	**130.6**	**21%**	**+27**

Electricity Performance	2011	2010	Δ%	2011	2010	Δ%
	Output (GWh)			Variable Cost (€/MWh) (3)		
Generation Output	15,196	17,144	-11%	39.4	35.2	12%
Electricity Purchases	32,839	32,012	2.6%	54.5	41.7	31%
Electricity Sources	**48,034**	**49,156**	**-2.3%**	**49.7**	**39.4**	**26%**
	Volumes Sold (GWh)			Average Price (€/MWh) (4)		
Grid Losses	1,514	1,455	-	n.a.	n.a.	-
Retail - Final clients	30,747	30,395	1.2%	56.6	51.6	10%
Wholesale market	15,774	17,306	-8.9%	64.9	49.4	31%
Electricity Uses	**48,034**	**49,156**	**-2.3%**	**57.5**	**49.3**	**17%**

Electricity Gross Profit (€ m)	2011	2010	Δ%	Δ Abs.
Before hedging (€/MWh)	7.8	9.9	-20%	-2
From Hedging (€/MWh) (5)	1.0	0.8	28%	+0
Unit margin (€/MWh)	8.8	10.6	-17%	-2
Total Volume (TWh)	48.0	49.2	-2.3%	-1
Subtotal	**423.6**	**522.3**	**-19%**	**-99**
Commercial Shared-services (1)	**163.1**	**166.0**	**-1.8%**	**-3**
Others (6)	**105.3**	**59.1**	**78%**	**+46**
Total	**691.9**	**747.3**	**-7%**	**-55**

Gas Uses (TWh)	2011	2010	Δ%	Δ Abs.
Consumed by own power plants	22.8	25.5	-10.6%	-3
Sold to Clients (7)	31.9	34.6	-7.6%	-3
Total	**54.8**	**60.1**	**-8.9%**	**-5**

EBITDA from liberalised activities totalled €393m in 2011. Albeit the 16% YoY rise posted in 2H11, full year EBITDA fell 13% due to lower unit margins in electricity and higher costs stemming from new capacity on stream and from the implementation of RDL 14/2010 (measures to reduce the tariff deficit) in Spain. In 4Q11, EDP kicked-off operations in two out of eight hydro plants under construction: the repowering of Picote II (246MW in Nov-11) and of Bemposta II (191MW in Dec-11), both in Portugal. These zero-CO_2 emission, low-cost projects will improve the water management in Douro basin, allowing us to produce more electricity in an average hydro year and to reap more fruits from peak-hour demand and prices.

In the electricity business, 2011 gross profit stood €55m below 2010, despite a rise in 2H11 (+4% YoY) prompted by higher achieved unit margins (+10% YoY in 2H11). Full-year gross profit was marked by a decline in total volumes (-2.3% YoY) and lower unit margin earned (from €11/MWh in 2010 to €9/MWh in 2011). These impacts were only partially compensated by an increase in other revenues, namely with capacity payments (backed by new capacity additions in Spain and by the attribution of similar capacity payments in Portugal and Spain during 2011: €20/KW to CCGT and pumping-based hydro plants). Volumes supplied to final clients were 2x our output as a result of market conditions and EDP's flexible sourcing strategy.

Volumes: Volumes sold totalled 48TWh in 2011, reflecting a mere 1.2% increase in sales to retail clients (driven by a 4% rise in Portugal) and sales in the wholesale market 9% lower YoY (as higher and less volatile pool prices resulted in fewer arbitrage opportunities). Generation output declined 11% in 2011, as (i) lower output from hydro plants (-24% on weaker hydro resources) and CCGTs (-27% as a result of management optimization of our flexible fleet under adverse market conditions); outweighed (ii) higher coal output (+26%), derived from the implementation of RDL 1221/2010 in Spain (Feb-11) and from a longer than expected outage of Aboño's in 2010. Electricity pool purchases were 3% higher in 2011. On a quarterly basis, 4Q11 was marked by a higher contribution of electricity purchases in meeting electricity needs (70% of total) and by a continuing cost-competitiveness of coal production. Accordingly, electricity purchases rose 2% YoY in 4Q11 and coal output advanced by 18% YoY, while hydro and CCGTs' output dropped 39% and 50%, respectively.

Unit margin [(3)(4)]**:** Average spread achieved in the electricity business reached €9/MWh in 2011 (-17% YoY), supported by a 10% YoY recovery in 2H11. Spreads achieved reflect the terms forward contracted (and previously disclosed) and lower gains with arbitrage opportunities. The **average sourcing cost** advanced 26% in 2011 (-1% QoQ in 4Q11) backed by (i) higher generation costs (+12%) due to a more expensive generation mix (on scarcer hydro resources) and to higher fuel costs; and (ii) higher cost of electricity purchases (+31%), driven by higher pool prices. The **average selling price** advanced 17% in 2011 (+4% QoQ in 4Q11) supported by higher prices realised in the wholesale market (+31%, on the back of higher pool prices and increasing demand for complementary services) and higher selling prices to retail clients (+12%).

For 2012, EDP is adapting its hedging strategy to current market conditions, making use of flexibility stemming from the integrated management of gas and electricity operations in Iberia. As a result, EDP has favoured gas sales in the wholesale market, having so far secured spreads for 80% of its gas sourcing commitments and for all of the expected coal production in 2012. Accordingly, EDP has so far forward contracted with clients over 20TWh of electricity sales.

Our **gas** sourcing activity in 2011 is based on an annual 4.3bcm portfolio of long term contracts. Our consumption of gas was 9% lower YoY, at 55TWh (4.7bcm) in 2011, supported by lower sales to final clients (-8%) and an 11% decrease in consumption for electricity generation purposes.

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

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	2011	2010	Δ%	Δ Abs.
Gross Profit	**486.3**	**474.2**	**3%**	**+12**
Portugal	146.4	172.3	-15%	-26
Spain	350.3	292.6	20%	+58
Adjustments	-10.4	9.3	-	-20
Supplies and services	60.6	56.3	7.7%	+4
Personnel costs	35.6	33.3	7.0%	+2
Costs with social benefits	2.3	1.8	27.9%	+1
Other operating costs (net)	24.8	24.4	2%	+0
Net Operating costs (1)	**123.3**	**115.7**	**6.5%**	**+8**
EBITDA	**363.1**	**358.4**	**1%**	**+5**
Provisions	(3.8)	32.1	-	-36
Net deprec. and amortisation	233.7	204.0	15%	+30
EBIT	**133.1**	**122.3**	**9%**	**+11**
Employees (#)	**784**	**772**	**1.6%**	**+12**

Key Operating Data	2011	2010	Δ%	Δ Abs.
Generation Output (GWh)	**15,196**	**17,144**	**-11.4%**	**-1,948**
CCGT	6,826	9,342	-26.9%	-2,516
Coal	5,354	4,244	26%	+1,110
Hydro	1,804	2,368	-24%	-564
Nuclear	1,212	1,190	1.8%	+22
Generation Costs (€/MWh) (2)	**39.4**	**35.2**	**12%**	**+4.2**
CCGT	60.3	51.4	17%	+8.9
Coal	32.0	27.4	17%	+4.6
Hydro	5.8	0.9	543%	+4.9
Nuclear	4.1	3.7	9.3%	+0.3
Load Factors (%)				
CCGT	21%	32%	-	-11p.p.
Coal	42%	33%	-	9p.p.
Hydro	21%	30%	-	-8p.p.
Nuclear	89%	87%	-	2p.p.
CO2 Emissions (mn tones)				
Total emissions (3)	9.4	9.1	4.1%	+0
Free allowances (3)	10.8	9.8	10.4%	+1

Capex (€ m)	2011	2010	Δ%	Δ Abs.
Expansion	**412.0**	**389.7**	**6%**	**+22**
CCGT	-	84.1	-	-84
Hydro	412.0	305.6	35%	+106
Maintenance	**38.6**	**63.3**	**-39%**	**-25**
Recurrent	38.6	63.6	-39%	-25
Non recurrent (environmental)	-	(0.3)	-	+0
Total	**450.6**	**453.0**	**-0.5%**	**-2**

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

The **output** from our generation plants declined 11%, to 15.2TWh in 2011, as the impact from higher coal production (+1.1TWh) was outweighed by lower production at our CCGT (-2.5TWh) and hydro output (-0.6TWh). As a result of higher coal output, **total emissions of CO_2** rose 4% in 2011 but, yet, fell 13% short of free allowances attributable for the period. In 4Q11 we have reinforced our CO_2-free generation portfolio with the start up of two hydro repowerings: Picote II (246MW), in Nov-11, and Bemposta II (191MW), in Dec-11. Note that these repowerings, which implied an investment of €0.6m/MW installed and represent a 48% increase in our merchant hydro capacity, will serve to improve water management efficiency in the Douro basin, allowing us to produce more electricity in an average hydro year and to reap more fruits from existing opportunities in peak hours. **Average production cost** advanced to €39/MWh (+12%) in 2011, mainly supported by higher contribution from coal to the generation mix and higher fuel costs.

Coal: **Output** rose 26% in 2011, mostly reflecting the implementation of RDL1221/10 (domestic coal) in Spain and the longer than expected outage at our Aboño plant in 2010. **Average load factor** was 9pp higher YoY, at 42% in 2011, following a 50% load factor in 4Q11. Since Feb 26, 2011, our Soto 3 plant is producing electricity under the terms of RDL 1221/2010: while total output in 2011 stood 12% below the committed level, the Resolution 20651, of Dec 30, 2011, defined a total committed production in 2012 at Soto 3 of 1,362GWh. Our **average production cost** reached €32/MWh (+17% YoY, driven by higher coal prices), showing some signs of stabilisation in 4Q11 (+1% QoQ).

CCGTs: **Output** decreased 27% in 2011, reflecting a 11pp drop in average load factors (to 21%), impacted by rising production cost and by the implementation of RDL 1221/2010 (domestic coal). **Average production cost** advanced 17% in 2011, driven by higher average gas cost and lower production. In 2011, our CCGT plants in Portugal and Spain were entitled to receive similar capacity payments: €20/kW/year.

Hydro & Nuclear: Hydro output was 24% lower YoY in 2011. The average cost of production of €5.8/MWh reflects pumping activity at our Alqueva plant which was able to buy electricity from the system at an average discount to the pool price of around 40%. In turn, nuclear output was 2% higher in 2011 backed by 2p.p. YoY increase in average load factor, to 89%.

Volumes sold in the complementary markets totalled 4.5TWh in 2011, up from 2.8TWh in 2010. The implementation of RDL 1221/10 justified an increase in output from our Soto 3 plant and an increase in volumes sold in the restriction market.

In Oct-11, the Spanish government published RD 1544/2011, defining the procedures for the payment of the €0.5/MWh third-party access fee (in place since 1-Jan-11 as defined in RD14/2010) by all electricity producers. A similar move was taken in Portugal, with 2012 tariffs assuming a €0.5/MWh fee in 2012. On November 17th, the Spanish Government published the Ministerial Order ITC/3127/2011, approving an increase in capacity payments attributed to CCGTs, from €20/KW to €26/KW. This payment is attributed for 10 years from the start-up date. Moreover, it was introduced an availability premium of €5.15/MW in 2012, defined annually through Ministerial Order, to imported coal plants, CCGT and hydro plants.

Net operating costs[(1)] rose by 7%, to €123m mainly driven by higher costs related to the implementation of RDL 14/2010 (measures to reduce the tariff deficit) in Spain (+€17m) and by new capacity on stream. **Net depreciation charges** rose 15%, driven by new capacity on stream and higher working hours at our coal plants.

Capex in liberalised generation amounted €451m, 91% of which reporting to the development of new hydro capacity. The bulk of capex in new hydro capacity reported to the construction of 8 projects: 5 hydro plant repowerings (Picote II, Bemposta II, Alqueva II, Venda Nova III, Salamonde II) and 3 new hydro plants (Baixo Sabor, Ribeiradio and Foz Tua), due in 2011/15. Picote II (246MW) and Bemposta II (191MW) started operations in Nov-11 and Dec-11, respectively. A third project (Alqueva II with 256MW) will be on stream in 2H12. Maintenance capex totalled €39m in 2011.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)
(2) Includes fuel costs, CO2 emission costs net of free allowances, hedging results; (3) Includes CO2 emissions from Aboño plant, which burns blast furnace gases.

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (1) (€ m)	Electricity Supply 2011	2010	Δ%	Δ Abs.
Gross Profit	**205.6**	**273.2**	**-25%**	**-68**
Supplies and services	172.5	162.1	6.4%	+10
Personnel costs	48.6	44.8	8.4%	+4
Costs with social benefits	4.5	5.7	-22%	-1
Other operating costs (net)	(6.0)	2.3	-	-8
Net Operating costs (2)	**219.6**	**215.0**	**2.1%**	**+5**
EBITDA	**(14.0)**	**58.2**	**-**	**-72**
Provisions	(4.7)	24.5	-	-29
Net depreciation and amortization	21.4	20.6	3.6%	+1
EBIT	**(30.6)**	**13.1**	**-**	**-44**

Income Statement (€ m)	Gas Supply 2011	2010	Δ%	Δ Abs.
Gross Profit	**77.3**	**72.8**	**6.1%**	**+4**
Supplies and services	20.7	22.0	-5.8%	-1
Personnel costs	3.3	3.3	-0.9%	-0
Costs with social benefits	0.1	0.1	22%	+0
Other operating costs (net)	9.9	15.2	-35%	-5
Net Operating costs (2)	**34.0**	**40.5**	**-16%**	**-7**
EBITDA	**43.3**	**32.3**	**34%**	**+11**
Provisions	(13.1)	36.6	-	-50
Net depreciation and amortization	0.9	0.5	83%	+0
EBIT	**55.5**	**(4.8)**	**-**	**+60**

Key data	2011	2010	Δ%	Δ Abs.
Electricity in Portugal				
Volume Sold (GWh)	9,132	8,794	3.8%	+337
Market Share (%)	42%	51%	-	-9 p.p.
Avg. Selling Price (€/MWh)	54.6	51.0	7.1%	+4
Number Clients (th.)	282	314	-10%	-32
Electricity in Spain				
Free market				
Volume Sold (GWh)	20,529	20,342	0.9%	+186
Market Share (%)	12%	12%	-	0 p.p.
Avg. Selling Price (€/MWh)	58.5	51.9	13%	+7
Number Clients (th.)	699	651	7.4%	+48
Last resort supply				
Volume Sold (GWh)	833	1,099	-24%	-266
Number Clients (th.)	317	359	-12%	-42
Gas in Spain & Portugal				
Spain - Volume Sold (GWh)	28,259	29,809	-5.2%	-1,551
Spain - Market Share (%)	11%	11%	-	0 p.p.
Portugal - Volume Sold (GWh)	6,786	6,938	-2.2%	-153
Portugal - Market Share (3) (%)	15%	28%	-	-13 p.p.
Avg. Gross Margin (€/MWh)	0.4	0.8	-45%	-0
Number Clients (th.)	789	824	-4.2%	-35
Capex (Electricity & Gas, Iberia) (€m)	**14.9**	**13.5**	**10%**	**+1**
Employees (Electricity & Gas, Iberia)	**1,025**	**914**	**12%**	**+111**

EDP's subsidiaries operating in electricity and gas liberalised supply activities have intra-group electricity and gas procurement contracts with other EDP group companies. In line with increasing liberalisation in Portugal, EDP Soluções Comerciais (our commercial shared-services platform in Portugal) is now included in the consolidation perimeter of electricity supply in both 2011 and 2010. EBITDA contribution totalled €27m in 2011 vs. €24m in 2010.

Portugal Electricity Supply – Volumes supplied to EDP clients in the free market increased by 4% YoY to 9.1TWh in 2011, supported by some large industrial clients' contracting. Quarter on quarter, volumes supplied fell 5%, reflecting tough competition in the industrial segment, unattractive market conditions in the residential segment (vs. regulated tariffs) and EDP's strategy to focus on the most attractive segments. In consequence, EDP's market share stood at 42% in 2011, down from 51% in 2010. Within a highly competitive environment, unit margins dropped in the period, as the 7% YoY increase in **avg. selling price**, to €55/MWh, was not enough to compensate for the higher energy purchase prices and third party access tariffs.

Spain Electricity Supply – Volumes supplied to our clients in the free market increased 1% YoY to 20.5TWh in 2011, on the back of a wider clients portfolio (+7% YoY), which translates EDP's strategy to focus on the most attractive clients. On a quarterly basis, volumes supplied fell 4% QoQ, reflecting increased competition and lower demand. Market share reached 12%, showing EDP's ability to keep a share in the supply market that is the double of its share in generation. **Avg. selling price** came out at €59/MWh in 2011, up 13% YoY, although with lower unit margins.

Spain & Portugal Gas Supply – Volumes supplied in Spain went down 5% YoY to 28.3TWh in 2011 and volumes supplied in Portugal decreased 2% YoY to 6.8TWh in 2011, reflecting lower demand as well as a selective clients contracting policy in a tough market environment. Market share in Spain remained flat at 11% in 2011, while in Portugal market share stood at 15%, down from 28% in 2010. **Avg. Iberian unit gross profit** fell to €0.4/MWh in 2011, reflecting higher competitive pressure in the market. Despite the highly competitive retail market environment, gross profit from gas supply activity increased €4m YoY, on the back of higher gas sales in the wholesale market.

Net operating costs in both electricity and gas supply activity benefited from lower provisions for doubtful debts, stemming from a more selective clients contracting policy.

Prospects:

Electricity and gas supply margins in both Portugal and Spain should continue under pressure in 2012, due to the combined impact of higher pool prices (electricity), competitive last resort tariffs and fierce competition in the market.

Volume-wise, we expect free markets in Portugal and Spain to keep expanding while competition should remain intense. Having said this, gas sales to industrial clients in the coming quarters are expected to come down (both in Portugal and Spain) following our gas deviations to the wholesale markets where margins are more attractive. In Portugal, the ongoing liberalization process of the electricity market should support some growth in the free market. Note that the transitory and penalizing last resort tariff option for large clients in Portugal (all segments except normal low-voltage), which end was expected for Jan 1st, 2012, was extended to year 2012. The clients that remain under this tariff option should progressively move to the free market during 2012. As for residential clients and small businesses (normal low voltage), last resort supply tariff is scheduled to end from July 1st, 2012 for clients with contracted power below or equal to 41.4 kVA and above or equal to 10.35 kVA, and from Jan 1st, 2013 for clients with contracted power below 10.35 kVA. For these segments, there is a transition period of up to 3 years, meaning that the transfer of these clients to the free market is expected to occur progressively.

(1) Includes EDP Sol. Comerciais, the commercial shared services platform in Portugal; (2) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)
(3) Based on consumption in segment NG>10,000 m^3/year.

EDP Renováveis: Financial Performance

Income Statement	EDP Renováveis (€ m)			
	2011	2010	Δ %	Δ Abs.
Gross Profit	**957.2**	**840.6**	**14%**	**+117**
Supplies and services	225.1	196.2	15%	+29
Personnel costs	60.8	54.8	11%	+6
Other operating costs (net)	(129.4)	(123.2)	5.1%	-6
Net Operating Costs (1)	**156.5**	**127.9**	**22%**	**+29**
EBITDA	**800.7**	**712.7**	**12%**	**+88**
Provisions	(0.3)	(0.2)	-	-0
Net Deprec. & amortisation	453.5	423.0	7.2%	+31
EBIT	**347.5**	**289.9**	**20%**	**+58**
Capital gains/(losses)	10.5	0.0	-	+10
Financial Results	(244.1)	(174.1)	40%	-70
Results from associates	4.8	5.0	-4.8%	-0
Pre-tax profit	**118.7**	**120.8**	**-1.8%**	**-2**

Operational Overview	2011	2010	Δ %
Installed Capacity (MW)	**7,157**	**6,437**	**11%**
Europe	3,652	3,200	14%
USA	3,422	3,224	6.1%
Brazil	84	14	507%
Output (GWh)	**16,800**	**14,352**	**17%**
Europe	7,301	6,632	10%
USA	9,330	7,689	21%
Brazil	170	31	451%
Avg. Load Factor (%)	**29%**	**29%**	**-1 p.p.**
Avg. Elect. Price (€/MWh)	**57.7**	**58.4**	**-1.3%**
EBITDA (€m)	**800.7**	**712.7**	**12%**
Europe	539.3	461.7	17%
USA	270.2	288.3	-6.3%
Other & Adjustments	(8.7)	(37.3)	-77%
EBIT (€m)	**347.5**	**289.9**	**20%**
Europe	288.6	254.2	14%
USA	74.2	75.9	-2.3%
Other & Adjustments	(15.3)	(40.2)	-62%
Capex (2)	**828.7**	**1,231.7**	**-33%**
Europe	367.7	539.1	-32%
USA	404.3	613.9	-34%
Brazil	62.2	71.7	-13%

EDPR Equity Market Data	2011	2010	Δ %
Share price at end of period (€/share)	4.73	4.34	9.0%
Number of Shares Issued (million)	872.3	872.3	-
Stake Owned by EDP (%)	77.5%	77.5%	-

EDPR Key Balance Sheet Figures (€ m)	2011	2010	Δ %
Bank Loans and Other (net)	617.1	196.8	-
Loans with EDP companies (net)	2,770.2	2,574.7	7.6%
Net Financial Debt	**3,387.3**	**2,771.5**	**22%**
Non-controlling interests	**126.6**	**125.5**	**0.8%**
Net Institutional Partnership Liability (3)	**1,023.6**	**1,008.8**	**1.5%**
Equity Book Value	**5,327.2**	**5,268.0**	**1.1%**
EUR/USD - End of Period Rate	1.29	1.34	-3.2%

EDPR Financial Results (€ m)	2011	2010	Δ %
Net Interest Costs	(189.5)	(166.9)	-14%
Institutional Partnership costs (non-cash)	(62.4)	(64.8)	3.7%
Capitalised Costs	33.9	68.4	-50%
Forex Differences	(21.7)	(1.4)	-
Other	(4.5)	(9.5)	53%
Financial Results	**(244.1)**	**(174.1)**	**-40%**

EDPR Operating Data	2011	2010	Δ %
Employees (#)	796	833	-4.4%
Opex / Avg. MW in Operation (€ th)	40.2	42.6	-5.6%

EDP Renováveis (EDPR) owns and operates EDP Group wind power assets (8 countries) and develops projects for potential wind farms (11 countries). The two main markets in which EDPR operates are Spain (37% of EDPR's EBITDA in 2011) and USA (33%). Other markets include Portugal (14%), France, Poland, Romania, Belgium and Brazil (the latter 5 representing 16% of EDPR's EBITDA in 2011).

EDPR's EBITDA rose 12% YoY (+€88m) to €801m in 2011, in line with the 11% YoY increase of capacity to 7,157MW by Dec-11. 2011 EBITDA includes the following non-recurring items: i) +€52m from a fair value revaluation test on EDPR's Italian put option and success fees; and ii) -€15m of write-offs related to pipeline rationalisation, of which €11m from US. Also, 2010 EBITDA includes a one-off €16m income ("cash-in") from the cutback of a US PPA contract maturity. Excluding all of these impacts, EBITDA went up 10% YoY (+€67m). EBITDA growth drivers were: (1) **European markets ex-Iberia (EBITDA +€23m YoY**, excluding the one-off gain of the mentioned fair value revaluation test), reflecting 287MW of new capacity (40% of total additions; Romania: +195MW; Poland: +70MW; France: +22MW), higher avg. selling prices (+2% YoY to €96/MWh), which benefited from the increased contribution of the Polish and Romanian assets, and slightly lower avg. load factors (-1pp YoY to 23%); (2) **Brazil (EBITDA +€13m YoY)**, on the commissioning of the 70MW Tramandaí wind farm (10% of total added), higher avg. selling prices (+9% YoY to R$278/MWh) and a 35% load factor (+9pp YoY); (3) **Spain (EBITDA +€12m**, including hedging results), following 151MW of new capacity (21% of total added), higher avg. selling prices (+4% YoY to €83/MWh), and lower load factor (-2pp YoY to 25%); and (4) **US (EBITDA +€9m YoY**, including a -€13m impact from forex and excluding the mentioned one-off items), reflecting 198MW of additional capacity (28% of total additions), higher avg. load factor (+1pp to 33%) and lower avg. selling price (-4% YoY to USD46/MWh).

Net depreciation and amortization went up €31m YoY, reflecting: i) the expansion of EDPR's wind portfolio; and ii) a €41m impact from the revaluation of some of EDPR's European assets and liabilities, which were partly compensated by iii) the extension (from 20 to 25 years) of wind farm assets useful life. Overall, **EDPR's EBIT rose 20% YoY (+€58m) to €347m in 2011.**

EDPR's net debt rose 22% YoY (+€0.6bn) to €3.4bn as of Dec-11, reflecting investments in new capacity, the payment (Apr-11) of €231m for the increase from 80% to 100% of EDPR's equity stake in Genesa (Spanish sub-holding), and a 3% appreciation of the USD vs. the EUR (by Dec-11, 37% of EDPR's debt was USD denominated). EDPR's net debt contracted with financial institutions (outside of EDP Group), which is mostly related to project finance, represented 22% of the company's net debt as of Dec-11. In 2011, EDPR executed €290m of project finance for wind farms in Romania and Brazil, as well as a €260m project finance for the second group of wind farms developed in Portugal through ENEOP consortium, to be funded in 2012. **Liabilities with Institutional Partnerships** stood at €1.0bn. In 2011, EDPR signed two new institutional partnership structures: i) USD116m in Jul-11 for 99MW Timber Road II wind farm (Ohio); and ii) USD124m in Dec-11 (USD97m realized upfront), for 99MW Blue Canyon VI wind farm (Oklahoma).

Financial Expenses rose 40% YoY (+€70m): i) net interest costs went up 14% YoY (+€23m), due to higher avg. gross debt (Dec-11: €3.6bn vs. Dec-10: €3.1bn) and higher avg. interest cost (2011: 5.4% vs. 2010: 5.2%); ii) capitalised costs fell €34m YoY due to lower volume of works in progress; and iii) unfavourable forex differences, up €20m YoY, related to assets and liabilities in Polish Zloty, Romania Leu and US Dollar.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net). (2) Includes Capex from EDPR SA.
(3) Net of deferred revenue.

EDP Renováveis: US & Spain

US	2011	2010	Δ %	Δ Abs.
Installed capacity (MW)	**3,422**	**3,224**	**6.1%**	**+198**
Under PTC	2,123	2,024	4.9%	+99
Under cash grant flip	500	401	25%	+99
Under cash grant	799	799	-	-
Avg. Load Factor (%)	33%	32%	-	1.0 p.p.
Avg. Final Selling Price (USD/MWh)	45.7	47.7	-4.1%	-2.0
USD/EUR - Avg. of period rate	1.39	1.33	5.0%	+0.07
PPA's/Hedged				
Installed Capacity (MW) (1)	2,659	2,459	8.1%	+200
Electricity Output (GWh)	6,716	5,367	25%	+1,349
Avg. Final Selling Price (USD/MWh)	50.8	53.9	-5.7%	-3.1
Merchant				
Installed Capacity (MW) (1)	763	764	-0.2%	-2
Electricity Output (GWh)	2,614	2,323	13%	+291
Avg. Final Selling Price (USD/MWh)	30.1	31.1	-3.0%	-0.9
Gross Profit (USD m)	422	365	16%	+57
PTC Revenues & Other (USD m)	155	142	10%	+13
Adjusted Gross Profit (USD m)	**577**	**506**	**14%**	**+71**
EBITDA (USD m)	**376**	**382**	**-1.6%**	**-6**
EBIT (USD m)	103	101	2.6%	+3
Net Capex (USD m)	**563**	**814**	**-31%**	**-251**
Gross Capex	564	1,038	-46%	-474
Cash grant received	(1)	(224)	-	+223
Capacity under construction (MW)	**215**	**99**	**117%**	**+116**

Spain	2011	2010	Δ %	Δ Abs.
Installed capacity (MW)	**2,201**	**2,050**	**7.4%**	**+151**
Avg. Load Factor (%)	25%	27%	-	-2 p.p.
Avg. achieved pool price (€/MWh)	46.8	34.5	36%	+12.3
Avg. final selling price (€/MWh) (2)	82.5	79.1	4.3%	+3.4
Capacity under Transitory Regime				
Installed capacity (MW)	1,153	1,153	-	+0
Electricity output (GWh)	2,443	2,755	-11%	-312
Capacity under RD 661/2007				
Installed capacity (MW)	1,048	897	17%	+151
Electricity output (GWh)	2,141	1,600	34%	+541
Hedging Results (€m)	**(9.3)**	**11.7**	**-**	**-21**
Gross Profit (€m) (2)	370	343	8.0%	+27
EBITDA (€m) (2)	**286**	**274**	**4.4%**	**+12**
EBIT (€m) (2)	153	136	12%	+17
Capex (€m)	**70**	**111**	**-37%**	**-42**
Capacity under construction (MW)	**58**	**201**	**-71%**	**-143**

In US, installed capacity rose 198MW, following: i) the entry into operation of Timber Road II (99MW in Ohio; power contracted through PPA; fiscal incentives received through cash flip deal); and ii) the commissioning of Blue Canyon VI (99MW in Oklahoma; power currently sold in SPP market; fiscal incentives received through tax equity deal) – note that Blue Canyon VI wind farm benefits from very competitive characteristics, given its low investment cost and a load factor above 40%, allowing EDPR to maximize the NPV of the project by choosing PTCs (Production Tax Credits) in lieu of the cash grant.

Avg. selling price (excluding revenues from PTCs) for energy sold through PPA/Hedged fell 6% YoY to USD51/MWh, given new PPA contracts signed with lower starting prices but higher price updates over the lifetime of the contract and lower curtailment revenues. Avg. selling price in merchant power markets fell 3% YoY to USD30/MWh reflecting lower electricity spot prices (low gas prices, weak electricity demand and mild winter). Overall, avg. selling price in US fell 4% YoY to USD46/MWh. Given positive wind resource evolution, avg. load factor was 33% in 2011, up 1pp YoY. **Gross profit (including revenues from PTCs) rose USD71m to USD577m in 2011.** Operating costs, up 62% YoY (+€77m), reflect: i) in 2011, a -USD16m write-off related to pipeline rationalization; and ii) in 2010, a +USD21m income ("cash-in") related to a transaction closed in 4Q10 for the cutback of a PPA contract maturity from 2022 to 2015 (crystallizing the value of the last years of the contract). Excluding these non-recurring impacts, operating costs rose 28% YoY, in line with the expansion of the activity. All in all, **2011 EBITDA fell USD6m YoY to USD376m**, while **EBIT went up USD3m YoY to USD103m,** reflecting the extension of wind farms useful life. As of Dec-11, EDPR had 215MW under construction in US from Marble River wind farm in New York (NYISO/NEISO markets), expected to start operations in 2012 and with Renewable Energy Certificates (RECs) contracted to be sold through a 10 year PPA. Recall that in Dec-10, the US government extended the cash grant option for wind capacity that started construction before Dec-11, as long as commissioned until Dec-12.

In Spain, wind farms are remunerated under two regimes: (1) the transitory regime (for capacity installed before 2008), under which wind producers receive a unit tariff equal to 'achieved pool price + fixed premium (€38.3/MWh)' – beginning 2013, wind farms under the transitory regime will be transferred to the RD 661/2007 regime; (2) RD 661/2007 regime (for capacity installed after 2008), offering two tariff options: (a) 'avg. price achieved in the pool + premium (€20.1/MWh reflecting a temporary 35% cut until Dec-12)' with a cap (€91.7/MWh) and a floor (€76.9/MWh); or (b) a fixed tariff (€79.1/MWh). All tariffs set by RD661/2007 (including cap, floor & premium) are updated at CPI-X and guaranteed for 20 years. EDPR is moving its capacity under RD661/2007 from the cap & floor option to the fixed tariff option, which is more attractive under current market conditions (c92% of RD661/2007 capacity was under the fixed tariff option as of Dec-11).

EDPR EBITDA in Spain (including hedging results) went up €12m YoY to €286m in 2011. EBIT improved €17m YoY to €153m in 2011, reflecting lower depreciations and amortizations, as the impact from capacity additions was more than offset by the extension of wind farms useful life. In 2011, EDPR expanded its portfolio in Spain by 151MW. Avg. selling price for capacity under the transitory regime reached €90/MWh (excluding hedging results), following the recovery of avg. achieved pool prices (+36% YoY), and avg. selling price for capacity under RD661/2007 was €78/MWh, reflecting the additional capacity (+774MW) remunerated under the fixed tariff option. As part of EDPR's strategy to reduce its exposure to market volatility, 1.6TWh were sold forward in 2011. Overall, avg. selling price in Spain, including hedging results, rose 4% YoY to €83/MWh, offsetting the lower avg. load factor (-2pp to 25% in 2011). Note that out of the total 4.6TWh produced, 82% were sold without exposure to market prices, through hedges (1.6TWh), fixed tariffs (1.5 TWh) or fixed floor mechanism (0.6TWh), while only 18% (0.8TWh) were sold at market prices plus €38.3/MWh premium. For 2012, EDPR sold forward 1.8 TWh at €52/MWh for the capacity under the transitory regime. As of Dec-11, EDPR had 58MW under construction in Spain and an additional 52MW in the pre-registry scheme (to start construction and be commissioned in 2012). Note that in Jan-12, the Spanish Government introduced a moratorium on the payment of the premium to all not pre-registered new wind power projects, while maintaining the status quo and long-term remuneration to the installed capacity and pre-registered projects.

(1) 359 MW which are reported as installed capacity under PPA/hedged are still selling its energy in merchant power markets given that the PPAs that were already signed will be valid only in Jan-12 for 184MW and in Jun-12 for 175MW.
(2) Includes hedging results in energy markets

EDP Renováveis: Portugal, Rest of Europe & Brazil

Portugal	2011	2010	Δ %	Δ Abs.
Installed capacity (MW)	**613**	**599**	**2.3%**	**+14**
Avg. Load Factor (%)	27%	29%	-	-2 p.p.
Electricity Output (GWh)	1,391	1,472	-5.6%	-82
Avg. Final Selling Price (€/MWh)	99	94	5.2%	+5
Gross Profit (€m)	139	140	-1.2%	-2
EBITDA (€m)	**111**	**116**	**-4.3%**	**-5**
EBIT (€m)	83	82	1.5%	+1
Capex (€m)	**11**	**8**	**43%**	**+3**
Capacity under construction (MW)	**2**	**-**	**-**	**+2**
ENEOP Installed capacity (MW) (1)	326	239	36%	+87

Rest of Europe (2)	2011	2010	Δ %	Δ Abs.
France & Belgium				
Installed Capacity (MW)	363	341	6.3%	+22
Avg. Load Factor (%)	23%	23%	-	0 p.p.
Electricity Output (GWh)	705	595	18%	+110
Avg. Final Selling Price (€/MWh)	91	92	-1.5%	-1
Poland				
Installed Capacity (MW)	190	120	58%	+70
Avg. Load Factor (%)	27%	28%	-0.5%	-0 p.p.
Electricity Output (GWh)	376	194	94%	+182
Avg. Final Selling Price (PLN/MWh)	449	445	0.8%	+3
EUR/PLN - Avg. of period rate	4.12	3.99	3.3%	+0.13
Romania				
Installed Capacity (MW)	285	90	217%	+195
Avg. Load Factor (%)	16%	-	-	-
Electricity Output (GWh)	245	15	-	+230
Avg. Final Selling Price (RON/MWh)	378	250	51%	+128
EUR/RON - Avg. of period rate	4.24	4.21	0.6%	+0.03
Gross Profit (€ m)	126	78	61%	+48
EBITDA (€ m)	**94**	**71**	**32%**	**+23**
EBIT (€ m)	10	41	-76%	-31
Capex (€m)	**287**	**420**	**-31.7%**	**-133**
Capacity under construction (MW)	**100**	**221**	**-55%**	**-121**

Brazil	2011	2010	Δ %	Δ Abs.
Installed Capacity (MW)	**84**	**14**	**507%**	**+70**
Avg. Load Factor (%)	35%	26%	-	9 p.p.
Electricity Output (GWh)	170	31	451%	+139
Avg. Final Selling Price (R$/MWh)	278	254	9.4%	+24
EUR/BRL - Average of period rate	2.33	2.33	-0.2%	-0.00
Gross Profit (R$ m)	45	8	501%	+38
EBITDA (R$ m)	**30**	**(1)**	**-**	**+31**
EBIT (R$ m)	20	(4)	-	+24
Capex (R$ m)	**145**	**167**	**-13%**	**-23**
Capacity under construction (MW)	**-**	**70**	**-**	**-70**

(1) Éolicas de Portugal is equity consolidated (2) Including Italy, United Kingdom, mini-hydro and others.

In Portugal, as of Dec-11, EDPR's installed capacity totaled 613MW (+14MW YoY), all remunerated under the old tariff regime, set for 15 years, and according to which tariffs are indexed to both CPI and operating hours. Avg. load factor stood at 27% in 2011, down 2pp YoY, implying a 6% reduction in wind production, while avg. tariff rose 5% YoY to €99/MWh, reflecting both inflation indexation and a lower 2010 avg. tariff from the application of the working hour's adjustment factor given the above average production achieved. Overall **EBITDA was €111m in 2011, showing a slight €5m YoY decrease, while EBIT improved €1m YoY to €83m,** reflecting lower depreciations on the extension of wind farms useful life. By the end of Dec-11, EDPR had 2MW under construction in Portugal (overpowering) to be remunerated under the same tariff regime of existing capacity. Still in Portugal, EDPR holds an equity stake in ENEOP consortium (equity consolidated by EDPR) which has a license to build 1,200MW of wind capacity (480MW attributable to EDPR). ENEOP's wind farms are remunerated under the new tariff regime, at c€74/MWh (first year of operation), being also indexed to inflation and guaranteed for 15 years. By Dec-11, ENEOP had an installed capacity of 814MW (326MW attributable to EDPR).

In European markets out of Iberia, EBITDA rose €23m YoY to €94m in 2011, while EBIT fell €31m to €10m in 2011, reflecting higher net depreciations and amortizations on the back of portfolio expansion.

In France, EDPR has 306MW of installed capacity (+22MW YoY). Wind power in France is sold through fixed tariffs updated in line with inflation for 15 years. In 2011, EDPR avg. tariff in France was €87/MWh (+3% YoY). **In Belgium**, our 57MW wind farm sells its power through a 5 year PPA (2014 maturity) at a fixed selling price of €112/MWh.

In Poland, power generated by our 120MW Margonin wind farm is sold in the spot market (avg. Polish baseload spot price was PLN203.9/MWh in 2011, +4% YoY) and EDPR has a 15 years long term contract for the sale of the green certificates (GCs) generated from Margonin (in Poland, the penalty to local utilities for non delivering the GCs requested by the law is fixed at PLN274.9/MWh for 2011). Note that Margonin wind farm was funded in local currency through a PLN535m 15 year project finance loan contracted in 4Q10 with a consortium headed by EIB and EBRD. In 2011, EDPR increased its installed capacity in Poland by 70 MW, through the commissioning of Korsze wind farm, with output contracted through a 10 year PPA. By the end of Dec-11, EDPR had 80MW under construction in Poland.

In Romania, EDPR has 285MW of installed capacity (+195MW YoY). Wind power production is sold in the market receiving also GCs per MWh produced. In 2010 the Romanian government approved the entitlement to wind producers of 2 GCs per MWh produced until 2017, with the price of GCs having a floor (€27.6) and a cap (€56.2) set in EUR. The full implementation of the second GC, that was approved by law in July 2011, only happened in late 2011. This along with the trial period of the recently installed wind farms justify the avg. selling price of RON378/MWh achieved in 2011. Note that in 2011, EDPR executed project finance structures for a total 228MW in Romania, with long term contracted debt facilities totaling €188m.

In Italy, during 2Q11, EDPR started the construction of its first 20MW wind farm. For capacity installed before Dec-12, there is a transitional regime in place, pursuant to which wind power producers receive merchant electricity price plus a GC until 2015; after 2015, these wind farms will be absorbed into a feed-in tariff scheme.

In Brazil, 70MW Tramandaí wind farm started operations in 2Q11. In 2011, EDPR executed a project finance structure agreement with the BNDES for this wind farm, amounting to R$228m. As of Dec-11, EDPR had 84MW of installed capacity in Brazil, all remunerated under the PROINFA program, through a fixed tariff updated to inflation over 20 years. In 2011, avg. load factor increased 9pp YoY to an impressive 35% in 2011, while avg. selling price increased 9% YoY to R$278/MWh. In Dec-11, EDPR secured in the energy A-5 auction 20-year PPAs, starting 2016, for 120MW to be installed in the State of Rio Grande do Norte, in one of the windiest locations of Brazil. The price of the long term contract was set at R$97/MWh, indexed to the Brazilian inflation rate, for an average contracted capacity equivalent to a 47.5% load factor.

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m)	2011	2010	Δ %	Δ Abs.
Gross Profit	**1,295.5**	**1,341.1**	**-3.4%**	**-46**
Supplies and services	317.3	322.1	-1.5%	-5
Personnel costs	116.2	128.7	-10%	-13
Costs with social benefits	13.1	102.4	-87%	-89
Concession fees	242.4	238.4	1.7%	+4
Other operating costs (net)	(44.1)	(13.3)	-	-31
Net Operating Costs (1)	**644.8**	**778.3**	**-17.2%**	**-134**
EBITDA	**650.7**	**562.7**	**15.6%**	**+88**
Provisions	(1.6)	4.8	-	-6
Net depreciation and amortisation	244.7	243.2	0.6%	+1
EBIT	**407.7**	**314.7**	**29.5%**	**+93**

Gross Profit Performance	2011	2010	Δ %	Δ Abs.
Gross Profit (€m)	**1,295.5**	**1,341.1**	**-3.4%**	**-46**
Regulated gross profit - current period	1,276.7	1,324.0	-3.6%	-47
Non-regulated gross profit	18.7	17.1	10%	+2
Distribution Grid				
Reg. revenues - current period (€ m)	1,171.0	1,212.9	-3.5%	-42
Electricity distributed (GWh)	46,508	47,836	-2.8%	-1,328
Clients connected (th)	6,137.7	6,149.0	-0.2%	-11
Last Resort Supply				
Reg. revenues - current period (€ m)	107.8	113.4	-4.9%	-6
Clients supplied (th)	5,771.9	5,791.7	-0.3%	-20
Electricity sold (GWh)	24,579	30,581	-20%	-6,002
Wholesale procurement price (€/MWh)	61.7	47.5	30%	+14
Regulatory Receivables (€ m)				
Beginning of Period	**188.4**	**(508.9)**	**-**	**+697**
Previous periods tariff deviation (2)	87.8	509.1	-83%	-421
Tariff deviation in the period	425.9	194.5	-	+231
Other (3)	17.7	(6.4)	-	+24
End of Period	**719.8**	**188.4**	**-**	**+531**

Capex & Opex Performance	2011	2010	Δ %	Δ Abs.
Controllable Operating Costs (4)	**433.5**	**450.8**	**-3.9%**	**-17**
Cont. costs/client (€/client)	70.6	73.3	-3.7%	-3
Cont. costs/km of network (€/Km)	1,947.0	2,046.3	-4.9%	-99
Employees (#)	3,641	3,691	-1.4%	-50
Capex (Net of Subsidies) (€m)	**271.8**	**239.2**	**14%**	**+33**
Network ('000 Km)	222.6	220.3	1.0%	+2
Equival. interruption time (min.) (5)	75	116	-35%	-40

Reported EBITDA from electricity distribution and last resort supply activities in Portugal amounted to €651m in 2011. **Note that EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level. This implied a downward adjustment of costs with social benefits by €58m in 2011 in this business area. Excluding the impact from this reclassification in 2010 (€59m) and a €21m intra-group real estate gain in 2011 (no impact at consolidated level), EBITDA increased by 2% to €625m (+€10m).** This increase is mostly due to 4% decline in controllable costs which compensated a lower consumption and low GDP deflator implicitly in 2011 distribution tariffs.

Distribution grid regulated revenues declined €42m to €1.171m in 2011, essentially on the back of: (1) a €22m negative impact from volume of electricity distributed lower than ERSE's assumption in the calculation of 2011 regulated revenues (electricity distributed decreased 2.8% YoY, following a decline in demand in the residential and SME segments), (2) a GDP deflator of +0.5% applied on the update of 2011 regulated revenues (based on 12 months average ending in Jun-10), which was below the X efficiency factor.

Last resort supplier regulated revenues decreased by 5% to €108m due to lower activity. Volume of electricity supplied by our last resort supplier, EDP Serviço Universal (EDP SU), fell 20% YoY to 24.6 TWh, as a result of the switching of clients to liberalized suppliers, especially in the industrial segment, in line with the calendar of increasing liberalization of the Portuguese electricity supply market. As a result, EDP SU market share in electricity supply dropped from 64% in 2010 to 53% in 2011.

On 15-Dec-11, ERSE published a final version of the regulatory assumptions in the **next regulatory period 2012-2014** and regulated revenues in 2012 for our electricity distribution and last resort supply activities in Portugal. ERSE set: (1) a 4% avg. annual increase for electricity tariffs in Portugal (2) **regulated rate of return on assets set at 9.5% for 2012 on a preliminary base** (vs. 8.56% in 2011) based on 780bp assumption for Portuguese Republic CDS and to be positively correlated with the moving average of this variable (annually revised, Rate of Return floor at 8.0% and cap at 11.0% for 2012-2014); (3) **electricity distribution regulated revenues of €1,286m for 2012** from which only 12% depend on electricity distributed; (4) **last resort electricity supply regulated revenues of €94m for 2012;** (5) forecast for volume of electricity distributed in 2012 set at 47.6TWh (2.3% above 2011 electricity distributed) and (6) assuming special regime generation of 19.6TWh (7.1% above 2011 special regime generation).

Regulatory receivables increased from €188m in Dec-10 to €720m in Dec-11 driven by **(1) €395m negative tariff deviation supported by EDP SU in 2011 following: i) higher than expected average electricity procurement cost** both in wholesale markets (€62/MWh in 2011 vs. €47/MWh assumed by ERSE in the calculation of 2011 tariffs) and **ii) higher than expected volumes of special regime production** (SR production increased +2% YoY, being 12% above ERSE's assumption); **(2) €31m negative tariff deviation generated in electricity distribution activity in 2011** related to consumption mix different from ERSE's initial assumption; **(3) €88m paid back through tariffs in 2011** referent to positive tariff deviations in previous years.

In Sep-11,EDP SU sold **without recourse €185m** referent to annuities to be recovered through tariffs in 2012 and 2013.

Regarding **future evolution of regulatory receivables in both distribution and last resort supply activities** implicit in ERSE's final version for 2012 tariffs we would highlight (1) deferral of €939m by Dec-12 to be fully recovered though 2013-2016 tariffs and remunerated at 6.3% annual return; (2) creation of an ex-ante tariff deficit of €141m remunerated at 4.0% annual return; (3) recognition of €564m related to 2012 tariffs of negative deviations incurred in previous years; (4) **average 2012 electricity procurement cost** assumed by ERSE for 2012 is €58,76/MWh.

Controllable operating costs decreased 4% YoY resulting from lower curtailment costs reflecting a decrease of the number of employees by 50.

Capex in 2011 increased 14% YoY to €272m and was mostly dedicated to service quality. The Equivalent Interruption Time (EIT) in 2011 was 75 minutes, a significant improvement compared to 2010, as a result of investment in improving the quality of service and benefiting from favorable weather conditions without material extraordinary events.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits + Concession fees) + Other operating costs (net)
(2) Includes the recovery or pay-back through the tariffs of previous years' tariff deviations. (3) Includes interests on previous years tariff deviations.
(4) Supplies & services and personnel costs. (5) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

Electricity Distribution in Spain

Income Statement (€ m)	2011	2010	Δ %	Δ Abs.
Gross Profit	**179.4**	**183.8**	**-2.4%**	**-4**
Supplies and services	50.2	53.8	-6.6%	-4
Personnel costs	18.0	19.6	-8.4%	-2
Costs with social benefits	3.2	3.6	-10%	-0
Other operating costs (net)	(73.6)	(28.3)	-161%	-45
Net Operating Costs (1)	**(2.2)**	**48.8**	**-**	**-51**
EBITDA	**181.5**	**135.0**	**34%**	**+46**
Provisions	(4.1)	1.0	-	-5
Net depreciation and amortisation	34.8	33.2	5%	+2
EBIT	**150.8**	**100.8**	**50%**	**+50**

Gross Profit Performance	2011	2010	Δ %	Δ Abs.
Gross Profit	**179.4**	**183.8**	**-2%**	**-4**
Regulated gross profit	166.9	165.5	1%	+1
Other non-regulated gross profit	12.4	18.3	-32%	-6
Regulated Revenues (€ m)	**166.9**	**165.5**	**1%**	**+1**
Distribution	161.1	152.4	6%	+9
Transmission	-	7.3	-	-7
Network Commercial Management	5.8	5.8	-	-
Distribution				
Electricity distributed (GWh)	9,517	9,310	2.2%	+206
Clients connected (th)	656.1	651.0	0.8%	+5
Regulatory Receivables (€ m) (2)				
Beginning of Period	**759.0**	**501.4**	**51%**	**+258**
Previous periods tariff deficit (3)	(478.1)	35.9	-	-514
Tariff deficit in the period	198.1	214.2	-8%	-16
Other (4)	34.6	7.6	357%	+27
End of Period	**513.6**	**759.1**	**-32%**	**-245**

Capex & Opex Performance	2011	2010	Δ %	Δ Abs.
Controllable Operating Costs (5)	**68.2**	**73.5**	**-7.1%**	**-5**
Cont. costs/client (€/client)	104.0	112.9	-7.8%	-9
Cont. costs/km of network (€/Km)	3,012	3,300	-8.7%	-287
Employees (#)	375	386	-2.8%	-11
Capex (net of subsidies) (€ m)	**61.1**	**40.1**	**52.5%**	**+21**
Network ('000 Km)	22.7	22.3	1.7%	+0
Eq. interruption time (min.) (7)	39	46	-16%	-7

EBITDA from our electricity distribution activity in Spain rose 34% (€46m) YoY to €182m in 2011 mainly reflecting: i) the inclusion of €27m non-recurrent gain related to the sale of transmission assets to REE; ii) income of €40m in 2011 (+€23m vs. 2010) consequence of the application of IFRIC18[(6)] and iii) €7.3m of transmission regulated revenues included in 2010 (sold in 1Q11).

Excluding these impacts, **EBITDA rose 3% YoY** (+€4m), on the back of an increase in the distribution regulated revenues and higher efficiency.

Regulated revenues totaled €167m in 2011, increasing only 1% YoY and impacted by the loss of transmission revenues (€7m), an activity sold in 1Q11 to REE, in order to comply with the Law 17/2007 of July 4th which forces distribution companies to sell their transmission assets to REE. Other non-regulated gross profit decreased by 32% YoY (-€6m) as a result of the inclusion in 2010 regulated revenues of an additional of €7m recovery relative to 2009.

In Dec-11, the Spanish government published a Ministerial Order with the remuneration for the electricity distribution regulated activity. Regulated revenues attributable to HC Distribución for the year 2012 amount to €169.3m.

Electricity distributed by HC Energia, essentially in the region of Asturias, went up by 2.2% YoY, on the back of a larger client base (+1%) and strong demand in the industrial segment. Note that electricity consumption in HV and MV segments increased by 6%.

In the 4Q11, the Spanish government freezed the last resort tariff (LRT) on an avg. baseload cost of €58/MWh and decreased access tariffs by 11% QoQ. For the 1Q12, LRT was freezed based on an avg. baseload cost of €53/MWh and an 11% QoQ increase in access tariffs.

In 2011, a total amount of €9.8bn of the Spanish deficit was securitised by FADE (the fund in charge of the securitization) of which €504m were entitled to HC Energia.

By the end of Dec-11, HC Energia's **regulatory receivables** amounted to €514m (including interests/financial updates): i) €198m regarding 2011 tariff deficit; ii) €140m from the 2010 tariff deficit and v) €176m from the 2006-09 accumulated tariff deficit.

During the beginning of 2012 (Jan-Feb), FADE has already made 10 securitisation deals which allowed HC Energia to receive €125m.

Controllable operating costs went down 7% YoY, due to lower supplies and services and higher efficiency.

Capex increased by 53% to €61m in 2011, while equivalent interruption time fell to 39 minutes in 2011, reflecting not only favorable weather conditions but also the investments on quality of service made in recent years.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net) (2) Net of CO2 clawback costs. (3) Includes the recovery/payment of previous periods tariff deficits.
(4) Includes interests/financial updates on tariff deficits. (5) Supplies & services and personnel costs. (6) With the application of IFRIC 18, the assets received from customers ensuring their direct access to the energy distribution network, are registered as assets at fair value against operating income, and amortized through their useful lives. (7) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

Gas - Regulated Activity

Income Statement (€ m)	Portugal			Spain			Total			
	2011	2010	% Δ	2011	2010	% Δ	2011	2010	% Δ	Δ Abs.
Gross Profit	**73.9**	**63.7**	**16%**	**258.2**	**251.1**	**2.8%**	**332.1**	**314.8**	**5%**	**+17**
Supplies and services	13.4	13.4	0%	30.7	33.8	-9.2%	44.0	47.2	-7%	-3
Personnel costs	5.1	4.7	9%	22.7	21.3	6.5%	27.8	26.0	6.9%	+2
Costs with social benefits	0.3	0.2	17%	0.5	0.5	4.9%	0.8	0.7	9%	+0
Other operating costs(net)	0.0	(2.8)	-	-8.4	2.9	-	(8.2)	0.2	-	-8
Net Operating Costs (2)	**18.9**	**15.6**	**21.3%**	**45.5**	**58.6**	**-22%**	**64.4**	**74.1**	**-13%**	**-10**
EBITDA	**55.0**	**48.2**	**14%**	**212.7**	**192.5**	**10%**	**267.7**	**240.7**	**11%**	**+27**
Provisions	(0.9)	0.7	-	(0.3)	(0.1)	161%	(1.2)	0.6	-	-2
Net deprec. & amortisation	12.5	11.4	10.5%	57.4	60.7	-5.5%	69.9	72.0	-3.0%	-2
EBIT	**43.4**	**36.1**	**20%**	**155.6**	**131.9**	**18%**	**198.9**	**168.0**	**18%**	**+31**
Capex (net os subsidies) (€ m)	**37.4**	**39.9**	**-6.2%**	**40.5**	**51.4**	**-21%**	**78.0**	**91.3**	**-14.6%**	**-13**
Distribution & Other	37.4	39.9	-6.2%	33.2	32.8	1%	70.7	72.7	-2.7%	-2
Transmission	-	-	-	7.3	18.6	-61%	7.3	18.6	-61%	-11
Employees (#)	**103**	**102**	**1.0%**	**391**	**376**	**4.0%**	**494**	**478**	**3.3%**	**+16**

Regulated Activity	2011	2010	% Δ	Abs. Δ
Number of Supply Points (th)	**1,264.7**	**1,229.2**	**2.9%**	**+35**
Portugal	270.9	245.3	10%	+26
Spain	993.9	983.9	1.0%	+10
Gas Distributed (GWh)	**55,585**	**52,487**	**5.9%**	**+3,098**
Portugal	7,138	6,843	4.3%	+295
Spain	48,447	45,644	6.1%	+2,803
Regulated Revenues (€ m)	**302.5**	**288.1**	**5.0%**	**+14**
Portugal	73.9	63.7	16%	+10
Spain	228.7	224.4	1.9%	+4
Distribution	201.4	199.9	0.7%	+1
Transmission	27.3	24.4	12%	+3
Network (Km)	**14,240**	**13,764**	**3.5%**	**+476**
Portugal - Distribution	4,125	3,827	7.8%	+298
Spain				
Distribution	9,690	9,521	2%	+170
Transmission	425	417	1.8%	+8

EBITDA from gas regulated activities rose 11% YoY (+€27m) to €268m in 2011, driven by: (1) higher regulated revenues and connection fees in Spain (€14m), (2) higher recovering of past years tariff adjustments and start of accounting of tariff deviations in Portugal and (3) higher efficiency reflected in controllable costs 2.5% YoY (+€2m) lower and positive impact from other operating profit (+€8m) resulting from higher transfer of assets and contributions from customers (IFRIC 18).

In **Spain**, gas regulated activities gross profit went up 3% YoY (+€7m) to €258m in 2011, due mostly to €4m increase of regulated revenues and the positive impact from deviations from previous years (-€3.8m in 2010 vs. €2.9m in 2011).

Regulated revenues in Spain rose 2% (+€4m) as a consequence of the update on the tariff parameters of the price index. Distribution regulated revenues rose 1% (+€1m) supported by a 6% increase of volume of gas distributed through the distribution network to 48.4TWh, backed by a 1% increase in the number supply points and reflecting an increase of our network's extension. Gas transmission regulated revenues rose 12% YoY (+€3m), due to inflation update of revenues and increase of network (new pipeline Corbera-Tamón).

In Dec-11 it was published the Ministerial Order that set the remuneration for the gas regulated activities. **Regulated revenues** attributable to Naturgas Energia (NGE) **in 2012 amount to €232m**, including transmission (€25.9m).

In **Portugal**, gross profit increased by 16% (€10m) to €74m including a tariff deviation generated in the period (+€10.4m in 2011) and deviations from previous years (+€4.9m in 2011). Note that in line with a Decree-law published in Portugal, tariff deviations are accounted on the same way as electricity, which nevertheless should not have significant impact as the deviation amounts are small on the gas system.

Gas volumes distributed in Portugal went up 4% YoY supported by the 10% YoY increase in the number of supply points, justified by a systematic effort of client connection on existing grids in the region operated by EDP.

In Jun-11, the Portuguese regulator (ERSE) set **the gas tariffs for Portugal for the year going from Jul-11 to Jun-12**, defining a 9% return on assets resulting on annual regulated revenues of €65m. ERSE set a 3.9% avg. last resort tariff increase for small clients (consumption <=10.000 m3/year) and a 6.6% avg. access tariff decrease for large clients (consumption >10.000 m3/year).

Capex fell by 15% to €78m resulting from higher levels of investments in the transmission network in 2010, regarding the Bergara-Irun pipeline.

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

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	2011	2010	Δ %	Δ Abs.	2011	2010	Δ %	Δ Abs.
Gross Profit	**2,395.7**	**2,268.5**	**5.6%**	**+127**	**1,029.7**	**973.0**	**5.8%**	**+57**
Supplies and services	429.2	400.3	7.2%	+29	184.5	171.7	7.5%	+13
Personnel costs	248.0	224.4	10%	+24	106.6	96.3	11%	+10
Costs with social benefits	34.9	24.1	45%	+11	15.0	10.3	45%	+5
Other operating costs (net)	97.6	48.4	102%	+49	41.9	20.7	102%	+21
Net Operating Costs (1)	**809.6**	**697.1**	**16%**	**+113**	**348.0**	**299.0**	**16%**	**+49**
EBITDA	**1,586.1**	**1,571.4**	**0.9%**	**+15**	**681.7**	**674.0**	**1.1%**	**+8**
Provisions	48.3	19.4	149%	+29	20.8	8.3	150%	+12
Net depreciation and amortisation	324.5	374.4	-13%	-50	139.5	160.6	-13%	-21
EBIT	**1,213.3**	**1,177.6**	**3.0%**	**+36**	**521.5**	**505.1**	**3.2%**	**+16**
Capital gains/(losses)	-	-	-	-	-	-	-	-
Financial results	(277.2)	(218.5)	-27%	-59	(119.1)	(93.7)	27%	-25
Results from associates	(2.9)	(2.6)	-14%	-0	(1.3)	(1.1)	-	-0
Pre-tax profit	**933.2**	**956.6**	**-2.4%**	**-23**	**401.1**	**410.3**	**-2.2%**	**-9**
Capex	**793.8**	**996.3**	**-20%**	**-202**	**341.2**	**427.3**	**-20%**	**-86**

Energias do Brasil	2011	2010	Δ %
Share price at end of period (R$/share)	41.50	38.71	7.2%
Number of shares Issued (million)	158.8	158.8	-
Treasury stock (million)	0.3	0.3	-
Number of shares owned by EDP (million)	81.0	102.9	-21%
Euro/Real - End of period rate	2.42	2.22	-8.2%
Euro/Real - Average of period rate	2.33	2.33	0.2%
Inflation rate (IGP-M - 12 months)	5.1%		-
Net Debt / EBITDA (x)	1.62	1.36	
Average Cost of Debt (%)	9.57	9.10	47 b.p.
Interest Rate (CDI)	11.50	9.80	170 b.p.
Employees (#)	2,619	2,413	+206

Key Balance Sheet Figures (R$ Million)	2011	2010	Δ %
Net financial debt	2,572	2,138	20%
Regulatory receivables	10	(10)	-
Non-controling Interests	1,896	1,846	2.7%
Equity book value	4,703	4,604	2.1%

Financial Results (R$ Million)	2011	2010	Δ %
Net Interest Costs	(236.7)	(230.0)	-2.9%
Capitalised Costs	85.8	77.7	10%
Forex Differences	(60.3)	(53.6)	-13%
Other	(66.1)	(12.7)	-421%
Financial Results	**(277.2)**	**(218.5)**	**-27%**

EDP – Energias do Brasil (EDPB) 2011 financial statements reflect a change in accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level (R$21m in 2011 and R$9m in 2010). Besides that, the recovery of fiscal credits regarding depreciation costs in the distribution and generation businesses which in 2010 were registered at EBITDA level are now deducted in the depreciation and amortization. (R$29m in 2011 vs. R$31m in 2010).

In local currency, EDPB's 2011 EBITDA rose 0.9% YoY. Adjusted by the impact of the reclassification from the accounting policy changes, as well as the tariff deviation impact (-R$60m in 2011 vs. +$R35m in 2010) EBITDA grew 9% justified by (i) positive impact from tariff revision in distribution mainly in Bandeirante in Oct-10, (ii) increase of electricity demand, (iii) inflation update on PPA's selling price, and (iv) more favorable allocation of contracted volumes in the year, which were partially offset by the increase in supplies and services and personnel costs. In 2011 the impact of foreign exchange in EDPB's consolidated EBITDA was negligible, showing a positive contribution of just €1m. (Real appreciated 0.2% against the Euro)

EBIT went up by R$36m, penalized by the one-off provision of R$25m from a legal litigation with the client White Martins related to alleged reflections of tariff increases during the Cruzado plan period in the 80's. Net depreciation and amortization declined R$50m, mainly as a result of an impact (R$29m) due to fiscal benefits regarding depreciation costs in the generation and distribution businesses (accounted at EBITDA level in 2010).

Net financial costs increased R$59m to R$277m impacted mostly by: (i) raise of other financial results as a consequence of the overdue interest associated with the White Martins litigation in the amount of R$52m and the reclassification due to the accounting policy change regarding social benefits accounted in the amount of R$21m, (ii) higher net financial debt and average cost of debt (from 9.1% in 2010 to 9.6% in 2011) due to an increase of 170bp since Dec-10 in Brazil Interbank Deposit Certificate to 11.5%, partially offset by (iii) higher financial revenues as a result of higher interest rates on bank deposits and (iv) higher interest capitalization.

Net financial debt increased 20% YoY due mostly to the expansion capex related to Pecém coal plant and Jari hydropower plant. The new loans associated to Pecém's investment have long-term maturities between 13 and 17 years. Average maturity in debt was 4.5 years by Dec-11. As of Dec-11, **aprox. 100% gross debt was denominated in local currency** or protected from exchange rate through hedging instruments.

In May-11, EDPB paid an **annual dividend** of R$352.6m or R$2.22 per share, corresponding to a value 19% higher than the one distributed in May-10. The Board of Directors of EDPB will propose at the General Meeting: (i) the payment of 2011 annual dividend of R$370.2m or R$2.34 per share, a 5.0% increase vs. 2010 and (ii) the stock split of all common shares of the company by a ratio of 1:3.

In Jul-11, EDP sold 21.9 million shares of EDPB on a secondary distribution offer, at a price of R$37.00, reducing its stake from 64.8% to 51.0%, receiving gross proceeds of aprox. R$811m.

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

Brazil: Electricity Distribution

Income Statement (R$ m)	2011	2010	Δ %	Δ Abs.
Gross Profit	**1,437.4**	**1,401.7**	**2.6%**	**+36**
Supplies and services	327.9	301.4	8.8%	+26
Personnel costs	180.9	160.4	13%	+21
Costs with social benefits	29.3	19.8	48%	+9
Other operating costs (net)	98.5	41.9	135%	+57
Net Operating Costs (1)	**636.5**	**523.5**	**22%**	**+113**
EBITDA	**800.9**	**878.2**	**-8.8%**	**-77**
Provisions	43.0	7.6	464%	+35
Net deprec. and amortisation	206.9	187.8	10%	+19
EBIT	**551.0**	**682.8**	**-19%**	**-132**

Gross Profit Performance	2011	2010	Δ %	Δ Abs.
Regulated Revenues	**1,497**	**1,367**	**10%**	**+130**
Tariff deviation in the Period (3)	(40)	(114)	-65%	+74
Dev. from previous year (2)	(20)	137	-	-157
Others	0	11	-97%	-11
Gross Profit	**1,437**	**1,402**	**2.6%**	**+36**
Regulatory Receivables (R$ m)	**10**	**(10)**	**-**	**+20**
Clients Connected (th)	**2,831.7**	**2,740.7**	**3.3%**	**+91**
Bandeirante	1,545.3	1,503.0	2.8%	+42
Escelsa	1,286.4	1,237.7	3.9%	+49
Electricity Distributed (GWh)	**24,544**	**23,749**	**3.3%**	**+795**
Bandeirante	14,726	14,310	2.9%	+416
Escelsa	9,818	9,439	4.0%	+379
From which:				
To clients in Free Market (GWh)	9,414	9,034	4.2%	+380
Electricity Sold (GWh)	**15,130**	**14,715**	**2.8%**	**+415**
Bandeirante	**9,313**	**9,038**	**3.0%**	**+275**
Resid., Commerc. & Other	6,118	5,812	5.3%	+307
Industrial	3,195	3,226	-1.0%	-32
Escelsa	**5,817**	**5,677**	**2.5%**	**+140**
Resid., Commerc. & Other	4,721	4,613	2.4%	+109
Industrial	1,095	1,064	2.9%	+31

Capex & Opex Performance	2011	2010	Δ %	Δ Abs.
Controllable Operating Costs (4)	**508.8**	**461.8**	**10%**	**+47**
Cont. costs/client (R$/client)	179.7	168.5	6.6%	+11
Cont. costs/km (R$/Km)	5.9	5.5	8.7%	+0
Employees (#)	2,091	2,040	2.5%	+51
Capex (net of subsidies) (R$m)	**323.6**	**387.7**	**-17%**	**-64**
Network ('000 Km)	85.7	84.6	1.3%	+1

In electricity distribution in Brazil, the **EBITDA in 2011 decreased by 9% YoY** (decline of 56% YoY in 4Q11 to R$96m). Excluding impact of tariff deviation and the change in accounting policy related to the interest cost and estimated return of the fund assets as well as the effect of the recovery of fiscal credits regarding depreciation costs which were registered at EBITDA level in 2010, EBITDA went up by 3.5% in 2011 (decline of 18% YoY in 4Q11).

Regarding regulatory reviews, in Aug-10, Escelsa started a new 3-year regulatory period (from Aug-10 to Jul-13) with a Return on RAB set at 9.95% after taxes. In Oct-11 the regulator decided to keep Bandeirante's tariffs unchanged, as the new methodology for the 3rd Tariff Review cycle was not yet decided. Meanwhile, the discussion about the new methodology for the 3rd Tariff Review cycle, that started in Sep-10, resulted in the publication by ANEEL in Nov-11 of a new regulatory framework in which set a new Return on RAB at 7.5% after taxes. This new methodology will only be applicable to the next regulatory period (Bandeirante in Oct-12 but with retroactive effects from Oct-11 onwards and Escelsa from Aug-13 onwards).

Growth of electricity volumes sold and distributed in 2011: Volume of electricity sold increased by 2.8% YoY in 2011, but rose only 0.6% in 4Q11 vs. 4Q10 reflecting a decline in the industrial segment which saw a drop of volumes sold of 3.6% in the 4Q11 vs. 4Q10. This evolution came on the back of an industrial production contraction in Bandeirante's concession area and also due to the migration of clients to the free market. Since the distribution companies had previously contracted the purchase of higher electricity volumes in the 4Q11 vs. the real demand, they faced an excess of electricity procured which was sold in the spot market at low avg. spot prices of around R$40/MWh in 4Q11 due to high hydro reservoir levels vs. an avg. spot price above R$100/MWh in 4Q10, having a negative impact in gross profit in 4Q11.

Tariff deviations at gross profit level influenced negatively the 2011 results (-R$60m in 2011 of which -R$53m in 4Q11) while in 2010 it contributed positively (+R$35m). Gross profit for distribution in Brazil includes the cash flow impact from deviation from annual regulated revenues. Tariff deviation created in previous years and being return through tariffs in 2011 amounted to R$20m (vs. R$137m recovered in 2010). On the other hand, a new tariff deviation of -R$40m was created in 2011 (vs. tariff deviation of -R$114m in 2010). This tariff deviation in 2011 was created due to: (i) higher discounts on distribution tariffs conceded to free market clients (ii) incurred sector costs and not considered in the tariffs, which was partially offset by (iii) energy purchase costs below the ones set by the regulator in the tariff revision due to a low thermal power production. As a result, the amount of regulatory receivables increased from R$10m to be returned to customers by Dec-10 to R$10m to be collected by EDPB from the next annual tariff revisions onwards.

Controllable operating costs increased by 10% YoY in 2011, above the 5.1% IGP-M inflation in the period as a result of: (i) higher supplies and services on network maintenance especially in 4Q11 related to additional grid losses reduction and improvement of the quality of service programs, assuming especial importance in Bandeirante due to the 3rd cycle tariff revision in 2012 and (ii) upper personnel costs which increased 13% YoY mostly due to the annual average salary update of +6.5% by Mar-11 and +7.3% by Nov-11 as well as a 2.5% increase in the headcount.

Other operating costs rose by R$57m in 2011 due namely to: (i) reclassification in 2011 of the revenues with posts rentals and the costs with ANEEL's inspection charges to gross profit with a net impact of +R$11m; (ii) reclassification in 2011 of the recovery of fiscal credits related to depreciation costs to net depreciation and amortization (R$21m accounted in 2010) and (iii) write-offs on metering equipments (+R$15m).

Capex dropped 17% YoY to R$324m, due mostly to inferior levels of investment in Escelsa in IT and also due to the conclusion of some programs to provide general electricity access to the population. Most of the Capex amount was devoted to network expansion and reinforcement of the quality of service.

(1) Net Operating Costs = Operating Costs (Supplies and services + Personnel costs + Costs with social benefits) + Other operating costs (net)
(2) Regulatory receivables that EDP is recovering in current tariff, related to amounts that the system owed us due to lower than expected gross profit in past periods
(3) Regulatory receivables being generated in the current period to be recovered by EDP through tariffs in the next annual tariff adjustment. (4) Supplies & services and personnel costs

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation			
	2011	2010	Δ %	Δ Abs.
Gross Profit	**910.3**	**832.1**	**9.4%**	**+78**
Supplies and services	65.4	59.3	10%	+6
Personnel costs	39.5	37.5	5.3%	+2
Costs with social benefits	2.9	2.5	18%	+0
Other operating costs (net)	(12.8)	0.7	-	-14
Net Operating Costs (1)	**95.0**	**100.0**	**-5.0%**	**-5**
EBITDA	**815.3**	**732.0**	**11%**	**+83**
Provisions	7.9	1.6	386%	+6
Net depreciation and amortisation	155.6	152.2	2.3%	+3
EBIT	**651.8**	**578.3**	**13%**	**+73**

Generation	2011	2010	Δ %	Δ Abs.
Gross Profit (R$ m)	**910.3**	**832.1**	**9.4%**	**+78**
Lajeado	382.7	361.9	5.7%	+21
Peixe Angical	314.3	285.7	10%	+29
Energest (15 hydro plants)	212.9	184.4	15%	+28
Installed Capacity - Hydro (MW)	**1,790**	**1,735**	**3.2%**	**+55**
Lajeado	903	903	-	-
Peixe Angical	499	452	10%	+47
Energest (15 hydro plants)	389	380	2.2%	+9
Electricity Sold (GWh)	**8,388**	**8,309**	**1.0%**	**+79**
Lajeado	3,743	3,713	0.8%	+30
Peixe Angical	2,374	2,374	0.0%	+0
Energest (15 hydro plants)	2,271	2,222	2.2%	+49
Average Selling Price (R$/MWh)	**132.7**	**122.9**	**8.0%**	**+10**
Lajeado	121.4	108.9	11.5%	+13
Peixe Angical	164.3	152.4	7.8%	+12
Energest (15 hydro plants)	115.9	112.4	3.1%	+4
Capex (R$ million)	**468.2**	**607.1**	**-23%**	**-139**
Maintenance	82.2	67.3	22%	+15
Expansion	386.0	539.8	-28%	-154
Pécem	295.7	505.3	-41%	-210
Other	90.2	34.5	161%	+56
Employees (#)	**367**	**262**	**40%**	**+105**

Supply	2011	2010	Δ %	Δ Abs.
Gross profit (R$ m)	39.4	28.6	38%	+11
Operating costs (R$ m)	7.4	4.1	82%	+3
EBITDA (R$ m)	32.0	24.6	30%	+7
Electricity sales (GWh)	9,895	8,263	20%	+1,631
Number of clients (#)	137	86	59%	+51

EBITDA in our electricity generation activities in Brazil increased by 11% essentially due to inflation update on PPA's and also to our allocation of PPA's yearly contracted volumes, which was more favorable versus 2010, as in 2010 it implied the need of energy purchases in 2H10 when the spot prices were very high due to a decline of the hydro reservoirs to extremely low levels on the back of very dry weather in Brazil. Aware of the probability of a similar scenario, customers allocated more energy in the 1H11 in order to protect themselves. However, the hydro reservoirs during 1H11 became normalized and the spot market price dropped to 1H10 levels (R$27.0/MWh in 1H11 vs. R$29.5/MWh in 1H10).

Installed capacity grew 55MW as a consequence of the conclusion of a part of Mascarenhas' repowering (9MW) and the recognition of additional capacity in Peixe Angical by ANEEL (47MW), both in 2Q11.

Electricity volume sold increased 1% YoY in 2011, reflecting essentially the increase in the average installed capacity.

Average selling price increased 8% YoY in 2011 supported by the update of prices to inflation which implied that gross profit increased by R$78m. Almost all EDPB's installed capacity is contracted under PPA long term contracts with an average maturity of 15 years.

Other operating costs went down R$14m essentially due to gains on fixed assets with an impact of R$9m.

Net Depreciation and amortization increased only by R$3m to R$156m justified by the recognition of fiscal credits related to depreciation costs and by the partial reversal 塅▯▯塅Eite-offs which were previously overestimated and related to biomass development projects.

Capex decreased by 23% YoY to R$468m. Expansion capex represents 82% of total capex from which 77% refers to the construction of Pécem coal plant. The start-up is scheduled to 2012 and EDPB has already invested R$1,542m. As for Dec-11, the project achieved 97% of construction stage. The 2011 other expansion capex is related mostly to Santo António do Jari hydropower plant and the repowering of Mascarenhas (18MW), which has been partially concluded in 2Q11 (9 MW) being the remaining addition planned to be concluded by 2013.

In Pecém coal plant (720MW), EDPB holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted with the Brazilian electricity system include the availability of an installed capacity of 615MW for a 15-year term starting in January 2012. However in Jan-12, due to force majeure causes which led to the delay in construction works, ANEEL approved the prorogation of the p塅▯▯塅Ecommissioning and availability date for Mar-12 for the first group and Jun-12 for the second group. Pecém will provide an expected EBITDA of R$200m (EDP's share) in the first 12 months of full operation having the right to total pass through of fuel costs. The project is financed with long term debt, which is already contracted.

In Jun-11, EDPB announced the acquisition of ECE Participações which has currently the full control of **Santo António do Jari hydropower plant** operating rights, a project of 373MW installed capacity (following regulator's approval of an additional 73MW, on top of initial 300MW of installed capacity), being 190 average MW contracted by a 30-year PPA at a price of R$104/MWh. The total disbursement will vary between R$ 1,270m and R$ 1,410m (25% in 2011, 31% in 2012, 31% in 2013 and 13% in 2014). The preliminary construction works started in Aug-11 and in Oct-11 it was issued a R$300m bond and contracted a bridge-loan with Banco do Brasil, worth of R$360m both with a two-year maturity and at a cost of 110.5% and 109% over the CDI respectively.

Our trading and supply activity is carried out by our Enertrade subsidiary in the free market essentially through a service of energy sourcing to large industrial clients without incurring in material energy market risk. **In 2011, EBITDA in supply grew by 30% to R$32m** in line with the increase of electricity supplied by 20% and higher unit margins.

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

Income Statements

Income Statement by Business Area

2011 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**1,008.9**	**802.3**	**1,806.9**	**957.2**	**1,029.7**	**(167.7)**	**5,436.5**
Supplies and services	97.4	254.9	411.5	225.1	184.5	(271.4)	901.0
Personnel costs	63.7	87.4	162.0	58.2	106.6	95.7	573.6
Costs with social benefits	21.6	6.9	17.1	2.6	15.0	(1.9)	61.3
Other operating costs (net)	2.0	60.6	116.4	(129.4)	41.9	53.4	144.9
Operating costs	**184.7**	**409.8**	**707.0**	**156.5**	**348.0**	**(124.3)**	**1,680.9**
EBITDA	**824.2**	**392.5**	**1,099.9**	**800.7**	**681.7**	**(43.4)**	**3,755.6**
Provisions	(2.3)	(21.6)	(6.9)	(0.3)	20.8	11.0	0.7
Net depreciation and amortisation (1)	211.9	256.0	349.4	453.5	139.5	77.2	1,487.5
EBIT	**614.6**	**158.1**	**757.4**	**347.5**	**521.5**	**(131.7)**	**2,267.4**

2010 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**1,076.3**	**821.1**	**1,839.7**	**840.6**	**973.0**	**(145.5)**	**5,404.3**
Supplies and services	97.8	241.4	423.2	196.2	171.7	(266.9)	862.3
Personnel costs	71.2	81.4	174.4	52.6	96.3	99.5	575.4
Costs with social benefits	26.2	7.6	106.7	2.2	10.3	0.3	153.4
Other operating costs (net)	4.4	41.9	197.0	(123.2)	20.7	59.6	200.5
Operating costs	**199.7**	**372.2**	**901.2**	**127.9**	**299.0**	**(107.5)**	**1,791.5**
EBITDA	**876.7**	**448.9**	**938.4**	**712.7**	**674.0**	**(37.9)**	**3,612.8**
Provisions	(2.6)	93.2	6.4	(0.2)	8.3	-1.6	103.6
Net depreciation and amortisation (1)	216.3	225.1	348.5	423.0	160.6	73.2	1,446.7
EBIT	**662.9**	**130.6**	**583.5**	**289.9**	**505.1**	**(109.5)**	**2,062.5**

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

Quarterly Income Statement - Restated (1)

Quarterly P&L (€ m)	1Q10	2Q10	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11
Electricity Revenues	3,118.7	2,927.8	3,100.3	3,389.8	3,558.4	3,083.6	3,156.6	3,443.2
Gas Revenues	336.8	284.3	330.5	396.6	418.9	391.5	413.4	465.1
Other Revenues	38.8	56.3	45.2	145.7	37.7	52.9	48.9	50.6
Operating Revenues	**3,494.3**	**3,268.4**	**3,476.0**	**3,932.1**	**4,015.0**	**3,528.0**	**3,618.9**	**3,958.9**
Electricity	1,688.5	1,558.2	1,700.7	1,860.8	2,032.0	1,633.9	1,711.3	1,943.2
Gas	221.4	193.9	211.8	318.2	334.9	299.4	326.8	366.9
Fuel	172.4	176.4	270.2	318.2	191.3	211.6	256.9	255.4
Materials and goods for resale	9.7	13.2	27.7	25.1	25.4	26.7	29.1	39.4
Direct Activity Costs	**2,092.0**	**1,941.7**	**2,210.5**	**2,522.3**	**2,583.6**	**2,171.6**	**2,324.2**	**2,605.0**
Revenue from assets assigned to concessions	84.4	85.4	56.5	165.8	86.3	109.2	113.4	131.7
Expenditure with assets assigned to concessions	(84.4)	(85.4)	(56.5)	(165.8)	(86.3)	(109.2)	(113.4)	(131.7)
Gross Profit	**1,402.3**	**1,326.7**	**1,265.5**	**1,409.8**	**1,431.4**	**1,356.4**	**1,294.8**	**1,354.0**
Supplies and services	194.2	210.4	217.1	240.6	208.3	212.8	229.1	250.9
Personnel costs	150.5	145.9	139.5	139.5	147.2	145.4	139.6	141.4
Costs with social benefits	10.9	7.9	7.6	41.6	9.1	19.4	11.1	21.7
Other operating costs (net)	85.2	51.1	60.5	3.7	36.0	64.4	85.2	(40.6)
Operating costs	**440.9**	**415.2**	**424.7**	**425.4**	**400.6**	**441.9**	**465.0**	**373.4**
EBITDA	**961.4**	**911.5**	**840.8**	**984.4**	**1,030.8**	**914.4**	**829.8**	**980.6**
Provisions	10.1	29.2	29.0	35.3	2.4	18.0	(18.7)	(1.0)
Net depreciation and amortisation (2)	340.9	364.3	374.6	367.0	358.0	346.2	348.7	434.6
EBIT	**610.5**	**517.9**	**437.3**	**582.2**	**670.4**	**550.2**	**499.8**	**547.0**
Capital gains/(losses)	5.8	(1.0)	(2.2)	58.2	0.2	10.1	(0.1)	10.6
Financial Results	(140.0)	(135.0)	(135.8)	(159.5)	(156.1)	(154.8)	(235.0)	(169.4)
Results from associated companies	6.9	6.2	5.2	5.1	5.8	6.0	5.6	2.0
Pre-tax profit	**483.2**	**388.1**	**304.4**	**486.1**	**520.3**	**411.5**	**270.4**	**390.2**
Income taxes	129.0	102.9	73.6	121.7	123.4	97.1	21.7	18.2
Discontinued Activities	-	-	-	-	-	-	-	-
Net Profit for the period	354.2	285.2	230.8	364.4	396.9	314.4	248.7	372.0
Net Profit Attributable to EDP	**309.2**	**255.6**	**209.5**	**304.7**	**342.4**	**266.3**	**215.0**	**301.0**
Non controling interests	45.0	29.6	21.3	59.8	54.5	48.1	33.7	71.0

(1) As of Sep-11, EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs are now accounted at financial results level. Both 2010 and 2011 income statements comply with this change, implying a positive impact on EBITDA of €85m in 2010 and €88m in 2011. (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

Income Statement by Business Area - Restated (1)

2011 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Gross Profit	**1,495.3**	**237.7**	**957.2**	**1,474.8**	**409.4**	**1,029.7**	**(167.7)**	**5,436.5**
Supplies and services	158.0	172.5	225.1	367.5	64.8	184.5	(271.4)	901.0
Personnel costs and costs with social benefits	123.2	53.1	60.8	150.5	32.0	121.6	93.8	634.9
Other operating costs (net)	26.7	26.1	(129.4)	124.6	1.6	41.9	53.4	144.9
Operating costs	**308.0**	**251.7**	**156.5**	**642.6**	**98.4**	**348.0**	**(124.3)**	**1,680.9**
EBITDA	**1,187.3**	**(14.0)**	**800.7**	**832.2**	**311.0**	**681.7**	**(43.4)**	**3,755.6**
Provisions for risks and contigencies	(6.1)	(4.7)	(0.3)	(5.7)	(14.3)	20.8	11.0	0.7
Net depreciation and amortisation (2)	445.6	21.4	453.5	279.5	70.9	139.5	77.2	1,487.5
EBIT	**747.7**	**(30.6)**	**347.5**	**558.5**	**254.4**	**521.5**	**(131.7)**	**2,267.4**

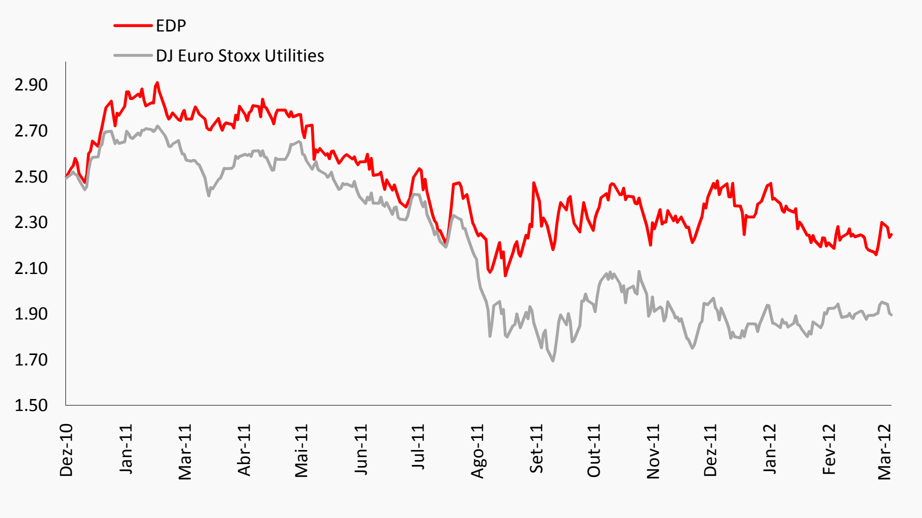
2010 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Gross Profit	**1,550.5**	**273.2**	**840.6**	**1,524.9**	**387.6**	**973.0**	**(145.5)**	**5,404.3**
Supplies and services	154.1	162.1	196.2	376.0	69.2	171.7	(266.9)	862.3
Personnel costs and costs with social benefits	118.5	48.7	54.8	193.3	30.1	102.7	95.3	643.5
Other operating costs (net)	28.8	2.3	(123.2)	196.8	15.4	20.7	59.6	200.5
Operating costs	**301.4**	**213.1**	**127.9**	**766.1**	**114.7**	**295.2**	**(112.1)**	**1,706.2**
EBITDA	**1,249.1**	**60.1**	**712.8**	**758.7**	**273.0**	**677.9**	**(33.4)**	**3,698.1**
Provisions for risks and contigencies	29.6	24.5	(0.2)	5.8	37.2	8.3	-1.6	103.6
Net depreciation and amortisation (2)	420.4	20.6	423.0	276.4	72.6	160.6	73.2	1,446.7
EBIT	**799.2**	**15.0**	**289.9**	**476.5**	**163.2**	**509.0**	**(105.0)**	**2,147.8**

(1) As of Sep-11, EDP changed its accounting policy as to the interest cost and estimated return of the fund assets: the respective amounts, so far accounted as operating costs, are now accounted at financial results level. Both 2010 and 2011 income statements comply with this change, implying a positive impact on EBITDA of €85m in 2010 and €88m in 2011. (2) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets.

Annex

EDP Share Performance

YTD EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W	2010
		07-03-2012	
EDP Share Price (Euronext Lisbon - €)			
Close	2.245	2.245	2.491
Max	2.484	2.837	3.185
Min	2.050	1.984	2.376
Average	2.265	2.410	2.652
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	653	4,160	6,305
Average Daily Turnover (€ m)	14	16	24
Traded Volume (million shares)	288	1,726	2,378
Avg. Daily Volume (million shares)	6.0	6.6	9.1

EDP's Main Events

Jan-13: EDP receives first tranche of electricity deficit amortisation fund in Spain
Jan-25: EDP issues EUR 750 million 5 year bond
Jan-31: EDP issues CHF 230 million 3 year bond
Mar-17: Moody's downgrades EDP to "Baa1" with stable outlook
Mar-28: Standard & Poor's downgrades EDP to "BBB" with creditwatch negative
Mar-30: EDP Renováveis takes full control of Genesa
Apr-1: Standard & Poor's affirmed EDP at "BBB" with outlook negative
Apr-4: Fitch downgrades EDP's senior unsecured rating to "BBB+", on rating watch negative
Apr-14: Annual General Shareholders
Apr-26: Appointment of representative of José de Mello Energia in the General Supervisory Board
Apr-28: Appointment of representative of Parpública in the General Supervisory Board
Mai-06: Alliancebernstein L.P. decreases its ownership interest in the share capital of EDP
Mai-11: JP Morgan Chase notifies significant shareholding in EDP
Mai-13: EDP launches process for the potential public sale of up to 14% of the share capital of EDP - Energias do Brasil S.A.
Mai-13: Payment of gross dividend of EUR 0.17 per share for the 2010 financial year
Mai-16: JP Morgan Chase notifies change of qualifying holding in EDP
Mai-19: EDP requests ANBIMA the preliminary analysis of the registration process for launching a secondary public offer of shares from EDP – Energias do Brasil, S.A.
Mai-30: JP Morgan Chase decreases its ownership interest in the share capital of EDP
Mai-30: Banco Espírito Santo changes its ownership interest in the share capital of EDP
Jun-16: EDP - Energias do Brasil acquired the exploration rights of Santo Antônio do Jari HPP with 300 MW of installed capacity
Jul-08: EDP sets price of secondary distribution offer of EDP Brasil's ordinary shares at 37.0 reais per share
Jul-08: Moody's downgrades EDP's rating to "Baa3" with negative outlook
Jul-13: Full exercise of greenshoe from secondary distribution offer of EDP Brasil's ordinary shares
Jul-29: Fitch maintains EDP's rating at "BBB+" and outlook
Aug-3: ANEEL approves a 6.89% tariff increase at EDP Escelsa's annual tariff readjustment process
Aug-5: EDP sells its stakes in Ampla Investimentos and Ampla Energia
Aug-25: General Shareholders Meeting
Aug-25: Qatar notifies significant shareholding in EDP
Sep-21: EDP transfers the right to receive the reclassification of the cogeneration overcost during 2009-2011 period
Oct-17: ERSE announces the proposal for electricity tariffs in 2012 and parameters for the 2012- 2014 regulatory period
Nov-14: Fitch maintains EDP's rating at "BBB+" and rating watch
Dec-7: EDP issues EUR 200 million retail bond maturing in 3 years
Dec-8: Standard & Poor's places EDP's rating with creditwatch negative maintaining at "BBB"
Dec-15: ERSE announces parameters, tariffs and prices for electricity and other services for 2012-2014
Dec-22: EDP and China Three Gorges establish strategic partnership
Dec-23: Fitch affirms EDP's rating at "BBB+" removing from rating watch to outlook negative

Source: Bloomberg

EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	2011	2010	Δ MW	Δ 11/10
PPA/CMEC	**6,221**	**6,931**	**-710**	**-10%**
Hydro	**4,094**	**4,094**	**-**	
Run off the river	1,860	1,860	-	
Reservoir	2,234	2,234	-	
Coal	**1,180**	**1,180**	**-**	
Sines	1,180	1,180	-	
Fuel oil	**946**	**1,657**	**-710**	
Setúbal	946	946	-	
Carregado	-	710	-710	
Special Regime (Ex-Wind)	**469**	**459**	**10**	**-**
Small-Hydro	160	160	-	
Cogeneration+Waste	275	265	10	
Biomass	35	35	-	
Liberalised Electricity Generation	**7,574**	**6,427**	**1,147**	**18%**
Hydro	**1,347**	**910**	**437**	
Portugal	921	484	437	
Spain	426	426	-	
Coal	**1,460**	**1,460**	**-**	
Aboño I	342	342	-	
Aboño II	536	536	-	
Soto Ribera II	236	236	-	
Soto Ribera III	346	346	-	
CCGT	**3,736**	**3,736**	**-**	**0%**
Ribatejo (3 groups)	1,176	1,176	-	
Lares (2 groups)	863	863	-	
Castejón (2 group)	843	843	-	
Soto IV (1 group)	426	426	-	
Soto V (1 group)	428	428	-	
Nuclear	**156**	**156**	**-**	
Trillo	156	156	-	
Gasoil/Fuel oil	**875**	**165**	**710**	
Tunes + Carregado	875	165	710	
Wind (More detail on page 16)	**7,157**	**6,437**	**720**	**11%**
Europe	3,652	3,200	452	
USA	3,422	3,224	198	
Brazil	84	14	70	
Brazil (Ex-Wind)	**1,790**	**1,735**	**55**	**3.2%**
Hydro	**1,790**	**1,735**	**55**	**3.2%**
Lajeado	903	903	-	
Peixe Angical	499	452	47	
Energest	389	380	9	
TOTAL	**23,212**	**21,990**	**1,222**	**5.6%**

Electricity Generation (GWh)	2011	2010	Δ GWh	Δ 11/10
PPA/CMEC	**16,137**	**17,981**	**-1,844**	**-10.3%**
Hydro	**9,265**	**13,045**	**-3,781**	**-29%**
Run off the river	6,612	8,396	-1,784	
Reservoir	2,653	4,649	-1,997	
Coal	**6,879**	**4,889**	**1,989**	**41%**
Sines	6,879	4,889	1,989	
Fuel oil	**-6**	**46**	**-52**	**-**
Setúbal	-6	10	-16	
Carregado	-	36	-36	
Special Regime (Ex-Wind)	**2,387**	**2,542**	**-155**	**-6.1%**
Small-Hydro	440	630	-189	
Cogeneration+Waste	1,748	1,710	39	
Biomass	198	203	-4	
Liberalised Electricity Generation	**15,196**	**17,145**	**-1,949**	**-11.4%**
Hydro	**1,804**	**2,368**	**-564**	**-24%**
Portugal	1,220	1,331	-110	
Spain	584	1,038	-454	
Coal	**5,354**	**4,244**	**1,110**	**26%**
Aboño I	908	1,069	-161	
Aboño II	3,225	2,327	898	
Soto Ribera II	78	213	-135	
Soto Ribera III	1,143	634	508	
CCGT	**6,826**	**9,342**	**-2,516**	**-27%**
Ribatejo (3 groups)	1,100	3,102	-2,002	
Lares (2 groups)	2,972	2,054	918	
Castejón (2 group)	984	2,739	-1,755	
Soto IV (1 group)	1,347	1,448	-101	
Soto V (1 group)	424	-	-	
Nuclear	**1,212**	**1,190**	**22**	**1.8%**
Trillo	1,212	1,190	22	
Gasoil/Fuel oil	**0**	**1**	**-1**	
Tunes + Carregado	0	1	-1	
Wind	**16,800**	**14,352**	**2,449**	**17%**
Europe	7,301	6,632	669	
USA	9,330	7,689	1,641	
Brazil	170	31	139	
Brazil (Ex-Wind)	**7,873**	**7,263**	**611**	**8%**
Hydro	**7,873**	**7,263**	**611**	**8%**
Lajeado	3,655	3,205	450	
Peixe Angical	2,653	2,523	130	
Energest	1,565	1,535	31	
TOTAL	**58,393**	**59,282**	**-889**	**-1.5%**

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

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	2011	2010	Δ GWh	Δ %
Portugal	**46,508**	**47,836**	**-1,328**	**-2.8%**
Very High Voltage	1,775	1,524	251	16%
High / Medium Voltage	20,767	21,008	-240	-1.1%
Low Voltage	23,967	25,305	-1,338	-5.3%
Spain	**9,517**	**9,310**	**206**	**2.2%**
High / Medium Voltage	7,094	6,694	400	6.0%
Low Voltage	2,422	2,616	-194	-7.4%
Brazil	**24,544**	**23,749**	**795**	**3.3%**
Free Clients	9,414	9,034	380	4.2%
Industrial	4,290	4,291	-1	0.0%
Residential, Comercial & Other	10,840	10,424	416	4.0%
TOTAL	**80,569**	**80,896**	**-327**	**-0.4%**

Clients Connected (th)	2011	2010	Abs. Δ	Δ %
Portugal	**6,138**	**6,149**	**-11.4**	**-0.2%**
Very High / High / Medium Voltage	24	24	0.2	0.9%
Special Low Voltage	34	34	0.1	0.4%
Low Voltage	6,080	6,092	-11.7	-0.2%
Spain	**656**	**651**	**5.1**	**0.8%**
High / Medium Voltage	1.1	1.1	0.0	0.8%
Low Voltage	655	650	5.1	0.8%
Brazil	**2,832**	**2,741**	**90.9**	**3.3%**
Bandeirante	1,545	1,503	42.3	2.8%
Escelsa	1,286	1,238	48.6	3.9%
TOTAL	**9,625**	**9,541**	**84.7**	**0.9%**

Networks	2011	2010	Abs. Δ	Δ %
Lenght of the networks (Km)	**331,027**	**327,219**	**3,808**	**1.2%**
Portugal	222,627	220,318	2,309	1.0%
Spain	22,652	22,265	387	1.7%
Brazil	85,749	84,636	1,113	1%
Losses (% of electricity distributed)				
Portugal (2)	-7.7%	-8.2%	0.4 pp	
Spain	-3.5%	-4.1%	0.6 pp	
Brazil				
Bandeirante	-10.3%	-11.1%	0.8 pp	
Technical	-5.5%	-5.5%	-0.1 pp	
Comercial	-4.7%	-5.6%	0.9 pp	
Escelsa	-12.8%	-14.0%	1.2 pp	
Technical	-7.4%	-8.3%	0.9 pp	
Comercial	-5.4%	-5.7%	0.3 pp	

GAS

Gas Distributed (GWh)	2011	2010	Δ GWh	Δ %
Portugal	**7,138**	**6,843**	**295**	**4.3%**
Low Pressure (P ≤ 4 Bar)	1,901	2,816	-914	-32%
Medium Pressure (P > 4 Bar)	5,212	3,997	1,216	30%
LPG	25	31	-6	-19%
Spain	**48,447**	**45,644**	**2,803**	**6.1%**
Low Pressure (P ≤ 4 Bar)	25,509	22,112	3,397	15.4%
Medium Pressure (P > 4 Bar)	22,938	23,533	-594	-2.5%
TOTAL	**55,585**	**52,487**	**3,098**	**5.9%**

Supply Points (th)	2011	2010	Abs. Δ	Δ %
Portugal	**270.9**	**245.3**	**25.5**	**10%**
Final	270.1	244.7	25.3	10%
Access	0.8	0.6	0.2	30%
Spain	**993.9**	**983.9**	**10.0**	**1.0%**
Final	-	-	-	-
Access (1)	993.9	983.9	10.0	1.0%
TOTAL	**1,264.7**	**1,229.2**	**35.5**	**2.9%**

Networks	2011	2010	Abs. Δ	Δ %
Lenght of the networks (Km)	**14,240**	**13,764**	**476**	**3%**
Portugal	4,125	3,827	298	7.8%
Spain	10,115	9,938	177	2%
Distribution (1)	9,690	9,521	170	2%
Transmission	425	417	8	1.8%

(1) Includes the contribution of regulated assets acquired from Gas Natural (2) Excludes Very High Voltage

EDP - Sustainability performance

2011 Main Events

Feb: For the fourth consecutive year, EDP is distinguished in the publication world, "Sustainability Yearbook 2011" SAM, obtaining the rank of gold;
Mar: EDP launches new program of Volunteers, which provides that each employee take 4 hours per month to join the team of EDP's volunteers;
Jun: European prize awarded in the European Gas Technology Congress 2011 to a research project from Naturgas Energia;
Jul: "2011 IR Global Rankings" rates EDP as the company with the best financial report in Europe;
Jul: EDP supports the reintroduction of the osprey in Portugal, in partnership with CIBIO and the Oporto's University;
Sep: EDP rated as the world leader in the electric sector in the Dow Jones Sustainability Index for the 2nd consecutive year;
Sep: FTSE4 Good maintains EDP as a member of FTSE4Good Index Series;
Sep: EDP receives the certificate for being a Family-Responsible Company in Spain;
Nov: EDP is awarded with the prize for Human Resources in "As Empresas Mais" in Portugal.

EDP Internal Sustainability Index (base 2006)

	2011	2010	Δ %
Sustainability Index	**130**	**132**	**-1.6%**
Environmental	146	147	-0.8%
%Weight	36%	36%	
Economic	111	112	-0.3%
%Weight	33%	33%	
Social	131	136	-3.7%
%Weight	31%	31%	

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

Economic Metrics

Economic Metrics	2011	2010	Δ %
Economic Value (€m)(1)			
Directly Generated	16,394	15,397	6.5%
Distributed	14,118	12,933	9.2%
Accumulated	2,276	2,464	-7.6%

Social Metrics

Social Metrics	2011	2010	Δ %
Employees (c)	**12,202**	**11,989**	**1.8%**
Training (hours trainee)	**477,091**	**419,737**	**14%**
On-duty Accidents	**46**	**44**	**4.5%**
EDP Frequency rate (Tf)	2	2	4.0%
EDP Severity Rate (Tg)	179.77	116.98	54%
Freq. rate EDP+ESP(f) (Tf)	4.65	4.92	-5%

Environmental Metrics

Environmental Metrics	2011	2010	Δ %
Absolute Atmospheric Emissions (kt) (a)			
CO_2	16,918.5	14,698.8	15%
NOx	15.1	18.3	-18%
SO_2	9.4	9.5	-1.1%
Particle	0.660	0.557	18%
Specific Atmospheric Emissions (g/KWh)			
CO_2	285.11	244.43	17%
NOx	0.25	0.30	-16%
SO_2	0.16	0.16	0.2%
GHG emissions (ktCO2 eq)			
Direct Emissions (scope 1)	16,957	14,744	15%
Indirect emissions (scope 2)	1,280	1,132	13%
Primary Energy Consumption (TJ) (b)	**192,996**	**176,519**	**9.3%**
Max. Net Certified Capacity (%)	**70%**	**69%**	**1 p.p.**
Water Use (10^3 m^3)	**1,452,161**	**1,158,222**	**25%**
Total Waste (t) (e)	**554,796**	**765,340**	**n.a.**
Environmental Costs (€ th)	**77,422**	**98,477**	**-21%**
Environmental Fees and Penalties (€ th)	**4.1**	**36.1**	**-89%**

Environmental Metrics - CO2 Emissions

CO_2 Emissions	Absolute (ktCO2)		Specific (t/MWh)		Generation (d) (GWh)	
	2011	2010	2011	2010	2011	2010
PPA/CMEC	**6,263**	**4,519**	**0.91**	**0.92**	**6,873**	**4,936**
Coal	6,252	4,438	0.91	0.91	6,879	4,889
Fuel Oil & Natural Gas	11	81	-	1.74	(6)	47
Liberalised	**9,431**	**9,062**	**0.77**	**0.67**	**12,179**	**13,585**
Coal	6,761	5,506	1.26	1.30	5,354	4,244
CCGT	2,669	3,556	0.39	0.38	6,826	9,342
Special Regime	**1,225**	**1,118**	**0.30**	**0.28**	**4,106**	**3,954**
Thermal Generation	**16,919**	**14,699**	**0.73**	**0.65**	**23,158**	**22,476**
CO2 Free Generation					**36,183**	**37,658**
CO2 Emissions			**0.29**	**0.24**	**59,340**	**60,134**

(a) Excluding vehicle fleet.
(b) Including vehicle fleet.
(c) Excluding Corporate Bodies.
(d) Includes heat generation (2,159 GWh: 2011 vs. 2,042 GWh: 2010).
(e) Waste sent to final disposal. 2010 figure according to the waste's record valid by that time
(f) ESP: External Services Provider.

(1) Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income
Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; Accumulated Economic Value (AEV): GEV – DEV.