Financial Results
2010

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Conference call and webcast

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

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Main Highlights

Income Statement (€ m) (3)	2010	2009	Δ %	Δ Abs.
Gross Profit	**5.404**	**5.105**	**5,9%**	**+299**
Supplies and services	862	768	12%	+94
Personnel costs	575	540	6,5%	+35
Costs with social benefits	153	158	-3,2%	-5
Concession fees	251	249	0,8%	+2
Other operating costs (net)	(50)	27	-	-77
Operating costs	**1.792**	**1.742**	**2,8%**	**+49**
EBITDA	**3.613**	**3.363**	**7,4%**	**+250**
Provisions	104	75	39%	+29
Net depreciation and amortisation (1)	1.447	1.319	10%	+128
EBIT	**2.063**	**1.970**	**4,7%**	**+93**
Capital gains/(losses)	61	60	1,9%	+1
Financial results	(485)	(487)	0,4%	+2
Results from associated companies	23	25	-6,7%	-2
Pre-tax Profit	**1.662**	**1.568**	**6,0%**	**+94**
Income taxes	427	400	6,9%	+27
Discontinued activities	-	-	-	-
Net profit for the period	1.235	1.168	5,7%	+67
Net Profit Attributable to EDP Shareholders	**1.079**	**1.024**	**5,4%**	**+55**
Minority interests	156	144	8,0%	+12

Key Operational Data	2010	2009	Δ %	Δ Abs.
Employees	12.096	12.096	-	-
Installed capacity (MW)	21.990	20.624	7%	+1.366

Key Financial Data (€ m)	2010	2009	Δ %	Δ Abs.
FFO (Funds from operations)	2.903	2.310	26%	+593
Capex	2.667	3.235	-18%	-567
Maintenance	694	678	2%	+16
Expansion	1.973	2.556	-23%	-583
Net financial investment in the period	-165	-133	-24%	-32

Key Balance Sheet Data (€ m)	Dez-10	Dez-09	Δ %	Δ Abs.
Equity booK value	7.855	7.294	7,7%	+561
Net debt	16.345	14.007	17%	+2.338
Regulatory receivables	1.443	596	142%	+847
Net debt/EBITDA (x)	4,5x	4,2x	-	+0,3x
Adjusted net debt (2)/EBITDA (x)	4,1x	3,9x	-	+0,2x

EBITDA increased 7% (+€250m), to €3,613m in 2010, fuelled by (i) a 31% (+€170m) rise in wind operations, propelled by 32% increase in output (on larger asset portfolio); (ii) a 22% (+€124m) rise in Brazil, driven by a 19% appreciation of the Real against the Euro, strong growth in electricity demand; and (iii) +13% (+€109m) increase in regulated networks, driven by gas regulated activities (+52%, +€82m), on the back of the first time consolidation of the assets acquired from Gas Natural (€43m) and higher regulated revenues from gas activities in Iberia. Excluding the forex impact (+€109m from Brasil, +€13m in US), EBITDA rose 4% in 2010.

In 2010, 88% of consolidated EBITDA stemmed from regulated and long term contracted activities, reflecting the maintenance of a low-risk profile of our operating activities. In turn, EBITDA from liberalised activities declined 33% (-€217m), penalised by (i) a strong comparison basis (2009) resulting, as expected, in lower unit margins, and by (ii) fewer arbitrage opportunities in 2H10. **For 2011, EDP has already forward contracted with clients 19TWh at prices close to €50/MWh. Additionally, c65% of expected output (excluding production based on domestic coal, under RD1221/10 regime) is already forward contracted with an avg. clean thermal spread (including CO2 free allowances) around €10/MWh.**

Operating costs rose 3% (+€49m) driven by an 10% rise in controllable costs, to €1,438m. The growth in controllable costs reflected (i) +1% in Iberia with good cost control almost compensating the impact from consolidation of gas assets acquired in 2009 and new capacity on stream, (ii) +31% in EDPR reflecting increasing activity; and (iii) +31% in Brazil, largely explained by BRL appreciation vs. Euro. In 2010, savings from our OPEX program amounted €159m, reaching our 2012 target with two years in advance. Moreover, EDP maintained an OPEX/gross profit ratio of 28%[4].

EBIT rose 5% to €2,063m, following a 11% increase in net depreciation, amortisation and provisions, mainly driven by the increase in installed capacity, FX impact and larger consolidation perimeter.

Net financial costs totalled €485m in 2010, reflecting the drop by c50bp in the average cost of debt, to 3.5% in 2010, and the 10% increase in average net debt. **Capital gains/(losses)** in 2010 include a €57m gain related to the sale 21% stake in DECA II (Guatemala). **Minority interests** rose 8% to €156m in 2010, on the back of EDP Brasil's sale of 10% treasury stock to the market in 4Q09. **Net profit rose 5%**, to €1,079m in 2010.

Net debt rose from €14.0bn in Dec-09 to €16.3bn in Dec-10, mainly reflecting: (1) €2.0bn expansion capex in 2010 related to new generation capacity (mainly hydro and wind); (2) +€0.8bn in net debt related to regulatory receivables, which reached €1.4bn in Dec-10; and (3) +€0.4bn impact from exchange rate fluctuations. Up to Dec-10, EDP spent €1.2bn in 3.107MW under construction, 54% devoted to hydro and wind, 45% to the coal plant (with PPA) in Brazil. Excluding regulatory receivables, **EDP's adjusted net debt/EBITDA** increased from 3.9x in Dec-09 to 4.1x in Dec-10, reflecting the large cumulated expenditure in projects in progress. Funds from operations (FFO) rose 26% to €2,903m positively impacted by the 7% growth in EBITDA and the decline in current income taxes. Accordingly, FFO/Net debt improved from 16% in 2009 to 18% in 2010.

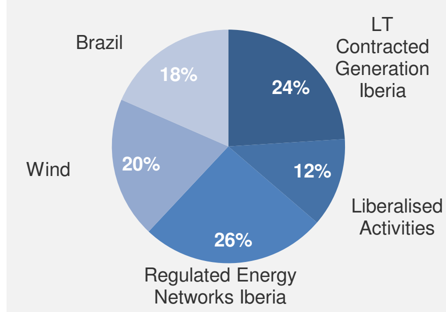
By Dec-10, total cash position and available credit facilities amounted to €4.4bn. In Jan-11 and Feb-11, EDP reinforced its financial liquidity position to €5.8bn, on the back of further €1.4bn: (1) €0.9bn raised through 2 bond issues, with 3 and 5 years maturity; (2) €0.3bn based on a loan contracted with the EIB maturing in 15 years; and (3) €0.2bn through the securitisation of Spain's tariff deficit.This liquidity position allows EDP to meet its expected funding needs in the coming 24 months.

(1) Depreciation and amortisation expense net of compensation for depreciation and amortisation of subsidised assets. (2) Excluding regulatory receivables. (3) Impacts of the adoption of IFRIC 12 are presented in page 34.
(4) OPEX=S&S+Personnel costs+Costs with social benefits; Gross profit adjusted for PTC revenues.

EBITDA Breakdown

EBITDA (€ m)	2010	2009	Δ %	Δ Abs.	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT Contracted Generation	876,7	823,1	6,5%	+54	216,4	203,8	190,4	212,6	213,8	208,4	216,3	238,1
Liberalised Activities Iberia	448,9	665,6	-33%	-217	163,2	131,4	183,3	187,6	161,6	118,5	88,2	80,6
Regulated Networks Iberia	938,4	829,3	13%	+109	218,4	191,0	197,9	222,0	237,6	226,5	214,3	260,1
Wind Power	712,7	542,5	31%	+170	154,4	116,4	97,7	174,0	184,5	158,4	130,2	239,6
Brazil	674,0	550,2	22%	+124	111,9	124,0	151,0	163,2	165,6	175,6	153,9	178,9
Other	(37,9)	(47,9)	21%	+10	(15,2)	(5,3)	(3,8)	(23,6)	(23,6)	3,9	17,1	(35,3)
Consolidated	**3.612,8**	**3.362,9**	**7,4%**	**+250**	**849,1**	**761,4**	**816,6**	**935,8**	**939,6**	**891,2**	**820,0**	**962,0**

EBITDA 2010



EDP consolidated EBITDA rose 7% (+€250m) to €3,613m in 2010, driven by our wind operations (+€170m), operations in Brazil (+€124m) and regulated networks (+€109m). EBITDA from our liberalized activities in Iberia declined €218m in 2010. Excluding forex impact (+€109m from Brasil and +€13m from US Wind), EBITDA rose 4% YoY.

LONG TERM CONTRACTED GENERATION IBERIA – EBITDA rose 7% to €877m supported by higher output from our mini-hydro plants (+69%), new special regime capacity on stream, higher results from fuel procurement (€19m gain in 2010 vs. €34m loss in 2009) and lower restructuring costs (-€18m YoY). These impacts more than compensated the negative impact from the end of Barreiro fuel oil plant PPA in Dec-09 (-€18m) and normal depreciation of PPA asset base.

LIBERALISED ACTIVITIES IBERIA – EBITDA amounted to €449m in 2010 following a €217m drop derived from lower level of hedged thermal spreads in 2010 (vs. 2009), as previously anticipated, and from lower level of arbitrage opportunities between purchases in the spot market and own generation, which had a significant impact in 4Q09, and had no material contribution in 2H10. In the electricity business, EBITDA decreased €191m YoY as the 40% rise in electricity volumes sold to clients (following increasing liberalization and gain of market share in Spain), was not enough to compensate the previously anticipated 44% decline in unit margin from €19/MWh in 2009 to €11/MWh in 2010. In gas supply, the renegotiation of gas supply contacts with clients at lower margins than in 2009 due to increase in competition in Spanish gas supply market justify a €27m decline of EBITDA.

REGULATED NETWORKS IBERIA – EBITDA rose 13% (+€109m) in 2010. EBITDA in gas regulated activities increased +€82m to €241m in 2010, on the back of the first time consolidation of the assets acquired from Gas Natural (+€43m) and pro-forma growth of EBITDA both in Spain (+€12m) and in Portugal (+€27m, fuelled by the retroactive recognition of asset revaluation).

EBITDA from electricity distribution in Portugal fell €4m to €563m in 2010, penalised by non-recurrent HR restructuring costs (€29m in 2010 vs. €13m in 2009) and lower positive impact from tariff adjustments from previous periods (€6m in 2010 vs. €15m in 2009). In electricity distribution in Spain, EBITDA rose +€31m to €135m, driven by the inclusion of revenues in 4Q10 (€22m) from revised regulated revenues: €7m related to 2009 and €15m related to 2010.

WIND POWER – EDP Renováveis' EBITDA grew 31% (+€170m) driven by a 17% increase in installed capacity, to 6,437MW, and by a 32% increase in output (also supported by the 12-month contribution from capacity installed in 2009). Average selling price was 0.6% lower at €58/MWh, reflecting larger impact from low merchant prices in US and lower positive impact from forward sales in Spain in 2010 (vs. 2009). This was only partially compensated by a 5% appreciation in USD vs Euro. Average load factor (29%) remained amongst the highest in the sector, reflecting EDPR's balanced and geographically diversified portfolio.

BRAZIL – EBITDA rose 22% (+€124m) in 2010, driven by a 19% appreciation of the Real against the Euro (+€109m impact on EBITDA). In local currency, EBITDA grew 3% to R$1,571m (+R$40m), driven by a 6% (+R$48m) increase in distribution, to R$878m, supported by the recovery of electricity demand in our concession areas (volumes of electricity sold went up 6%). EBITDA in generation & supply was virtually unchanged at R$757m penalised by dry weather conditions in Brazil in 4Q10.

In line with increasing liberalisation, EDP Soluções Comerciais, our commercial shared services platform for electricity and gas supply in Portugal (EBITDA: €23m in 2009, €24m in 2010), was excluded from the regulated networks business in 3Q (2009 and 2010) and transferred to liberalised activities in 4Q (2009 and 2010).

(1) 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.

Profit & Loss Items below EBITDA

Provisions, Deprec. & Amortizat. (€ m)	2010	2009	Δ %	Δ Abs.
EBITDA	**3.612,8**	**3.362,8**	**7,4%**	**+250**
Provisions	103,6	74,7	39%	+29
Depreciation and amortisation	1.469,0	1.334,1	10%	+135
Compensation for depreciation	(22,3)	(15,5)	-43%	-7
EBIT	**2.062,5**	**1.969,6**	**4,7%**	**+93**

Financial Results (€ m)	2010	2009	Δ %	Δ Abs.
Net financial interest	(557,6)	(540,8)	-3,1%	-17
Capitalized financial costs	168,7	150,4	12%	+18
Net foreign exch. diff. and derivates	(49,7)	(45,8)	-8,6%	-4
Investment income	16,2	25,0	-35%	-9
Other Financials	(62,5)	(75,5)	17%	+13
Financial Results	**(485,0)**	**(486,7)**	**0,4%**	**+2**

Results from Associat. Companies (€ m)	2010	2009	Δ %	Δ Abs.
CEM (21%) - China/Macao	10,2	9,9	3%	+0
DECA II (EEGSA (21%)) - Guatemala	4,5	5,2	-13%	-1
EDP Renováveis subsidiaries	4,9	3,9	24%	+1
Other	3,9	6,1	-37%	-2
Results from associated companies	**23,5**	**25,2**	**-7%**	**-2**

Capital Gains/(Losses) (€ m)	2010	2009	Δ %	Δ Abs.
ESC 90 (49%) - Telecom Brazil	-	19,1	-	-19
Soto IV (25%) - CCGT Spain	-	12,9	-	-13
DECA II (EEGSA (21%)) - Guatemala	57,0	-	-	+57
Other	3,8	27,7	-86%	-24
Capital Gains/(Losses)	**60,8**	**59,7**	**2%**	**+1**

Income Tax (€ m)	2010	2009	Δ %	Δ Abs.
Pre-tax profit	**1.661,8**	**1.567,7**	**6,0%**	**+94**
Income taxes	427,2	399,8	6,9%	+27
Effective tax rate (%)	*25,7%*	*25,5%*	*0,2 pp*	-
Discontinued activities	-	-	-	-

Minority Interests (€ m)	2010	2009	Δ %	Δ Abs.
EDP Renováveis	16,9	24,7	-32%	-8
HC Energia	(1,0)	0,6	-	-2
Gas Portugal subsidiaries	7,8	2,1	271%	+6
Energias do Brasil	132,3	116,3	14%	+16
Other	(0,3)	0,4	-	-1
Minority Interests	**155,7**	**144,1**	**8%**	**+12**

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

Net depreciation and amortisation (net of compensation from depreciation and amortisation of subsidised assets) increased by 9% YoY in 2010 (+€128m), mostly due to: i) higher depreciations at EDPR (+€111m), explained by the increase of wind installed capacity and the forex impact of the appreciation of the USD against the EUR (+5%); ii) higher depreciations at Energias do Brasil (+€35m), mostly due to the forex impact of the Brazilian Real appreciation against the Euro (+19%); iii) the start of operations of Lares 1 and 2 CCGT in Portugal (Oct/Nov-09) (+€15m); iv) the first time consolidation of the gas assets acquired from Gas Natural (+€18m); and v) positive impact from the extension of the useful life in several plants in Portugal.

Financial Results:

a) **Net financial interests** rose 3% YoY, to €558m in 2010, as the 10% rise in average net debt, offset a c50bp reduction of the average cost of debt, from 4.0% in 2009 to 3.5% in 2010, driven by the decline in short term interest rates (note that as of dec-10 c56% of EDP's debt has floating rates, with the most significant indexing being the Euribor 3 months, which fell from an avg. of 1.2% in 2009 to an avg. of 0.8% in 2010).

b) **Capitalised financial costs** went up by €18m YoY to €169m in 2010, reflecting essentially the increase of the amount of works in progress of the Pecém coal plant in Brazil.

c) **Net foreign exchange and derivatives** increased €4m YoY to a €50m loss in 2010, including hedging operations in energy markets from our generation activity (-€23m in 2010 vs. -€7m in 2009).

d) **Other financials** includes, among other, costs with institutional partnerships in US wind operations (non-cash), which increased by 8% to €65m (vs. €54m in 2009) due to "tax equity agreements" and "cash flip deals" agreed with US investors. In 2010, it also includes a R$52m (€22m) one-off negative impact in Brazil related to a liability from the 2001 electricity rationing. In 2009 includes an impairment loss of €29m to reflect the lower market value of EDP's equity stake in BCP.

Results from associated companies: in Oct-10, EDP sold for USD127m its 21% stake in DECA II (Guatemala), which in the 2010 contributed with €4.5m to EDP Group's net income. In Dec-10, the Special Administrative Region of Macao and CEM (with a €10m contribution for the EDP group's net income in 2010) have agreed on the renewal of its concession contract for a 15-year period.

Capital gains/(losses) in 2010 include a €57m gain related to the sale 21% stake in DECA II (Guatemala). In 2009, capital gains totalled €60m, consequence of: i) the entry of Sonatrach into the capital of Soto 4 (with a 25% stake); ii) the recognition of a €19m gain from the sale of Energias do Brasil s stake in ESC90 (Brazilian telecom company) and iii) the accounting of a €29m capital gain following the sale of EDP's remaining stake in Sonaecom in Oct-09 (8%).

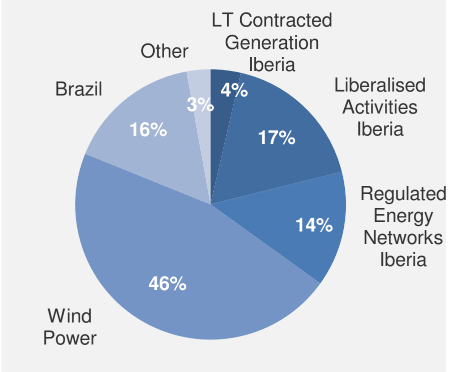
Minority interests increased 8% YoY to €156m in 2010, on the back of higher minorities at Energias do Brasil, following the sale of 10% treasury stock to the market in 4Q09, which increased the economic interest of Energias do Brasil minorities from 28% to 35%; which was partly compensated by lower minorities at EDP Renováveis, due to a decrease of net income (-30% YoY to €80m in 2010).

(1) 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.

Capital Expenditure Breakdown

Capex (€ m)	2010	2009	Δ %	Δ Abs.	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
LT contracted gen. Iberia	96,0	127,6	-25%	-32	21,0	28,6	22,9	55,0	12,8	22,9	25,1	35,1
Liberalised activities Iberia	466,4	703,9	-34%	-237	292,2	108,8	135,3	167,7	54,8	94,4	105,3	211,9
Regulated networks Iberia	369,3	366,7	0,7%	+3	63,4	94,7	92,2	112,4	66,2	83,9	78,2	141,0
Wind power	1.231,7	1.690,4	-27%	-459	403,5	509,0	539,9	238,8	382,0	452,3	285,3	112,1
Brazil	427,3	258,5	65%	+169	39,7	56,5	64,2	98,1	39,5	82,3	111,4	194,1
Other	76,6	87,6	-13%	-11	20,6	14,9	20,6	34,8	17,3	3,3	41,6	14,4
EDP Group	**2.667,3**	**3.234,7**	**-18%**	**-567**	**840,5**	**812,5**	**875,0**	**706,7**	**572,6**	**739,1**	**646,9**	**708,7**
Expansion Capex	**1.972,9**	**2.556,3**	**-23%**	**-583**	**716,3**	**655,8**	**714,5**	**470,5**	**446,6**	**561,5**	**444,9**	**520,0**
Maintenance Capex	**694,4**	**678,5**	**2,3%**	**+16**	**124,2**	**156,7**	**160,5**	**236,3**	**126,0**	**177,7**	**202,1**	**188,7**

CAPEX 2010



Generation Projects Installed in 2010 (€ m)	MW	Capex 2010
Wind Power	885	894,6
Hydro (Brazil)	2	2,6
CCGT Iberia	428	81,4
Wind Power	25	3,2
Total	**1.340**	**981,8**

Generation Projects Under Construction (€ m)	MW	Jan-00	Acc. Capex (1)
Hydro Portugal	2.129	257,9	450,6
Wind power (2)	590	405,7	157,5
Coal Brazil	360	216,7	531,6
Hydro Brazil	18	10,9	30,9
Special regime (ex-wind)	10	5,9	6,6
Total	**3.107**	**897,2**	**1.177,3**

Consolidated capex amounted €2,667m in 2010, 74% of which devoted to expansion projects. In line with EDP's strategy to increase its exposure to CO_2-free generation technologies and risk controlled activities, capex in new hydro and wind capacity represented 79% of expansion capex and regulated/LT contracted activities absorbed 80% of total capex.

Expansion capex was €583m lower than in 2009, at €1,973m, reflecting the lower amount invested in both liberalised generation in Iberia (-€258m) and wind power (-€459m). The lower expansion capex at our liberalised activities in Iberia was mainly driven by the payment of concession rights for Fridão (237MW) and Alvito (224MW) hydro power plants in Portugal, in 2009.

In 2010, EDP invested €982m in 1,340MW of new capacity that came on stream: (1) €895m spent in the conclusion of 885MW of new wind capacity that came on stream in 2010 and in the final works on wind capacity which entered in operation in 2009; (2) €81m in Soto 5, a 428MW CCGT plant that started-up commercial operations in Dec-10; (3) €6m spent in the conclusion of 25MW of cogeneration capacity in Portugal (Barreiro plant) and in a 2MW hydro plant in Brazil (Rio Bonito). As of Dec-10, EDP total installed capacity amounted to 22GW.

Maintenance capex amounted €694m in 2010, impacted by the DeNOx investment at our Sines coal plant (under PPA/CMEC regime), appreciation of BRL, pluri-annual works and EDP's new OPorto head offices .

Up to Dec-10, EDP had already spent €1.2bn in 3,107MW under construction. In **Portugal**, EDP already spent €451m in the construction of 8 hydro power plants, totaling 2,129MW and due to start operations until 2015. The first plants to come on stream will be the repowering of Picote II and Bemposta II (437MW, 74% of capex already incurred), in the end of 2011; Alqueva II (256MW, 60% of capex already incurred) in mid 2012. Since Oct-10, EDP initiated the construction works of Salamonde II (a 207MW-repowering) and Foz Tua (a 251MW new plant), both in Portugal. In **wind**, EDP has so far spent €158m in 590MW under construction. In **Brazil**, EDP has already spent €532m (82% of total investment) in its 360MW share in Pecém coal plant, due to start-up by the end of 2011. On top of all this, EDP has already paid €1.1bn for hydro concession rights: (1) €296m the right to build and operate 3 new plants in Portugal and (2) €759m for the right to operate hydro plants currently under PPA/CMEC up to, on average, 2047.

(1) Accumulated capex net of debts to equipment suppliers; (2) Excluding Eólicas de Portugal (58MW).

Cash Flow

Consolidated Cash Flow (€ m)	2010	2009	Δ %	Δ Abs.
EBITDA	**3.612,8**	**3.362,8**	**7,4%**	**+250**
Current Income tax	(186,3)	(531,0)	65%	+345
Net financial interest	(557,6)	(539,5)	-3,3%	-18
Net Income and dividends from associates	39,6	50,1	-21%	-10
Other adjustments	(5,5)	(32,5)	83%	+27
FFO (Funds From Operations)	**2.903,0**	**2.309,8**	**26%**	**+593**
Net financial interest	557,6	539,5	3,3%	+18
Net Income and dividends from associates	(39,6)	(50,1)	-21%	-10
Change in operating working capital	(1.578,8)	1.122,4	-	-2.701
Regulatory receivables	(847,4)	1.296,8	-	-2.144
Other	(731,5)	(174,4)		
Operating Cash Flow	**1.842,1**	**3.921,6**	**-53%**	**-2.079**
Expansion capex	(1.972,9)	(2.556,3)	-23%	-583
Maintenance capex	(694,4)	(678,5)	2%	+16
Change in working capital from equipment suppliers	(49,9)	137,9	-	+188
Net Operating Cash Flow	**(875,1)**	**824,7**	**-**	**-1.700**
Net financial (investments)/divestments	(164,8)	(132,5)	-	-32
Net financial interest paid	(440,9)	(470,9)	6,4%	+30
Dividends received from associates	37,4	48,8	-23,3%	-11
Dividends paid	(649,1)	(507,2)	28%	+142
Anticipated proceeds from inst. partnerships in US wind	228,4	333,5	-32%	-105
Effect of exchange rate fluctuations	(378,9)	(72,1)	-426%	-307
Other non-operating changes	(95,1)	(141,3)	33%	-105
Decrease/(Increase) in Net Debt	**(2.338,1)**	**(117,1)**	**-**	**-2.221**

Major Net Financial Investments (€ m)	2010	2009	Δ %	Δ Abs.
Major Financial Investments	**283,7**	**451,6**	**-37%**	**-168**
Consolidation perimeter EDP Renováveis	64,8	75,4	-14%	-11
Gas assets	198,4	315,3	-37%	-117
Other	20,5	60,9	-66%	-40
Major Financial Divestments	**118,9**	**319,0**	**-63%**	**-200**
Consolidation perimeter EDP Renováveis	17,6	-	-	+18
CCGT Soto IV	-	17,0	-	-17
ESC90 (Brazil)	-	34,4	-	-34
Treasury Stock Energias do Brasil	-	164,7	-	-165
Sonaecom	-	57,9	-	-58
DECA II (Guatemala)	91,2	-	-	+91
Other	10,2	45,0	-77%	-35
Net Financial (Investments)/Divestments	**(164,8)**	**(132,5)**	**-24%**	**-32**

Funds from operations (FFO) rose 26% YoY (+€593m) to €2,903m following the +€250m increase in EBITDA (see EBITDA breakdown explanation) and the positive impact (+€345m) from lower current income tax. The decline in current income tax reflects a low amount in 2010 and an abnormally high amount in 2009. In 2010, the current income tax benefited from the non taxation of income related to the regulated activity in Portugal which was not received until the end of 2010 (€612m). In 2009, according to Portuguese fiscal law, the cash in of €1.7bn resulting from the sale of the right to receive Portugal's tariff deficit (relative to 2007-09) derived an additional current income tax of €0.4bn. The settlement of this amount took place only in 2Q10 as reflected in "Change in operating working capital - Others".

Operating cash flow fell by €2,079m in 2010, to €1,842m, mainly reflecting the negative contribution from higher regulatory receivables (-€2.144m). Excluding the impact from changes in regulatory receivables and their impact on normalized annual income tax payments, operating cash flow would have grown at double digit.

Expansion capex decreased 23% to €1,973m in 2010 reflecting lower capex in wind and liberalised operations in Iberia due to the conclusion of Lares CCGT in 4Q09 and payment of €232m regarding the concession rights of Fridão and Alvito hydro power plants in Portugal in 1Q09. The decrease in "change in working capital related to property and equipment suppliers" is due to the advance on the sale of transmission assets to REE (€58m). This operation was approved by the competent authorities in Feb-11.

Financial divestments mainly include the cash proceeds from: (1) restricted cash in wind US equity partnerships and (2) sale of 21% stake in Deca II (Guatemala) in the amount of USD127 million. **Financial investments** in 2010 includes: (1) amounts related to the EDPR activity like payment of success fees related to development of wind projects previously acquired by EDP, (2) acquisition of stakes in wind parks in Spain and projects in Italy and (3) payment of the first tranche related to the exercise of a put option held by Ente Vasco de Energia over a 29.4% stake in NGE.

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

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

The **"Other non-operating changes"** are mainly impacted by fair value from hedge.

Overall, net debt in 2010 increased €2.3bn.

Looking forward, it is worth to mention that EDP management will propose in the next Annual Shareholders Meeting the distribution of a €0.17/share dividend. Moreover, EDP is targeting proceeds of €0.5bn from assets disposals in 2011. The group is currently studying several disposal options.

Consolidated Balance Sheet

Assets (€ m)	Dec. vs. Dec		
	Dez-10	Dec-09	Δ Abs.
Property, plant and equipment, net	20.324	18.435	1.889
Intangible assets, net	9.963	9.627	337
Financial investments, net	591	618	-28
Deferred Tax asset	515	661	-146
Assets held for sale	31	-	31
Inventories	357	273	84
Accounts receivable - trade, net	2.187	2.008	179
Accounts receivable - other, net	5.025	4.737	288
Financial assets held for Trading	36	85	-49
Cash and cash equivalents	1.511	2.190	-678
Total Assets	**40.541**	**38.634**	**1.907**

Equity (€ m)	Dez-10	Dec-09	Δ Abs.
Share capital	3.657	3.657	-
Treasury stock and share premium	388	382	6
Consol. net profit, reserv. and retaining earnings	3.810	3.255	555
Equity Book Value	**7.855**	**7.294**	**561**
Minority Interest	**2.930**	**2.684**	**246**
Total Equity	**10.785**	**9.978**	**807**

Liabilities (€ m)	Dez-10	Dec-09	Δ Abs.
Medium/ Long-term debt & borrowings	14.887	13.486	1.401
Short-term debt & borrowings	3.004	2.794	210
Provisions	431	344	87
Hydrological correction account	75	113	-38
Deferred tax liability	856	772	84
Accounts payble - Other,net	10.502	11.146	-644
Total Liabilities	**29.756**	**28.656**	**1.100**
Total Equity and Liabilities	**40.541**	**38.634**	**1.907**

Regulatory Receivables (€ m)	Dez-10	Dec-09	Δ Abs.
Portugal (1)	201	(509)	709
Spain (2)	759	501	258
Brazil (1)	(5)	18	-23
Annual deviation - Mkt vs. CMEC	488	585	-97
Regulatory Receivables	**1.443**	**596**	**847**

Prov. for Social Benefits & Inst. Part. Liability (€ m)	Dez-10	Dec-09	Δ Abs.
Pensions (3)	1.104	1.109	-5
Medical care	800	770	30
Net institutional partnership liability (4)	934	835	99
Prov. for Social Benefits & Inst. Part. Liability	**2.839**	**2.715**	**124**

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

Property, plant and equipments (net) assets rose by €1.9bn vs. Dec-09 to €20.3bn following: (1) the investments made in the construction of new generation plants, namely wind and hydro power plants and (2) an increase in the extension of our regulated energy networks. The €0.3bn increase vs. Dec-09 of **intangible assets** is mainly concerned with: (1) the increase in goodwill of Naturgas (+€0.2bn) resulting from the aggrement for the acquisition by EDP of EVE's minority stake at Naturgas and (2) positive impact from exchange differences (€0.1bn). Note that in Dec-10, EDP's balance sheet includes €3.8bn of works in progress (13% of total consolidated fixed assets of €30.3bn) largely related to investments already made in plants, equipment or concession rights which are not yet operating or being depreciated.

The book value of **financial investments & assets held for sale** amounted to €622m as of Dec-10, including essentially our financial stakes at CEM (21%), BCP (2.6%), REN (3.5%) and Ampla (7.7%). Financial assets held for sale includes network assets sold to REE, which approval was finally approved in Feb-11.

Inventories increased by €0.1bn vs. Dec-09 reflecting higher stocks levels of gas and an increase of market value of CO2 licences.

Accounts receivable (other, net) recorded an increase by €0.3bn vs. Dec-09, following an increase in regulatory receivables mainly related to additional tariff deficit in Spain in 2010. By Dec-10, EDP's balance sheet continued to include €1,436m of net regulatory receivables, not including regulatory receivables from Brazil and gas Portugal, which are not recognized in the balance sheet under IFRS.

The €0.5bn increase vs. Dec-09 of **Equity book value** reflects the net profit in the period, the annual dividend payment of €562m made in May-10 and a positive impact from appreciation of the Brazilian Real against the Euro.

The €0.3bn increase vs. Dec-09 of **equity attributable to minority interests** is mostly related to the appreciation of Brazilian Real against the Euro.

The €10.5bn of **accounts payable (other, net)** include €1.9bn of unfunded pension fund and medical care liabilities. This amount is gross of taxes, and more than 70% of these liabilities are related to employees from regulated electricity distribution and supply in Portugal, meaning that most of these liabilities should be part of the regulated cost base in the moment of payment. The €0.6bn decrease vs. Dec-09 reflects the annual reduction of positive tariff deviation in Portugal (€0.7bn) and abnormally high corporate tax payment stemming from tariff deficit sale in 2009 (€0.4bn paid in 2Q10 as descibed in the section of Cash Flow).

Adjusted institutional partnership liability related to US wind power operations amounted €934m by Dec-10 vs. €835m by Dec-09. This amount is adjusted by deferred revenue and restricted cash. The deferred revenue is related to tax credits already benefited by institutional investors. The adjusted institutional partnership liability should be gradually reduced over the lifetime of each wind power plant.

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

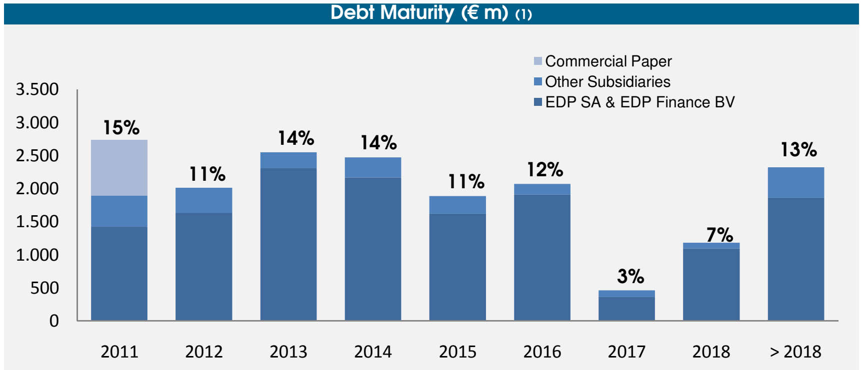
Consolidated Net Financial Debt

Nominal Financial Debt by Company (€ m)	2010	YE2009	EDP %
EDP S.A. and EDP Finance BV	15.161,5	13.704,9	100%
EDP Produção	189,3	200,9	100%
HC Energia	75,0	335,8	97%
EDP Renováveis	728,9	539,3	78%
Portgás	68,0	100,9	72%
Energias do Brasil	1.452,0	1.245,6	65%
Nominal Financial Debt	**17.674,6**	**16.127,4**	**-**
Accrued interest on debt	265,1	245,5	-
Nominal Financial Debt + Accrued Interest	**17.939,7**	**16.372,9**	**-**
Fair value of hedged debt	(48,0)	(91,8)	-
Total Financial Debt	**17.891,6**	**16.281,1**	**-**
Cash and Cash Equivalents	**1.511,2**	**2.189,6**	**-31%**
EDP S.A., EDP Finance BV and other	579,6	1.305,4	
EDP Renováveis	423,7	443,6	
Energias do Brasil	507,9	440,5	
Financial Assets at Fair Value through P&L	**35,7**	**84,9**	**-58%**
EDP Consolidated Net Debt	**16.344,7**	**14.006,7**	**17%**

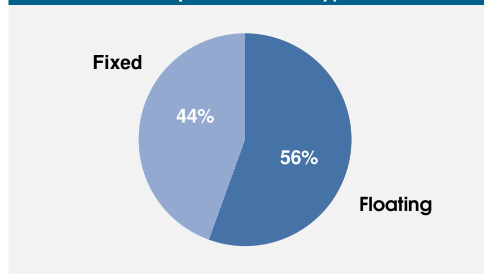
Debt Ratings	S&P	Moody's	Fitch
EDP SA & EDP Finance BV	**A-/CW-/A2**	**A3/CW-/P2**	**A-/Stab/F2**
Last Rating action	03-12-2010	21-12-2010	17-06-2010

Debt Ratios	2010	YE2009
Net Debt / EBITDA	4,5x	4,2x
Net Debt / EBITDA adjusted	4,1x	3,9x

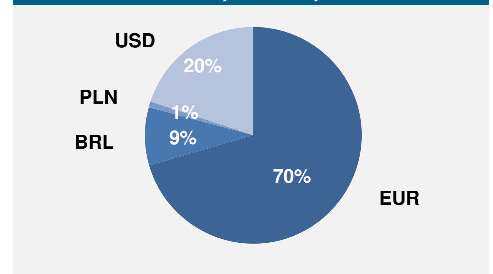
Debt Maturity (€ m) (1)



Debt by Interest Rate Type (1)



Debt by Currency (1)



In 2010, EDP's net debt/EBITDA and net debt/EBITDA adjusted for regulatory receivables were 4.5x and 4.1x, respectively.

In Nov-10, EDP signed a five year revolving credit facility in the amount of €2bn, replacing the €1.6bn RCF signed in Mar-09 and keeping the same purpose: backup credit facility. The transaction, initially targeted at €1.600m, was 1.4x oversubscribed. It was self-arranged as a club deal involving 21 international banks.

As at Dec-10, outstanding commercial paper amounted to €0.84bn. EDP intends to continue to roll it forward, having as back-up the renewed €2bn revolving credit facility, which remains fully available.

In Jan-11, EDP issued a Eurobond in the amount of €750m maturing in Feb-16 with a coupon of 5.875%. Also in Jan-11 EDP contracted with the European Investment Bank a €300m loan maturing in 15 years to fund the investment in new hydro plants in Portugal. In Feb-11, EDP issued a Swiss Franc bond in the amount of CHF 230m maturing in Feb-14 with a coupon of 3.5%, which was swapped to euros.

In Jan-11, FADE, the Spanish Electricity Deficit Amortisation Fund, launched its inaugural bond issuance explicitly guaranteed by the Kingdom of Spain. This first tranche which amounts to €2bn matures on Mar-14 and EDP received €102.5m. A second tranche followed in February with an amount of €2bn maturing on Jun-15, from which EDP received €102.5m.

As at Dec-10, committed liquidity facilities available amounted to €2,892m, which implied a total of €4,439m of cash and liquidity facilities available. With the abovementioned funds raised in 2011, our current cash and liquidity position allows us to cover funding needs for the next 24 months.

Debt average maturity was 5 years as at Dec-10. The weight of floating rate in the Group's consolidated debt increased (50% Floating/50% Fixed by Dec-09 to 56% Floating/44% Fixed by Dec-10). EDP's main reference in floating interest rate are Euribor 1 month/3 months.

During 2010, the 3 rating companies updated EDP's rating and outlook. In Jun-10 Fitch affirmed the "A-" rating with a stable outlook. In Dec-10, Standard & Poor's and Moody's placed EDP on review for possible downgrade mirroring the earlier rating action to place the Republic of Portugal on review for possible downgrade.

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

(1) Nominal Value.

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Business Areas

Iberian Electricity and Gas Markets

Electricity Balance (TWh)	Portugal 2010	Portugal 2009	Δ%	Spain 2010	Spain 2009	Δ%	Iberian Peninsula 2010	Iberian Peninsula 2009	Δ%
Hydro	14,9	7,9	88%	38,7	23,9	62%	53,6	31,8	69%
Nuclear	-	-	-	61,8	52,8	17%	61,8	52,8	17%
Coal	6,6	11,9	-45%	22,1	33,9	-35%	28,6	45,8	-37%
CCGT	10,7	11,5	-7%	64,6	78,3	-17%	75,3	89,7	-16%
Fuel/gas/diesel	0,0	0,3	-85%	1,8	2,1	-12%	1,9	2,4	-22%
Own consumption	-	-	-	(6,6)	(7,1)	-7,3%	(6,6)	(7,1)	-7,3%
(-)Pumping	(0,5)	(0,9)	-45%	(4,4)	(3,7)	18%	(4,9)	(4,7)	5,6%
Conventional Regime	**31,7**	**30,7**	**3,2%**	**178,1**	**180,0**	**-1,1%**	**209,7**	**210,7**	**-0,5%**
Wind	9,0	7,5	20%	42,7	36,2	18%	51,7	43,7	18%
Other	8,9	6,9	29%	47,8	43,3	10%	56,7	50,3	13%
Special Regime	**17,9**	**14,4**	**24%**	**90,5**	**79,5**	**14%**	**108,4**	**94,0**	**15%**
Import/(export) net	2,6	4,8	-45%	(8,3)	(8,1)	2,9%	(5,7)	(3,3)	72%
Gross demand (before grid losses)	**52,2**	**49,9**	**4,7%**	**260,2**	**251,4**	**3,5%**	**312,4**	**301,3**	**3,7%**
Adjust. temperature, working days			3,3%			2,9%			n.a.

Gas Demand (TWh)	Portugal 2010	Portugal 2009	Δ%	Spain 2010	Spain 2009	Δ%	Iberian Peninsula 2010	Iberian Peninsula 2009	Δ%
Conventional demand	34,8	28,9	21%	265,1	241,1	10,0%	299,9	270,0	11%
Demand for electricity generation	22,3	23,5	-5%	135,6	160,9	-16%	157,9	184,4	-14%
Total Demand	**57,1**	**52,4**	**9,0%**	**400,7**	**402,0**	**-0,3%**	**457,8**	**454,4**	**0,8%**

Electricity demand in the Iberian market advanced 3.7% in 2010, driven by a clear recovery in both Portugal and Spain (adjusted for temperature and working days: +3.3% and +2.9%, respectively). In 4Q10, Portugal and Spain grew at a very similar pace (+3.8% YoY), reflecting the end of the positive impact from additional consumption stemming from the connection of some new industrial clients in Portugal, in 1H09. In 2010, nearly half of Iberian generation was CO_2-free. Notwithstanding higher demand in Iberia (+11TWh), residual thermal demand retreated 23% (32TWh) in the wake of: (1) +22TWh of net hydro output, supported by high production factor (1.3x in Portugal and Spain); (2) +9TWh of nuclear output, following longer outages in 2009; (3) +8TWh of wind output, backed by 12% increase in installed capacity; and (4) +6.4TWh of output from other special regime.

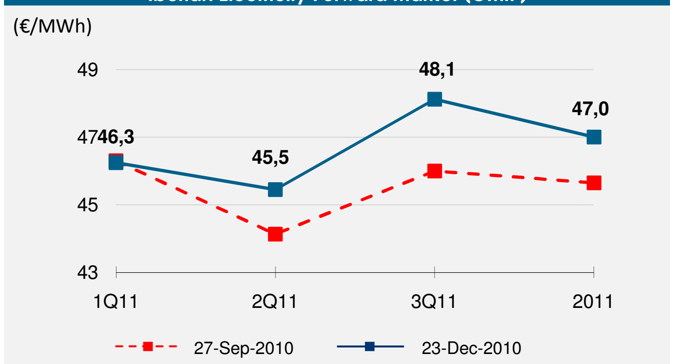
In 2010, both CCGT and coal plants posted a decline in average load factors (-8pp to 32%, -11pp to 23%, respectively, in Spain) mirroring a structural decline in thermal working hours. In 4Q10, CCGTs' average load factor (29%) surpassed coal plants' (25%), as a result of the former's superior flexibility and existing sourcing committments in Iberia. Thermal installed capacity in Iberia rose 4% YoY reflecting the shutdown of fuel/gasoil and coal capacity (-1.5GW) and the start-up of new CCGT groups (+3.4GW).

Average electricity spot price in Spain retreated 2% (QoQ), to €43/MWh in 4Q10, mainly reflecting lower thermal demand (c-20% QoQ). In 2010, Portugal's average pool price was €0.3/MWh higher than in Spain (€36.9/MWh) and net imports from Spain retreated 45%, as a result of higher contribution from renewable sources (hydro/wind). Average final price in Spain rose 7% in 2010, driven by higher weight of ancillary services and capacity payments in the final price (as rising weight of wind in the system demands for more backup capacity).

In the Iberian gas market, volumes consumed were virtually flat in 2010, as stronger conventional demand (+11% YoY) offset lower consumption for electricity generation purposes (-14% YoY) due to lower working hours at CCGT plants. The gap between the price of LT gas sourcing contracts in Iberia (of which CMP is a proxy) and spot benchmark (based on NBP) narrowed significantly in 4Q10 (backed by QoQ flat CMP price and a 17% QoQ increase in NBP), due to harsh weather conditions in the north of Europe.

Installed Capacity in Electricity (GW)	Iberian Peninsula 2010	Iberian Peninsula 2009	Δ%
Hydro	21,2	21,2	-
Nuclear	7,4	7,4	-
Coal	11,9	12,2	-2,3%
CCGT	27,5	24,1	14%
Fuel/gas/diesel	4,7	6,0	-21%
Conventional Regime	**72,8**	**70,9**	**2,7%**
Wind	23,9	21,3	12%
Other special regime	17,2	16,7	3,1%
Special Regime	**41,2**	**38,0**	**8,3%**
Total	**114,0**	**108,9**	**4,6%**

Iberian Electricity Forward Market (OMIP)



Main Drivers	2010	2009	Δ%
Hydro coeficient (1.0 = avg. year)			
Portugal	1,31	0,77	70%
Spain	1,33	0,77	73%
Electricity spot price, €/MWh (1)			
Portugal	37,2	37,6	-1,1%
Spain	36,9	37,0	-0,2%
Electricity final price, €/MWh (1) (2)			
Spain	45,7	42,6	7,4%
CO_2 allowances (EUA), €/ton (1)	14,5	13,3	8,7%
Coal (API2 CIF ARA), USD/t (1)	86,2	69,9	23%
Gas (CMP Spain), €/MWh (1)	21,6	21,9	-1,4%
Gas NBP, €/MWh (1)	16,8	11,9	41%
Brent, USD/bbl (1)	80,2	62,2	29%
EUR/USD (1)	1,33	1,39	-4,9%

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 the Iberian Market: PPA/CMEC and Special Regime

Income Statement (€ m)	2010	2009	Δ%	Δ Abs.
PPA/CMEC Revenues	**1.068,4**	**1.224,5**	**-13%**	**-156**
Revenues in the market (i)	755,5	689,0	9,7%	+67
Annual deviation (ii)	221,3	395,5	-44%	-174
PPAs/CMECs accrued income (iii)	91,6	140,1	-35%	-48
PPA/CMEC Direct Costs	**106,5**	**279,0**	**-62%**	**-173**
Coal	134,8	225,1	-40%	-90
Fuel oil	9,2	24,7	-63%	-16
CO_2 and other costs (net)	(37,4)	29,2	-	-67
Gross Profit PPA/CMEC	**961,9**	**945,5**	**1,7%**	**+16**
Thermal (cogen., waste, biomass)	59,2	51,8	14%	+7
Mini-hydro	55,3	32,2	71%	+23
Gross Profit Special Regime	**114,4**	**84,0**	**36%**	**+30**
Operating costs	199,7	206,3	-3,2%	-7
EBITDA	**876,7**	**823,1**	**6,5%**	**+54**
Net depreciation and provision	213,8	263,5	-19%	-50
EBIT	**662,9**	**559,7**	**18%**	**+103**
At Fin. Results: Hedging Gains (Losses) (1)	(14,6)	(9,5)	53%	-5
Employees (#)	1.400	1.430	-2,1%	-30

PPA/CMEC: Key Data	2010	2009	Δ %	Δ Abs.
Real/Contracted Availability				
Hydro plants	1,01	1,02	-1,6%	-0,0
Thermal plants	1,10	1,10	-0,2%	-0,0
Installed Capacity (MW)	**6.931**	**6.987**	**-0,8%**	**-56**
Hydro (2)	4.094	4.094	-	-
Coal	1.180	1.180	-	-
Fuel oil	1.657	1.713	-3,3%	-56

Special Regime: Key Data	2010	2009	Δ %	Δ Abs.
Output (GWh)	**2.459**	**2.115**	**16%**	**+344**
Mini-hydro Portugal	622	368	69%	+254
Thermal Portugal	1.003	854	17%	+149
Thermal Spain	834	894	-6,6%	-59
Average Gross Profit (€/MWh)				
Mini-hydro Portugal	89	88	1,2%	+1
Thermal Portugal	29	25	14%	+4
Thermal Spain	36	34	7,1%	+2

Capex (€ m)	2010	2009	Δ %	Δ Abs.
PPA/CMEC Generation	**79,8**	**83,8**	**-5%**	**-4**
Hydro recurrent	22,9	21,0	9%	+2
Thermal recurrent	21,6	35,6	-39%	-14
Non recurrent (environmental)	35,3	27,1	30%	+8
Special Regime	**16,2**	**43,8**	**-63%**	**-28**
Expansion	12,3	36,2	-66%	-24
Maintenance	3,9	7,6	-49%	-4
Total	**96,0**	**127,6**	**-25%**	**-32**

In 2010, **EBITDA from LT contracted generation rose 7% to €877m** following a 69% increase in the output from our mini-hydro plants, new special regime capacity on stream, higher results from fuel procurement and lower restructuring costs. This growth more than compensated the negative impact from the end of Barreiro's PPA (Dec-09) and from the normal depreciation of PPA asset base.

Gross profit from PPA/CMEC rose 2% to €962m in 2010, reflecting higher gains with fuel procurement: as a result of changes in fuel market prices between the moment of procurement and the moment of consumption, EDP posted a gain of €19m in 2010 (vs a loss of €34m in 2009). Note that as a result of EDP's strategy to hedge these changes through derivative financial instruments, this impact is ultimately compensated at the level of financial results. Having said this, PPA/CMEC gross profit also reflected the end of Barreiro PPA (-€18m) and the normal decline in PPA net asset base. The 1% decline in installed capacity under PPA/CMECs results from the end of PPA at our fuel oil plant, Barreiro (56MW), on Dec-09. Looking forward it is noteworthy the end of Carregado fuel oil plant PPA in Dec-10. This pllant, with 710MW, had a contribution of €94m (gross profit) and €60m (EBIT). In line with the past, EDP posted real availability rates ahead of contracted levels: +10% at thermal, +1% at hydro plants.

The annual deviation between market gross profit under CMECs assumptions and under actual market conditions ('revisibility') amounted to €221m in 2010. The deviation generated at thermal plants in 2010 (€242m to receive) stemmed from very low output and average dark spreads short of CMEC's reference. The deviation generated at our hydro plants was negative by €21m (amount to return to the system): in this case, the negative impact from average realised prices in the pool falling short of initial CMEC's reference (€53/MWh(3)) was more than compensated by very high output.

Gross profit from Special regime rose 36% to €114m in 2010 fuelled by higher output at mini hydro plants (+69%) and new thermal capacity on stream: 29MW of biomass in Figueira da Foz (Jun-09), 13MW of biomass in Constância (Sep-09), both 50% owned by EDP; and 25MW cogeneration in Barreiro (Apr-10).

Operating costs retreated 3% to €200m as lower restructuring costs (-€18m YoY) outstood the impact from new capacity on stream and equipment write-offs. **Net depreciation charges** and provisions decreased 19% driven by the exclusion of Barreiro plant and the extension of the useful life in several plants.

Capex in LT contracted generation amounted €96m in 2010, 50% of which devoted to non-recurrent projects. Out of €47m spent in non-recurrent projects, €12m was devoted to new special regime capacity (10MW cogeneration) and €35m was invested in the new DeNox facility at Sines (66% of total investment incurred). These DeNOX facilities involve an investment of €100m, will be in place in 2H11 and is due to be remunerated under PPA/CMEC system (8.5% ROA before inflation and taxes), being fully depreciated until 2017.

Explanatory note on PPA/CMEC:
In June 2007 the long term contracts that EDP had with the Portuguese electricity regulated system (PPA) were replaced by the CMEC (Cost of Maintenance of Contractual Equilibrium) financial system to conciliate: (1) the preservation of the NPV of PPA, based on real pre-tax ROA of 8.5%, and a stable contracted gross profit over the next 10 years; and (2) the 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 2007.

(1) Includes €2m of realised losses in 2010 (vs €45m gain in 2009); (2) Includes Aguieira and Raiva (360MW), subject to a tolling agreement, for a 5-year period starting in Apr-09; (3) Includes ancillary services and capacity payment

Liberalised Activities in the Iberian Market

Income Statement (1) (€ m)	2010	2009	Δ%	Δ Abs.
Gross Profit	**820,2**	**1.017,7**	**-19%**	**-198**
Electricity generation	474,2	676,0	-30%	-202
Portugal	172,3	252,5	-32%	-80
Spain	292,6	441,4	-34%	-149
Adjustments	9,3	-17,8	-	+27
Electricity supply	273,2	246,4	11%	+27
Gas supply	72,8	95,3	-24%	-22
Operating costs	371,3	352,1	5,4%	+19
EBITDA	**448,9**	**665,6**	**-33%**	**-217**
Provisions	93,2	46,3	101%	+47
Net depreciation and amortisation	225,1	198,1	14%	+27
EBIT	**130,6**	**421,2**	**-69%**	**-291**

Electricity Performance	2010	2009	Δ%	2010	2009	Δ%
	Output (GWh)			Variable Cost (€/MWh) (2)		
Generation Output	17.144	18.206	-6%	35,2	32,5	8,3%
Electricity Purchases	32.012	16.098	99%	41,7	40,5	3,0%
Electricity Sources	**49.156**	**34.304**	**43%**	**39,4**	**36,2**	**8,8%**
	Volumes Sold (GWh)			Average Price (€/MWh) (3)		
Grid Losses	1.455	917	-	n.a.	n.a.	-
Retail - Final clients	30.395	21.714	40%	51,6	60,0	-14%
Wholesale market	17.306	11.673	48%	49,4	44,7	11%
Electricity Uses	**49.156**	**34.304**	**43%**	**49,3**	**53,2**	**-7%**

Electricity Gross Profit (€ m)	2010	2009	Δ%	Δ Abs.
Before hedging (€/MWh)	9,9	17,0	-42%	-7
From Hedging (€/MWh) (4)	0,8	2,1	-64%	-1
Unit margin (€/MWh)	10,6	19,1	-44%	-8
Total Volume (TWh)	49,2	34,3	43%	+15
Subtotal	**522,3**	**654,3**	**-20%**	**-132**
Commercial Shared-services (1)	**166,0**	**169,6**	**-2,1%**	**-4**
Others (5)	**59,1**	**98,4**	**-40%**	**-39**
Total	**747,3**	**922,4**	**-19%**	**-175**

Gas Uses (TWh)	2010	2009	Δ%	Δ Abs.
Consumed by own power plants	25,5	22,8	12%	+3
Sold to Clients	36,7	22,2	65%	+15
Total	**62,3**	**45,0**	**38%**	**+17**

EBITDA from liberalised activities totalled €449m in 2010 following a 33% drop derived from a strong comparison basis. In 2009, the unit margin in the electricity business reached €19/MWh, benefiting from our hedging policy, very attractive arbitrage opportunities on the back of lower pool prices and from a sharp increase in 4Q09 ancillary services. **Gross profit** from liberalised activities was 19% (-€198m) lower in 2010, due to (i) a €175m fall in electricity generation and supply, as higher sales to clients (+40%) did not fully compensate lower unit margin earned (-44% YoY, in line with previously anticipated); (ii) a €22m reduction in gas supply due to lower unit supply margins resulting from higher weight of industrial segment in our portfolio and fiercer competition.

In the electricity business, it is worth to note that nearly two thirds of EDP's electricity needs in 2010 were met with electricity purchases in the pool as a result of our strong position in the supply business and our ability to adapt own generation output to the relative cost of own generation and electricity purchases on a real-time basis.

Volumes: Total volumes sold rose by 14TWh in 2010 fuelled by (i) higher sales to retail clients (+8.7TWh, +40%), backed by the expansion of the total free market in both Portugal and Spain, and by (ii) higher volumes sold in the wholesale market (+5.6TWh, +48%). Electricity purchases in the pool doubled in 2010 as a result of its lower cost when compared with production at our plants. In 4Q10, arbitrage opportunities were scarcer and our generation output rose 14% YoY supported by hydro and coal production (on better cost-competitiveness vis-a-vis more expensive pool purchases in 4Q10).

Unit margin (2)(3): Average spread achieved in electricity business reached €11/MWh (-44% YoY) in 2010, in line with what had been largely anticipated. Average sourcing cost rose 9% in the wake of higher generation costs (+8%) and, to a lower extent, higher cost of electricity purchases (+3%). Average selling price retreated 7% due to lower prices contracted with retail clients (-14%). Looking forward, the rise in electricity wholesale prices is leaving less room for arbitrage opportunities between own generation and pool purchases.

For 2011, EDP has already forward contracted with clients 19TWh at prices close to €50/MWh. Additionally, c65% of expected output (excluding production based on Spanish coal, under RD1221/10 regime) is already forward contracted with an average clean thermal spread (including CO2 free allowances) around €10/MWh.

In the gas business, gross profit totalled €73m (-€22m YoY). Notwithstanding the lower sourcing costs resulting from opportunistic spot purchases during 2010, taking advantage of our short position on gas, unit margins came under pressure due to increasing competition in a context of excess of gas in Iberia and low international spot prices. Our gas sourcing activity in 2010 was based on a 4.3bcm portfolio of long term contracts. In turn, our consumption of gas rose 38% in the period, to 62TWh (5.3bcm), driven by higher sales to clients and by the consolidation (as from Dec 31st, 2009) of the portfolio of retail gas clients acquired from Gas Natural (in Murcia and Cantabria). Gas consumption at our CCGT/cogeneration plants rose 12% YoY, supported by the additional 863MW of CCGT in operation since 4Q09 (Lares in Portugal) and by the start up of 428MW in Dec-10 (Soto 5: in tests since Aug-10).

(1) Includes EDP Sol Comerciais, the group's shared services platform in Portugal; (2) Variable cost: fuel cost, CO2 cost net of free allowances, hedging costs (gains), system costs;
(3) Average selling price: includes selling price (net of TPA tariff), ancillary services and others; (4) Includes results from hedging on electricity; (5) Includes capacity payments, services rendered and others.

Liberalised Electricity Generation in the Iberian Market

Income Statement (€ m)	2010	2009	Δ%	Δ Abs.
Gross Profit	**474,2**	**676,0**	**-30%**	**-202**
Portugal	172,3	252,5	-32%	-80
Spain	292,6	441,4	-34%	-149
Adjustments	9,3	-17,8	-	+27
Supplies and services	56,3	63,2	-10,9%	-7
Personnel costs	33,3	39,2	-15%	-6
Costs with social benefits	1,8	-0,2	-	+2
Other operating costs (net)	24,4	22,0	11%	+2
Operating Costs	**115,7**	**124,2**	**-7%**	**-8**
EBITDA	**358,4**	**551,8**	**-35%**	**-193**
Provisions	32,1	25,2	28%	+7
Net deprec. and amortisation	204,0	177,7	15%	+26
EBIT	**122,3**	**348,8**	**-65%**	**-227**
Employees (#)	**772**	**780**	**-1,0%**	**-8**

Key Operating Data	2010	2009	Δ%	Δ Abs.
Generation Output (GWh)	**17.144**	**18.206**	**-6%**	**-1.062**
CCGT	9.342	9.690	-3,6%	-349
Coal	4.244	5.865	-28%	-1.621
Hydro	2.368	1.538	54%	+830
Nuclear	1.190	1.113	6,9%	+77
Generation Costs (€/MWh) (1)	**35,2**	**32,5**	**8,3%**	**+2,7**
CCGT	51,4	42,8	20%	+8,6
Coal	27,4	29,5	-7%	-2,1
Hydro	0,9	-	-	+0,9
Nuclear	3,7	3,4	11%	+0,4
Load Factors (%)				
CCGT	32%	43%	-	-11p.p.
Coal	33%	46%	-	-13p.p.
Hydro	30%	19%	-	10p.p.
Nuclear	87%	82%	-	6p.p.
CO_2 Emissions (mn tones)				
Total emissions (2)	9,1	10,9	-17%	-2
Free allowances (2)	9,8	9,7	0,2%	+0

Capex (€ m)	2010	2009	Δ%	Δ Abs.
Expansion	**389,7**	**648,0**	**-40%**	**-258**
CCGT	84,1	245,9	-66%	-162
Hydro	305,6	402,1	-24%	-96
Maintenance	**63,3**	**47,4**	**34%**	**+16**
Recurrent	63,6	48,7	31%	+15
Non recurrent (environmental)	(0,3)	(1,3)	76%	+1
Total	**453,0**	**695,4**	**-35%**	**-242**

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.

Notwithstanding the 14% YoY increase in 4Q10, output from our merchant electricity generation fleet was 6% lower in 2010, at 17TWh. As a result of the lower cost of electricity purchases vis-a-vis our own generation in 2010, we have profited from our generation portfolio flexibility by meeting a larger portion of our needs in the supply activities through electricity purchases in the pool during 2010. Even so, the higher pool price in the 4Q10 when compared to our own generation costs prompted for higher working hours at our plants. **Average generation cost** advanced to €35/MWh (+8% YoY), mainly driven by higher gas costs and higher contribution from CCGTs in the generation mix. According to RDL 14/2010, all generation in Spain is subject to a €0.5/MWh levy as from 1-Jan-11 onwards. Our total conventional production in Spain reached 10.7TWh in 2010.

CCGTs: **Output** reached 9.3TWh on average load factor in line with sector average (32%). Output retreated 4% in 2010, following lower thermal demand in Iberia (which led to a 16% decline in CCGTs output in Iberia) and our capacity additions: 2 new CCGT groups in Portugal (Lares 1 and 2, totalling 863MW) since 4Q09; 1 new group in Spain (Soto 5, 428MW) since Dec-10. **Average production cost** advanced 20% in 2010, as higher costs from our long term gas contracts (oil-linked) were only partially compensated by lower cost from CO_2 emissions deficit. Looking forward, the lag between oil price increase and the adjustment in gas costs could prompt for a slight recovery of CCGTs working hours in the coming few months. As from Jan-11, our CCGT plants in Portugal (2,039MW) will start receiving capacity payments (€20/kW/year for 10 years).

Coal: **Output** reached 4.2TWh, with average load factor (of 33%) consistently beating the Spanish average (23%). Even so, total output was 28% lower in 2010, penalised by a longer outage at Aboño 2 in 1Q10 and sharp contraction of thermal demand. Looking forward, we expect coal's working regime to be affected by continuing weak thermal demand and rising coal cost. Notwithstanding this, our plants should continue to benefit from higher efficiency, favourable location and the burnt of Spanish coal at our Soto 3 plant (1.3TWh) under the RD 1221/2010. Our **average production cost** declined 7% in 2010, supported by our sourcing strategy, higher contribution from blast furnace gases at Aboño plant (cheaper fuel source) and by lower CO_2 deficit.

In 2010 our thermal power plants have significantly increased the volumes sold in the complementary markets (2.8TWh vs. 0.6TWh in 2009), making use of its flexibility in a context of rising weight of wind in the system. This impact was particularly noteworthy in 1Q10.

Total emissions of CO_2 fell 17% in 2010, on the back of 28% decrease in coal output. Accordingly, total emissions fell 7% short of free allowances attributable for the period.

Hydro & Nuclear: Hydro output rose 54% in 2010, supported by extreme rainy weather in 1Q10 and high reservoir levels throughout 2010. Additionally, nuclear output grew by 7%, reflecting Trillo's longer than expected outage for maintenance works during 7 weeks of 1Q09, vs. a 4-week outage for fuel recharging in 2Q10.

Operating costs declined 7% (-€8m) in 2010, mainly driven the end of CO_2 clawback (-€16m YoY). Net depreciation and provisions rose 16% in 2010 reflecting new capacity on stream.

Capex in liberalised generation amounted €453m, 86% of which reporting to the development of new generation capacity. Out of €390m expansion capex in 2010: (1) €306m was mainly spent in the execution of 5 ongoing 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; (2) €84m invested in new CCGT capacity, namely in Soto 5 (428MW), in Spain, which started commercial operations in Dec-10. **Maintenance** capex totalled €63m impacted by pluri-annual works.

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

Liberalised Electricity and Gas Supply in the Iberian Market

Income Statement (1) (€ m)	Electricity Supply 2010	2009	Δ%	
Gross Profit	**273,2**	**246,4**	**11%**	**+27**
Supplies and services	162,1	152,2	7%	+10
Personnel costs	44,8	41,6	8%	+3
Costs with social benefits	5,7	5,2	11%	+1
Other operating costs (net)	2,3	(7,3)	-	+10
Operating Costs	**215,0**	**191,7**	**12%**	**+23**
EBITDA	**58,2**	**54,7**	**6%**	**+4**
Provisions	24,5	21,0	17%	+4
Net depreciation and amortization	20,6	19,8	4%	+1
EBIT	**13,1**	**13,9**	**-6%**	**-1**

Income Statement (€ m)	Gas Supply 2010	2009	Δ%	Δ Abs.
Gross Profit	**72,8**	**95,3**	**-24%**	**-22**
Supplies and services	22,0	21,8	1%	+0
Personnel costs	3,3	3,8	-13%	-1
Costs with social benefits	0,1	0,1	-2,2%	-0
Other operating costs (net)	15,2	10,5	44,4%	+5
Operating Costs	**40,5**	**36,2**	**12%**	**+4**
EBITDA	**32,3**	**59,1**	**-45%**	**-27**
Provisions	36,6	0,1	-	+36
Net depreciation and amortization	0,5	0,5	-5%	-0
EBIT	**-4,8**	**58,4**	**-**	**-63**

Key data	2010	2009	Δ%	Δ Abs.
Electricity in Portugal				
Volume Sold (GWh)	8.794	5.529	59%	+3.266
Market Share (%)	51%	65%	-	-14 p.p.
Avg. Selling Price (€/MWh)	51,0	66,4	-23%	-15
Number Clients (th.)	314	260	21%	+54
Electricity in Spain				
Free market				
Volume Sold (GWh)	20.342	15.445	32%	+4.897
Market Share (%)	12%	11%	-	1 p.p.
Avg. Selling Price (€/MWh)	51,9	61,5	-16%	-10
Number Clients (th.)	651	527	24%	+124
Last resort supply				
Volume Sold (GWh)	1.099	614	79%	+484
Number Clients (th.)	359	422	-15%	-63
Gas in Spain & Portugal				
Spain - Volume Sold (GWh)	29.809	21.261	40%	8.549
Spain - Market Share (%)	11%	8,8%	-	2 p.p.
Portugal - Volume Sold (GWh)	6.938	983	-	5.955
Portugal - Market Share (2) (%)	28%	18%	-	10 p.p.
Avg. Gross Margin (€/MWh)	0,8	2,4	-69%	-2
Number Clients (th.)	824	834	-1%	-10
Capex (Electricity & Gas, Iberia) (€m)	**13,5**	**17,1**	**-21%**	**-4**
Employees (Electricity & Gas, Iberia)	**951**	**1.024**	**-7%**	**-73**

Our subsidiaries operating in electricity and gas liberalised supply have intra-group electricity and gas procurement contracts with other companies of the group. In line with increasing liberalisation in Portugal, EDP Soluções Comerciais (our commercial shared-service platform in Portugal) is now included in the consolidation perimeter of electricity supply in 2009 and 2010. EBITDA contribution totalled €23m in 2009, €24m in 2010.

Portugal Electricity Supply – Volumes supplied to EDP clients in the free market increased by 59% to 8.8TWh in 2010, supported by the expansion of free market (which doubled in the period) and a decline in EDP's market share from 65% in 2009 to 51% in 2010. In 4Q10 alone, 38% of total consumption in the Portuguese electricity market was in the free market and EDP's share was stable QoQ at c50%. **Average selling price** in retail was 23% lower YoY, at €51/MWh in 2010, reflecting the higher weight of industrial clients and current market conditions.

Spain Electricity Supply – Electricity **volumes supplied** to our clients in the free market advanced 32% backed by a wider client portfolio (+24%) and by the agreement reached with CIDE[3] in Jul-09. Market share rose 1p.p. to 12% reflecting EDP's ability to keep a share in the supply market the double of its share in generation. **Average selling price** was 16% lower, at €52/MWh in 2010, as the adjustment of contracted prices to current market conditions is now resulting in increased price stability. Additionally, it is worth mentioning that as a result of the liberalisation from Jul-09 onwards, volumes supplied to clients under the last resort tariff are now jointly managed with the remaining liberalised activities (whereby electricity supply data as from Jul-09 onwards includes this activity).

In respect to electricity supply both in Portugal and Spain, it is worth to note that gross profit is being penalised by the upward trend in system costs.

Spain & Portugal Gas Supply – Our gas supply activity in 2010 was marked by opportunistic gas spot purchases on top of volumes available under LT contracts. Such purchases allowed to lower our average sourcing cost, paving the way for significant new clients contracting and market share gains: +2pp in Spain, to 11%; +10p.p. to 28% in Portugal (sales to cogeneration plants included). Volumes supplied in **Spain** rose 40% in 2010, propelled by the consolidation of portfolio acquired from Gas Natural (Dec 31, 2009) and new clients contracting. In **Portugal**, operations kicked off in Apr-09 and volumes supplied in 2010 reached 6.9TWh in 2010. Volumes supplied in 4Q10 were 10% higher QoQ In Portugal, following some stabilisation in our client portfolio. **Average unit gross margin** in Iberia decreased from €2.4/MWh in 2009 to €0.8/MWh in 2010 driven by the increasing weight of the industrial segment in our portfolio and by contracts closed at lower margins due to increasing competition.

Operating costs in both electricity and gas supply activities mainly reflects the impact of increasing activity, wider consolidation perimeter and the inclusion of electricity last resort supply activities in Spain. Provisions in gas supply (€37m in 2010) are related to contracts with clients.

Prospects:

Electricity and gas supply margins in both Portugal and Spain should continue under pressure in the quarters ahead, reflecting current competition environment, rising system costs (electricity) and the increase of oil-linked gas costs in an environment of excess of gas in Iberia.

Volume-wise, we expect free markets in Portugal and Spain to keep expanding. The end of the last resort supply tariff option for large clients (all segments except normal low-voltage) in 1-Jan-2012 should support growth in Portugal's free market: total consumption of these segments in the regulated market reached 10TWh in 2010. Having said this, competition should remain tough.

(1) Includes EDP Sol. Comerciais, the commercial shared services platform in Portugal; (2) Based on consumption in segment NG>10,000 m^3/year; (3) CIDE is an association of small electricity distributors in Spain

EDP Renováveis: Financial Performance

Income Statement	Europe (€ m)			USA (USD m)			EDP Renováveis (€ m) (1)		
	2010	2009	Δ %	2010	2009	Δ %	2010	2009	Δ %
Gross Profit	**562,2**	**436,4**	**29%**	**364,5**	**282,7**	**29%**	**840,6**	**642,0**	**31%**
Supplies and services	87,4	68,7	27%	123,3	90,9	36%	196,2	148,3	32%
Personnel costs	20,1	13,9	45%	32,3	29,2	10,6%	54,8	42,5	29%
Other operating costs (net)	(7,0)	5,5	-	(173,3)	(135,3)	28,0%	(123,2)	(91,4)	34,8%
Operating Costs	**100,6**	**88,0**	**14%**	**(17,7)**	**(15,3)**	**-16%**	**127,9**	**99,5**	**29%**
EBITDA	**461,7**	**348,4**	**33%**	**382,2**	**298,0**	**28%**	**712,7**	**542,5**	**31%**
Provisions	(0,2)	(0,2)	-	-	-	-	(0,2)	(0,2)	-
Net deprec. and amortisation	207,6	153,3	35%	281,6	218,7	29%	423,0	311,9	36%
EBIT	**254,2**	**195,3**	**30%**	**100,7**	**79,3**	**27%**	**289,9**	**230,8**	**25,6%**
Capital gains/(losses)	0,0	0,3	-100%	-	-	-	0,0	0,3	-100%
Financial results	(229,6)	(167,9)	37%	(84,2)	(69,8)	21%	(174,1)	(72,4)	140%
Results from associates	5,0	4,2	-	-	(0,4)	-	5,0	3,9	-
Pre-tax profit	**29,6**	**31,9**	**-7%**	**16,5**	**9,1**	**81%**	**120,8**	**162,5**	**-26%**
Income taxes	12,8	7,3	75%	-	0,0	-	37,8	44,8	-16%
Discontinued activities	-	-	-	-	-	-	-	-	-
Profit for the period	16,9	24,5	-31%	16,5	9,1	81%	83,0	117,8	-30%
Equity Holders of EDPR	**12,9**	**21,0**	**-39%**	**16,5**	**9,1**	**81%**	**80,2**	**114,3**	**-30%**
Minority interests	3,9	3,5	-	-	-	-	2,8	3,4	-18%
Employees (#)	**398**	**365**	**9%**	**332**	**303**	**10%**	**833**	**721**	**16%**

EDP Renováveis	2010	2009	Δ %
Share price at end of period (€/share)	4,34	6,63	-35%
Number of shares issued (million)	872,3	872,3	-
Stake owned by EDP (%)	77,5%	77,5%	-
USD/EUR - End of period rate	1,34	1,44	7,2%
USD/EUR - Average of period rate	1,33	1,39	4,6%

EDPR Key Balance Sheet Figures (€ m)	2010	2009	Δ %
Bank loans and other	273,7	61,0	348,8%
Loans with EDP Group companies	2.574,7	2.072,5	24%
Net Financial Debt	**2.848,4**	**2.133,5**	**34%**
Financial Debt	**3.533,6**	**2.673,4**	**32%**
Minority Interests	**125,5**	**107,5**	**17%**
Net Institutional Partnership Liability (2)	**934,3**	**835,1**	**12%**
Equity Book Value	**5.268,0**	**5.220,1**	**0,9%**

EDPR Financial Results (€ m)	2010	2009	Δ %
Net interest costs	(166,9)	(87,3)	91%
Institutional partnership costs (non-cash)	(64,8)	(54,1)	20%
Capitalised costs	68,4	74,7	-8%
Forex diferences	(1,4)	5,4	-
Other	(9,5)	(11,1)	-14%
Financial Results	**(174,1)**	**(72,4)**	**140%**

EDPR Operating Costs (3)	2010	2009	Δ %
Opex / Avg MW in Operation (€ th)	42,6	42,7	-0%
Opex / MWh (€)	35,4	36,6	-3,3%

EDP Renováveis (EDPR) is EDP Group's subsidiary which concentrates all wind operations, in 11 countries. In 2010, European operations accounted for c60% of EDPR's EBITDA and US operations (in 6 different markets) accounted for c40% of EDPR's EBITDA.

EDPR's **EBITDA advanced 31% to €713m in 2010**, following a 32% rise in output which was prompted by a 17% increase in installed capacity, to 6,437MW, and by the 12-month contribution from MWs installed in 2009. Avg. selling price was 0.6% lower YoY at €58/MWh, reflecting lower hedging gains in Spain and higher impact from low merchant prices in US. Load factor (29%) remained amongst the highest in the sector, reflecting EDPR's diversified portfolio. Moreover, EBITDA growth was fuelled by a deal closed in Oct-10 with an off-taker to shorten the tenor of a 200MW PPA contract to 2015 from 2022 ($21m cashed-in, crystallizing the value of the last years of the PPA). **Net depreciation and amortization** rose 36% to €423m in 2010 reflecting the aforementioned increase in installed capacity.

In Europe, EBITDA grew 33% in 2010, reflecting higher load factors (+1 p.p. to 27%), capacity additions in 2010 (12%) and 2009. This more than compensated the 3% decline in average selling price. **In US, local currency EBITDA** rose 28% backed by capacity additions in 2010 (+23%) and 2009. Load factors were flat and average selling price was 1% lower in 2010. The contribution from US to EBITDA was €13m higher on the back of USD 4.6% appreciation vs. EUR.

As of Dec-10, 41% of EDPR's financial debt was US Dollars denominated, as a result of the group's strategy to fund US operations in USD denominated debt (loans with EDP) and proceeds from institutional partnerships with local investors.

EDPR's **financial debt** increased 32% YoY (+€0.9bn) to €3.5bn in 2010, mostly reflecting the investments undertaken in the construction of new wind capacity and, to a lower extent, the forex impact of the appreciation of the USD against the EUR (+€104m). Loans with EDP are contracted at fixed rates for 10 years. In turn, external debt with financial institutions is mostly related to project finance with a long-term profile. In 2010, the rise in net financial debt with financial institutions and other is mainly explained by a €191m increase in debt to instituions related to the development of capacity in Poland and Brazil.

Liabilities referred to as institutional partnerships in the USA increased from €835m in 2009 to €934m in 2010, following: i) the closing of Vento III in June, the establishment of two new institutional partnerships structure for Meadow Lake II (99 MW) in Sep-10 and for Kittitas Valley (101 MW) in Dec-10; and ii) forex translation (+€65m).

Net financial costs rose from €72m in 2009 to €174m in 2010, driven by higher net interest costs following a 34% increase of net debt, higher average cost of debt (from 4.8% in 2009 to 5.2% in 2010, due to higher spreads contracted since 2009).

(1) Includes Holding, other and consolidation adjustments. (2) Net of deferred revenue and restricted cash. (3) Supplies and services, personnel costs and other net operating costs; Excluding PTC revenues and other extraordinaries.

EDP Renováveis: installed capacity & capex

Installed Capacity (MW)	Gross	% Held (1)	Capacity Contrib. to EBITDA			
			Dec-10	Dec-09	Δ %	Δ Abs
Spain	**2.405**	**1.908**	**2.050**	**1.861**	**10%**	**189**
Transitory Regime	1.414	1.074	1.153	1.091	5,7%	62
RD 661/2007	991	834	897	770	16%	127
Portugal	**838**	**818**	**599**	**595**	**0,7%**	**4**
Old Remuneration	599	579	599	595	0,7%	4
New Remuneration	239	239	-	-	-	-
France	**284**	**284**	**284**	**220**	**29%**	**64**
Poland	**120**	**116**	**120**	**120**	**0%**	**-**
Belgium (PPA)	**57**	**40**	**57**	**57**	**0,0%**	**-**
Romania	**90**	**77**	**90**	**-**	**-**	**90**
USA	**3.459**	**3.242**	**3.224**	**2.624**	**23%**	**600**
PPA/Hedged	2.660	2.478	2.459	1.888	30%	571
Merchant	799	764	764	735	4%	29
Brazil	**14**	**8**	**14**	**14**	**0,0%**	**-**
Total	**7.266**	**6.492**	**6.437**	**5.491**	**17%**	**947**

EBITDA MW	Under Constr.	Pipeline			Prosp.	Total
		Tier 1	Tier 2	Tier 3		
Spain	**201**	**300**	**436**	**2.089**	**2.121**	**5.146**
Portugal (2)	**58**	**199**	**23**	**74**	**200**	**555**
Rest of Europe	**221**	**148**	**688**	**2.743**	**1.796**	**5.595**
France	-	71	60	149	351	631
Poland	70	-	442	738	660	1.910
Romania	138	57	-	556	-	751
Other (3)	13	20	186	1.300	785	2.303
USA & Canada	**99**	**1.075**	**6.508**	**7.245**	**4.237**	**19.164**
Brazil	**70**	**81**	**153**	**456**	**491**	**1.251**
Total	**649**	**1.802**	**7.808**	**12.607**	**8.844**	**31.711**

Capex (€ m)	2010	2009	Δ %	Δ Abs.
Spain	111	561	-80%	-449
Portugal	8	102	-92%	-94
Rest of Europe	420	351	19,5%	+69
Europe	**539**	**1.014**	**-47%**	**-474**
USA - Gross capex	783	826	-5,2%	-43
USA - Cash grant received	(169)	(156)	-9%	-13
USA - Net Capex	**614**	**670**	**-25,7%**	**-212**
Brazil	**72**	**2**	**-**	**+70**
Other	**7**	**4**	**59%**	**+3**
Total	**1.232**	**1.690**	**-27%**	**-459**

By Dec-10, EDPR total wind power installed capacity was 6,437MW in 8 countries, representing a 17% YoY increase. On top of this, 239MW in Portugal owned by Eólicas de Portugal consortium (EDPR equity stake consolidated by equity method) are also attributable to EDPR. In line with the group's risk-controlled strategy, from EDPR's installed capacity in Dec-10, 50% is remunerated under regulated regimes, 38% under PPA and only 12% is exposed to spot prices.

In 2010, EDPR added to its portfolio +947MW (+256MW in 4Q10) , of which +600MW in US and +347MW in Europe. In US, capacity additions were focused in the PJM (83%) and WECC markets (17%). In Europe, capacity additions were widespread geographically: 189MW in Spain, 90MW in Romania, 64MW in France and 4MW in Portugal. Additionally, during 2010 Eólicas de Portugal added to its portfolio 154MW (attributable to EDPR).

As of Dec-10, EDPR had 649MW of wind capacity under construction: i) 590MW fully consolidated, of which 34% in Spain, 23% in Romania, 17% in US, 12% in each of Poland and Brazil and 2% in Belgium; and ii) 58MW attributable to EDPR from the Eólicas de Portugal consortium. All projects under construction are due to operate under long term remuneration schemes.

EDPR's capex net of cash grants totaled €1,232m in 2010: 50% of which invested in US, 44% in Europe and 6% in Brazil. Total capex in the period reflects not only the 590MW currently under construction, responsible for €406m of capex, but also the final works with the capacity in operation and with the capacity installed in the period, representing €895m. In Apr-10, EDPR signed a turbine procurement agreement with Vestas that will bring flexibility of access to new turbines. This contract previews an initial firm order of 1,500MW, to be supplied, installed and commissioned with flexibility on quantity, place and date of delivery and also flexibility to choose commercially available wind turbine models and classes for each project, under a given notice.

Today, EDPR has a pipeline of projects in excess of 31GW in 11 different countries. In 2010, EDPR was awarded a 1.3GW off-shore project in UK, entered the Italian wind market through a 991 MW pipeline (expecting to install the first MWs by the end of 2011), and began the development of the first 100MW in Canada.

For 2011, EDPR expects to install 800MW-900MW of wind capacity, the bulk of which in Europe.

(1) Installed capacity not adjusted for the 80% stake that EDPR holds in Genesa sub-holding in Spain. (2) Includes Eólicas de Portugal, equity method consolidated. (3) Other include Belgium, Italy and UK.

EDP Renováveis: Operating Performance

Operating Data	2010	2009	Δ %	Δ Abs.
EBITDA MW	**6.437**	**5.491**	**17%**	**+947**
EBITDA MW + Eólicas de Portugal	**6.676**	**5.576**	**20%**	**+1.101**
Eólicas de Portugal	239	85	182%	+154
Avg. Wind Load Factor (%)	**29%**	**29%**	**-**	**0 pp**
Europe	**27%**	**26%**	**-**	**1 pp**
Portugal	29%	28%	-	1 pp
Spain	27%	26%	-	1 pp
Rest of Europe	24%	23%	-	1 pp
USA	**32%**	**32%**	**-**	**-0 pp**
Brazil	**26%**	**22%**	**-**	**4 pp**
Electricity Output (GWh)	**14.352**	**10.907**	**32%**	**+3.445**
Europe	**6.632**	**4.975**	**33%**	**+1.656**
Portugal	1.472	1.275	15%	+197
Spain	4.355	3.275	33%	+1.081
Rest of Europe	804	426	89%	+378
USA	**7.689**	**5.905**	**30%**	**+1.784**
Brazil	**31**	**26**	**17%**	**+5**

Wind Tariffs	2010	2009	Δ %	Δ Abs.
Average Selling Price	**58,4**	**58,8**	**-0,6%**	**-0**
Europe (€/MWh)	**84,2**	**87,2**	**-3,5%**	**-3**
Portugal	93,8	94,5	-0,7%	-1
Spain (1)	79,1	84,0	-6%	-5
Avg. Achieved Pool Price	*34,5*	*34,5*	0%	-0
Rest of Europe	93,8	89,7	4,6%	+4
USA (USD/MWh)	**47,7**	**48,2**	**-1,0%**	**-0**
PPA/Hedged Capacity	53,9	52,4	2,8%	+1
Merchant Capacity	31,1	29,8	4%	+1
Brazil (BRL/MWh)	**254,4**	**247,9**	**2,6%**	**+7**

Gross Profit	2010	2009	Δ %	Δ Abs.
Gross Profit (€ m)	**840,6**	**642,0**	**31%**	**+199**
Europe	**562,2**	**436,4**	**29%**	**+126**
Portugal	140,3	123,1	14%	+17
Spain (2)	331,2	254,0	30%	+77
Rest of Europe	78,5	39,1	101%	+39
Other & Adjustments	12,3	20,1	-39%	-8
USA	**275,0**	**203,5**	**35%**	**+72**
Brazil	**3,2**	**2,4**	**37%**	**+1**
Others	**0,2**	**-0,2**	**-**	**+0**
USA Adjusted Gross Profit (€ m)	**382,0**	**286,1**	**34%**	**+96**
Gross Profit	275,0	203,5	35%	+72
PTC Revenues & Other	107,0	82,7	29%	+24

Wind power output rose 32% to 14TWh in 2010, driven by higher installed capacity (+17%) and the 12-month contribution from capacity installed in 2009. European markets accounted for 46% of EDPR's output following a 33% rise in 2010 on the back of higher installed capacity (+12%) and higher average load factor (+1 p.p. at 27%). US operations accounted for 54% of total output, following a 30% output backed by higher installed capacity (+23%). Average load factor in US was stable at 32%, supported on geographical diversification.

In 2010, **84% of EDPR's output was sold under long-term remuneration schemes,** while the remaining 16% were exposed to US spot electricity market. Looking forward, the weight of output with long-term remuneration should significantly increase on the back of the kick off of PPAs contracts signed in 2010: 841MW of long-term contracts signed, of which 571 MW reported to existing capacity (with little impact in 2010) and 270 MW for 2011/12 projects.

Avg. selling price in the US was 1% down in 2010, to USD48/MWh in 2010, penalised by the increasing weight of merchant capacity in the portfolio (30% in 2010 vs. 19% in 2009) following strong capacity additions and fewer PPAs signed in 2009/1H10. The avg. price from our long-term selling contracts (PPAs) rose 3% in 2010, to USD54/MWh in 2010, driven by new PPA contracts and existing contracts with price escalations. The avg. selling price of wind power sold in spot electricity market rose by a mere 4% to USD31/MWh in 2010, as low gas prices and weak demand keeps pressuring pool prices.

Average wind tariffs in Spain fell 6% to €79/MWh in 2010 on lower forward contracted prices for the volumes hedged (MWs under the 'transitory' regime) in 2010 and an increase in the weight of capacity under the new regime (RD661/2007). Average realised prices in the pool were flat at €34.5/MWh in 2010. EDPR keeps hedging its capacity under the transitory regime with 1.8TWh sold forward in 2010 at €44/MWh (plus €38/MWh premium). Out of the total 4.4TWh produced in 2010 in Spain, c80% were sold through hedges or at the fixed floor price mechanism, while only 20% were sold at market prices plus renewable premium (0.9TWh). **For 2011, c85% of the expected production is already covered by hedges (floors and fixed tariffs), at an avg. price around €44/MWh.** At the end of 2010 the Spanish Government (through RD 1614/2010) provided regulatory stability by setting all the remuneration elements for full useful life of the wind farms to be installed until the end of 2012. The temporary premium cut (applicable to capacity under RD 661/2007), has a limited impact on EDPR.

In Portugal, average selling price was 1% lower in 2010 (€93.8/MWh), reflecting tariffs' negative indexation to the annual working hours (load factors were 1 p.p. higher at 29% reflecting above-the average wind resources). Portugal is a regulated market offering a stable feed-in tariff, which allows obtaining sustainable and consistent remuneration.

In the **Rest of Europe,** EDPR's avg. selling price rose 5% to €94/MWh in 2010, mainly supported by the higher contribution from the Polish assets (€111.5/MWh based on electricity price plus a LT contract to sell green certificates). In France, in spite of benefiting from a stable inflation-updated tariff, the avg. price fell by 3% to €84/MWh, due to the trial period of the recently installed capacity. In Belgium the avg. price was €112/MWh, benefiting from a LT power purchase agreement (PPA).

Overall, gross profit rose 31% to €841m, driven by: (1) operations in Spain (+30% YoY), following a 33% output increase and continuing strong load factors (+1pp to 27%, clearly above the market average); and (2) US operations (+35% YoY) backed by a 30% increase in output derived from larger generation portfolio. Note that gross profit from RoE doubled to €79m (9% of EDPR's gross profit) on the back of capacity additions, higher average load factors and higher average selling prices. In US, adjusted gross profit rose 34% (+€96m) helped by a 29% increase (+€24m) in revenues from institutional partnerships (PTC revenues & Other).

(1) Including the hedging gain (2010: €5.9/MWh and 2009: €2.7/MWh). (2) Excluding the hedging gain (2010: €12m vs. 2009: €19m), which is being included in "Other & Adjustments" at the European platform level.

Electricity Distribution and Last Resort Supply in Portugal

Income Statement (€ m) (1)	2010	2009	Δ %	Δ Abs.
Gross Profit	**1.341,1**	**1.344,7**	**-0,3%**	**-4**
Supplies and services	322,1	327,7	-1,7%	-6
Personnel costs	128,7	134,0	-4,0%	-5
Costs with social benefits	102,4	89,6	14%	+13
Concession fees	238,4	239,5	-0,5%	-1
Other operating costs (net)	(13,3)	(13,0)	-1,8%	-0
Operating Costs	**778,3**	**777,8**	**0,1%**	**+1**
EBITDA	**562,7**	**566,9**	**-0,7%**	**-4**
Provisions	4,8	6,9	-30%	-2
Net depreciation and amortisation	243,2	241,9	0,5%	+1
EBIT	**314,7**	**318,1**	**-1,1%**	**-3**

Gross Profit Performance	2010	2009	Δ %	Δ Abs.
Gross Profit (€m)	**1.341,1**	**1.344,7**	**-0,3%**	**-4**
Regulated gross profit - current period	1.324,0	1.321,2	0,2%	+3
Non-regulated gross profit	17,1	23,5	-27%	-6
Distribution Grid				
Reg. revenues - current period (€ m)	1.212,9	1.207,4	0,5%	+6
Electricity inflows (GWh)	51.614	49.422	4,4%	+2.192
Clients connected (th)	6.149,0	6.119,8	0,5%	+29
Last Resort Supply				
Reg. revenues - current period (€ m)	113,4	116,0	-2,3%	-3
Clients supplied (th)	5.791,7	5.842,8	-0,9%	-51
Electricity inflows (GWh)	33.484	40.452	-17%	-6.967
Wholesale procurement price (€/MWh)	47,4	46,9	1,1%	+1
Regulatory Receivables (€ m)				
Beginning of Period	**(508,9)**	**1.145,4**	**-**	**-1.654**
Previous periods tariff deviations (2)	509,1	(1.357,8)	-	+1.867
Tariff deviation in the period	194,5	(361,1)	-	+556
Other (3)	(6,4)	64,6	-	-71
End of Period	**188,4**	**(508,9)**	**-**	**+697**

Capex & Opex Performance	2010	2009	Δ %	Δ Abs.
Controllable Operating Costs (4)	**450,8**	**461,7**	**-2,4%**	**-11**
Cont. costs/client (€/client)	73,3	75,4	-2,8%	-2
Cont. costs/km of network (€/Km)	2.046,3	2.115,8	-3,3%	-69
Employees (#)	3.691	3.795	-2,7%	-104
Capex (Net of Subsidies) (€m)	**239,2**	**236,3**	**1,3%**	**+3**
Network ('000 Km)	220,3	218,2	1,0%	+2
Equivalent interruption time (min.) (5)	116	121	-4,7%	-6

EBITDA from electricity distribution and last resort supply activities in Portugal decreased 1% YoY to €563m in 2010, mostly due to non-recurrent costs with HR restructuring (€29m in 2010 vs. €13m in 2009) and a lower positive impact from tariff adjustments from previous periods (€6m in 2010 vs. €15m in 2009). Excluding these issues, EBITDA increased 4% YoY. Note that from 3Q10 onwards our commercial shared services platform for the last resort, liberalised electricity and gas supply, EDP Soluções Comerciais was excluded from this business unit both for 2009 and 2010 (EBITDA: €24m in 2010 vs. €23m 2009) and transferred to liberalised activities.

Electricity inflow into the grid rose 4% YoY to 51.6TWh in 2010 (+3% adj. for temperature and working days), reflecting an improvement of industrial demand, namely from exporting industries such as pulp&paper and chemicals. **Distribution grid regulated revenues** stood flat at €1,213m in 2010. Additionally, our electricity distribution company, EDP Distribuição (EDP D), recorded a €62m positive tariff deviation due mostly to consumption and tariff mix different than ERSE's initial assumption.

In 2010, volumes supplied by our **last resort supplier, EDP Serviço Universal** (EDP SU), fell 19% YoY to 31TWh, 1TWh below ERSE's assumption, essentially due to a switching of clients to liberalized suppliers, namely in the industrial segment. EDP SU market share in electricity supply in Portugal fell from 82% in 2009 to 64% in 2010. Regarding electricity purchases: i) volumes acquired from special regime producers (SRP) rose 25% YoY (21% above ERSE's assumption); and ii) total avg. cost of electricity purchased came 13% above forecasts due to an higher avg. cost of SRP (€98/MWh vs. ERSE's estimate of €91/MWh), which more than offset the lower than expected wholesale procurement price (€47/MWh vs. ERSE's assumption of €51/MWh). Overall, the higher volumes purchased from SRP at higher costs, resulted in a €256m negative tariff deviation supported by EDP SU to be recovered through tariffs.

All in all, a €195m negative tariff deviation was created over 2010, which along with the devolution through tariffs of €509m of positive tariff deviations from previous periods, translated into €188m of pending regulatory receivables by Dec-10.

Controllable operating costs declined 2% YoY in 2010: i) S&S benefited from lower commercial and back office expenses, offsetting the increase in O&M costs, due to adverse weather conditions in 1Q10; ii) personnel costs decreased 4% YoY, reflecting essentially a lower headcount and a 1.5% annual avg. salary update for 2010. Costs with social benefits rose 14% YoY, mostly due to our HR restructuring program: €29m in 2010 regarding 84 early retirements vs. €13m in 2009 regarding 38 early retirements.

Capex amounted to €239m and was mostly dedicated to network expansion and service quality. Despite adverse weather conditions in 1Q10, Equivalent Interruption Time (EIT) fell to 116 minutes in 2010.

In Dec-10, ERSE defined an 8.56% rate of return for the regulated activities for 2011, which set 2011 regulated gross profit at €1,309m. ERSE set a 3.8% avg. increase for normal low voltage tariffs for 2011, assuming electricity consumption of 49TWh, (2.5% above 2010 demand), an avg. cost of electricity of €47/MWh (including ancillary services) and SRP generation of 16TWh (9.2% below 2010 SRP generation) at an avg. cost of €98/MWh. For large clients (VHV, HV, MV and SLV) 2011 will be a transitory year, the last one in which the last resort tariff will be still available for them. In 2010, these clients represented 34% of last resort supply volumes and €5m of supply revenues. ERSE's reinterpretation of DL 90/2006 of May 24th, related to system costs with cogeneration in 2009, 2010 and 2011, will create a new regulatory receivable to EDP of €185m by Dec-11, to be recovered by 40% in 2012 and 60% in 2013.

(1) YE2009 Pro-forma, excluding EDP Soluções Comerciais. (2) Includes the assignment to a third party of the right to tariff deficits/adjustments and recovery or pay-back through the tariffs of previous years' tariff deviations.
(3) Includes interests on previous years tariff deviations. (4) Supplies & services and personnel costs. (5) Adjusted for non-recurring impacts (rainstorms, high winds and summer fires).

Electricity Distribution in Spain

Income Statement (€ m) (1)	2010	2009	Δ %	Δ Abs.
Gross Profit	**183,8**	**179,2**	**2,6%**	**+5**
Supplies and services	53,8	57,9	-7,0%	-4
Personnel costs	19,6	18,5	6,2%	+1
Costs with social benefits	3,6	2,9	22%	+1
Other operating costs (net)	(28,3)	(4,1)	-585%	-24
Operating Costs	**48,8**	**75,1**	**-35%**	**-26**
EBITDA	**135,0**	**104,1**	**30%**	**+31**
Provisions	1,0	5,4	-	-4
Net depreciation and amortisation	33,2	30,7	8,2%	+3
EBIT	**100,8**	**68,0**	**48%**	**+33**

Gross Profit Performance	2010	2009	Δ %	Δ Abs.
Gross Profit	**183,8**	**179,2**	**2,6%**	**+5**
Regulated gross profit	165,5	148,9	11%	+17
Other non-regulated gross profit	18,3	30,3	-40%	-12
Regulated Revenues (€ m)	**165,5**	**148,9**	**11%**	**+17**
Distribution	152,4	133,5	14%	+19
Transmission	7,3	7,4	-0,8%	-0
Network Commercial Management	5,8	8,1	-28%	-2
Distribution				
Electricity distributed (GWh)	9.320	9.131	2,1%	+189
Clients connected (th)	651,0	644,5	1,0%	+6
Regulatory Receivables (€ m) (2)				
Beginning of Period	**501,4**	**283,7**	**77%**	**+218**
Previous periods tariff deficits (3)	35,9	62,1	-42%	-26
Tariff deficit in the period	214,2	195,8	9,4%	+18
Other (4)	7,6	(40,3)	-	+48
End of Period	**759,1**	**501,4**	**51%**	**+258**

Capex & Opex Performance	2010	2009	Δ %	Δ Abs.
Controllable Operating Costs (5)	**73,5**	**76,4**	**-3,8%**	**-3**
Cont. costs/client (€/client)	112,9	118,5	-4,7%	-6
Cont. costs/km of network (€/Km)	3.300	3.491	-5,5%	-191
Employees (#)	386	368	4,9%	+18
Capex (net of subsidies) (€ m)	**40,1**	**44,4**	**-10%**	**-4**
Network ('000 Km)	22,3	21,9	1,8%	+0
Equivalent interruption time (min.) (7)	46	55	-16%	-9

EBITDA from our electricity distribution activity in Spain jumped 30% YoY to €135m in 2010: (i) 2009 include a €17m non-recurrent income related to the recognition of the upfront connection fees previously paid by new clients (consequence of the end of the regulated final tariff in Jul-09); (ii) 2010 include a €17m operating income consequence of the application of IFRIC18[(6)]; and (iii) inclusion in 4Q10 of €22m regulated revenues related to 2009 (+€7m) and 2010 (+€15m), referring to the revision of the regulated revenues stated in the Ministerial Order published in Dec-10.

Adjusted for these impacts, **recurrent EBITDA increased by 18% YoY**, benefiting from lower supplies and services, on the back of a fall in back-office expenses, as well as a 4% YoY increase in gross profit, as a result of higher regulated revenues. Note that our last resort electricity supply activity in Spain is now included in our liberalised activities in Iberia. In the 3Q10, in order to comply with the Law 17/2007 of July 4th which forces distribution companies to sell their transmission assets to REE, HC signed an agreement for the sale of its transmission assets to REE for €58m, which was approved in Feb-11 and that will generate a non recurrent gain of approximately €23m at EBITDA level in 1Q11.

Electricity distributed by HC, essentially in Asturias region, went up by 2% YoY, following some recovery of both the industrial activity and the residential demand. **Regulated revenues** totalled €166m in 2010, increasing 11% YoY as a result of the new amounts for 2010 revenues which were set provisionally in Dec-09 and afterwards in a definitive way in Dec-10. In Dec-10, 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 2011 amount to €166m (excluding transmission).

During 2010, the government set last resort tariff avg. increases of 2.6% for 1H10 vs. 2H09 and 5.1% for 4Q10 vs. 1H10. For 1Q11 it was defined an avg. 10% rise on the last resort tariff, assuming an avg. baseload cost of electricity of €49/MWh, while the access tariffs remained frozen.

Despite the 2010 increases, the tariffs paid by electricity customers were not enough to cover system costs, creating a net deficit regarding the whole system of €3.5bn on Dec-10 Spanish electricity system financial clearing (regarding Oct-10) from which 6.08% (€212m) are attributable to HC Energia. The 2010 deficit for the Spanish system estimated by CNE in Feb-11 financial clearing (regarding Dec-10) amounts to €4.9bn.

In Dec-10 the Government increased the amounts of recognized deficits for 2010, 2011 and 2012, setting a cap of €5.5bn for 2010 (vs. €3.0bn set in Apr-09), €3.0bn for 2011 (vs. €2.0bn in Apr-09) and €1.5bn for 2012 (vs. €1.0bn in Apr-09). By Dec-10, HC Energia's **regulatory receivables** amounted to €759m (including interests/financial updates): i) €212m regarding 2010 tariff deficit; ii) €232m from the 2009 tariff deficit; and iii) €315m from the 2006-08 acc. tariff deficit. Note that in the first two months of 2011 a total amount of €4bn of Spanish tariff deficit was securitized by FADE (the fund in charge of the securitization) from which about €205m are entitled to HC Energia.

Controllable operating costs fell 4% YoY, due to lower S&S explained by a fall in marketing and back-office expenses on the back of the end of the regulated final tariff in Jul-09.

Capex fell 10% YoY (€4m) in 2010, reflecting an increase in subsidies and lower investments outside our incumbent area in Asturias. Equivalent interruption time fell to 46 minutes, the lowest ever, justified by improvement investments on the grid network, benefiting the quality of service.

(1) YE2009 Pro-forma, excluding HC CUR, which started its activity in Jul-09. (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		
	2010	2009	% Δ	2010	2009	% Δ	2010	2009	% Δ
Gross Profit	**63,7**	**39,9**	**60%**	**251,1**	**180,3**	**39%**	**314,8**	**220,3**	**43%**
Supplies and services	13,4	11,0	21%	33,8	22,8	49%	47,2	33,8	40%
Personnel costs	4,7	4,8	-0,7%	21,3	19,4	10%	26,0	24,2	7,8%
Costs with social benefits	0,2	0,1	104%	0,5	0,4	7,8%	0,7	0,6	28%
Other operating costs(net)	(2,8)	2,9	-	2,9	0,4	590%	0,2	3,3	-95%
Operating Costs	**15,6**	**18,8**	**-17%**	**58,6**	**43,0**	**36%**	**74,1**	**61,9**	**20%**
EBITDA	**48,2**	**21,1**	**128%**	**192,5**	**137,3**	**40%**	**240,7**	**158,4**	**52%**
Provisions	0,7	0,7	-0,9%	-0,1	0,2	-	0,6	0,9	-33%
Net depreciation and amortisatio	11,4	11,1	2,1%	60,7	33,8	80%	72,0	44,9	60%
EBIT	**36,1**	**9,3**	**289%**	**131,9**	**103,3**	**28%**	**168,0**	**112,6**	**49%**
Capex (net os subsidies) (€ m)	**39,9**	**33,8**	**18%**	**50,1**	**44,1**	**13,6%**	**90,0**	**77,9**	**16%**
Distribution	39,9	33,8	18%	31,4	19,5	62%	71,3	53,3	34%
Transmission	-	-	-	18,6	24,6	-24%	18,6	24,6	-24%
Employees (#)	**102**	**101**	**1,0%**	**378**	**285**	**33%**	**480**	**386**	**24%**

Regulated Activity	2010	2009	% Δ	Abs. Δ
Number of Supply Points (th)	**1.229,2**	**1.185,2**	**3,7%**	**+44**
Portugal	245,3	221,4	11%	+24
Spain (2)	983,9	963,8	2,1%	+20
Gas Distributed (GWh)	**52.487**	**25.101**	**109%**	**+27.386**
Portugal	6.843	6.133	12%	+710
Spain	45.644	18.968	141%	+26.676
Regulated Revenues (€ m)	**288,1**	**200,5**	**44%**	**+88**
Portugal	63,7	39,9	60%	+24
Spain	224,4	160,5	40%	+64
Distribution	199,9	140,3	42%	+60
Transmission	24,4	20,2	21%	+4
Network (Km)	**13.764**	**12.573**	**9,5%**	**+1.191**
Portugal - Distribution	3.827	3.508	9,1%	+318
Spain				
Distribution (2)	9.521	8.703	9,4%	+818
Transmission	417	362	15%	+55

On December 31st, 2009, Naturgas Energia (NGE) completed the acquisition from Gas Natural of its low pressure natural gas distribution activities in the Spanish regions of Cantabria and Murcia, as well as of its high pressure natural gas distribution assets in the regions of the Basque Country, Asturias and Cantabria. These assets started being consolidated at P&L level from Jan-10 onwards. In Jul-10, subsequent to the exercise of a put option held by Ente Vasco de Energia over a 30.4% stake in NGE, HC Energia signed an agreement for the purchase of a 29.4% stake in NGE for €617m to be paid in 3 tranches between 2010 and Jul-13. By Dec-10, HC Energia owned 75% of NGE.

EBITDA from gas regulated activities rose 52% YoY to €241m in 2010, due to the first time consolidation of the assets acquired from Gas Natural (+€43m) and higher regulated revenues from our activities both in Spain and Portugal. Excluding the contribution of the assets acquired from Gas Natural, EBITDA increased 25% YoY.

In **Spain**, gas regulated activities gross profit went up 39% YoY (+€71m) to €251m in 2010, including the first time contribution of the assets acquired from Gas Natural (+€61m). Note that 2010 gross profit includes a €5m non-recurrent loss to adjust mostly last year's regulated revenues for the negative impacts of the economic crisis on gas demand and inflation. On a pro-forma basis and adjusted for this impact, gross profit went up 11% YoY. **Regulated revenues** increased 40% YoY to €224m: i) the assets acquired from Gas Natural contributed with an additional €52m, regarding c3,300Km of distribution network and 261,000 points of supply; excluding this contribution, ii) gas distribution regulated revenues grew 7% YoY, reflecting an increase of our network's extension, a 2% rise in the number of supply points to 723,000, and higher volumes of gas distributed. Gas distributed through high pressure distribution network (mostly industrials) benefited from a recovery of the industrial sector and a particularly weak comparison vs. 2009.

The volume of gas distributed through low pressure network (mostly residentials) excluding the networks acquired, increased 8% YoY to 7.3TWh in 2010, backed by an increase in the number of supply points; iii) gas transmission regulated revenues rose 21% YoY, due to a 15% increase of transmission network length. The Ministerial Order published in Dec-10 set the remuneration for the gas regulated activities. Regulated revenues attributable to Naturgas Energia (NGE) in 2011 amount to €221m, including the contribution of the assets acquired from Gas Natural as well as transmission.

In **Portugal**, our grid network is still recent which justifies the strong growth of both number of supply points (+11% YoY in 2010) and gas volumes distributed (+12% YoY in 2010). In order to provide an incentive to the connection of new clients to the network at this early stage of penetration rate, the Portuguese gas regulation targets a stable unit tariff per MWh. This fact together with the asset revaluation impact to reflect conditions of initial concession contract, which only in 2010 started to be included in regulated revenues (with retroactive impact), justify the €24m YoY increase in **regulated revenues** in 2010.

In Jun-10, the Portuguese regulator (ERSE) set the gas tariffs for Portugal for the year going from Jul-10 to Jun-11. The 9% return on assets that was defined for gas distribution translated into a regulated gross profit of €61m.

Controllable operating costs(1) rose 26% YoY, due to the first time consolidation of the assets acquired from Gas Natural (+€15m). Excluding this effect, controllable operating remained flat.

Capex increased by €12m YoY to €90m in 2010, due to the acquired companies in Murcia and Cantabria and also to the investments on the Bergara-Irun transmission pipeline, which came into service in Oct-10 (total capex of €68m).

(1) Supplies & services and personnel costs. (2) YE2009 Pro-forma Including the contribution of regulated assets acquired from Gas Natural

EDP - Energias do Brasil: Financial Performance

Income Statement	Consolidated (R$ m)				Consolidated (€ m)			
	2010	2009	Δ %	Δ Abs.	2010	2009	Δ %	Δ Abs.
Gross Profit	**2.268,5**	**2.273,7**	**-0,2%**	**-5**	**973,0**	**817,0**	**19%**	**+156**
Supplies and services	400,3	363,0	10%	+37	171,7	130,5	32%	+41
Personnel costs	224,4	204,6	9,7%	+20	96,3	73,5	31%	+23
Costs with social benefits	24,1	45,9	-48%	-22	10,3	16,5	-37%	-6
Other operating costs (net)	48,4	128,8	-62%	-80	20,7	46,3	-55%	-26
Operating Costs	**697,1**	**742,4**	**-6,1%**	**-45**	**299,0**	**266,8**	**12%**	**+32**
EBITDA	**1.571,4**	**1.531,3**	**2,6%**	**+40**	**674,0**	**550,2**	**22%**	**+124**
Provisions	19,4	35,6	-46%	-16	8,3	12,8	-35%	-4
Net depreciation and amortisation	374,4	329,0	14%	+45	160,6	118,2	36%	+42
EBIT	**1.177,6**	**1.166,7**	**0,9%**	**+11**	**505,1**	**419,2**	**20%**	**+86**
Capital gains/(losses)	-	127,1	-	-127	-	45,7	-	-46
Financial results	(218,5)	(239,8)	-8,9%	-21	(93,7)	(86,2)	9%	+8
Results from associates	(2,6)	(0,2)	-	-2	(1,1)	(0,1)	-	-1
Pre-tax profit	**956,6**	**1.053,8**	**-9,2%**	**-97**	**410,3**	**378,7**	**8%**	**+32**
Income taxes	249,0	238,6	4,4%	+10	106,8	85,7	25%	+21
Effective tax rate (%)	26%	23%	3,4 pp	+0	26%	23%	3,4 pp	+0
Profit for the period	707,5	815,2	-13%	-108	303,5	292,9	3,6%	+11
Equity Holders of Energias do Brasil	**575,7**	**670,1**	**-14%**	**-94**	**246,9**	**240,8**	**2,6%**	**+6**
Minority interests	131,8	145,1	-9%	-13	56,5	52,1	8%	+4
Capex	**996,3**	**719,4**	**38%**	**+277**	**427,3**	**258,5**	**65%**	**+169**

Energias do Brasil	2010	2009	Δ %
Share price at end of period (R$/share)	38,71	33,55	15%
Number of shares Issued (million)	158,8	158,8	-
Treasury stock (million)	0,3	0,3	-
Number of shares owned by EDP (million)	102,9	102,9	-
Real/Euro - End of period rate	2,22	2,51	13%
Real/Euro - Average of period rate	2,33	2,78	19%
Inflation rate (IGP-M - 12 months)	11,3%		-
Interest rate (CDI)	9,80	9,90	-10 pp
Employees (#)	2.413	2.357	56

Key Balance Sheet Figures (€ m)	2010	2009	Δ %
Net financial debt	964	809	19%
Regulatory receivables	(5)	18	-
Minority interests	802	680	18%
Equity book value	2.114	1.765	20%

Rating & Debt Ratios	2010	2009	Δ %
Net debt / EBITDA	1,4x	1,5x	
			Moody's
Energias do Brasil			**Ba1/Sta**
Last Rating action			08-04-10

In local currency, EDP Energias do Brasil's 2010 EBITDA rose 3% YoY. EBITDA in distribution (56% weight) rose 6% YoY on strong volume growth while EBITDA in generation (44% weight) rose just 1% YoY, penalized by extremely dry conditions in Brazil in 4Q10.

In 2010, EDP Energias do Brasil's contribution to consolidated **EBITDA was positively affected by the 19% appreciation of the Real against the Euro** (+€109m impact on EBITDA).

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

Net financial costs in BRL terms decreased 9% YoY impacted by: (1) slightly lower average cost of debt (from 8.9% in 2009 to 8.8% in 2010), (2) higher financial revenues on higher average cash and equivalents (+87%YoY) and higher average deposits interest rate (from 5.1% in 2009 to 6.2% in 2010) and (3) increase in capitalized financial costs (R$58m) related to ongoing construction of Pecém coal plant, which compensated (4) R$52m one-off cost due to a liability related to the 2001 electricity rationing period which was identified by the regulator only in 2010.

Net financial debt increased 6% YoY in BRL terms (+19% in EUR terms) mostly due to the R$505m expansion capex on Pecém coal plant. The new loans associated to this investment have long-term maturities between 13 and 17 years, leading to an increase of debt average maturity from 4.3 years in Dec-09 to 5.1 years by Dec-10. As Dec-10, 100% **gross debt was denominated in local currency** or protected from exchange rate through hedging instruments. **The weight of fixed rate in EDP Brasil's debt was 64% by Dec-10**.

Capital gains in 2009 are fully related to the sale of our stake in the telecom company Esc90 which implied a lower effective tax rate in 2009. **Minority interests** at EDP Brasil level are related to minority partners in generation.

Overall, EDP Brasil net profit in 2010 (under IFRS) decreased 11% YoY in BRL. Excluding capital gains, EDP Brasil net profit in 2010 in BRL terms rose 9% YoY.

In May-10, EDP Brasil paid an **a dividend** of R$296.3m, corresponding to R$1.87 per share. The Board of Directors of Energias do Brasil will propose at the General Meeting the payment of 2010 annual dividend of R$352.6m (R$2.22 per share), a 19% increase vs. 2009.

Brazil: Electricity Distribution

Income Statement (R$ m)	2010	2009	Δ %	Δ Abs.
Gross Profit	**1.401,7**	**1.382,9**	**1%**	**+19**
Supplies and services	301,4	264,0	14%	+37
Personnel costs	160,4	149,9	7,0%	+11
Costs with social benefits	19,8	37,1	-47%	-17
Other operating costs (net)	41,9	101,7	-58,8%	-60
Operating Costs	**523,5**	**552,7**	**-5,3%**	**-29**
EBITDA	**878,2**	**830,2**	**6%**	**+48**
Provisions	7,6	10,8	-30%	-3
Net deprec. and amortisation	187,8	176,3	7%	+12
EBIT	**682,8**	**643,1**	**6%**	**+40**

Gross Profit Performance	2010	2009	Δ %	Δ Abs.
IFRS Gross Profit	**1.402**	**1.383**	**1,4%**	**+19**
Tariff Deviation (2)	114	67	70%	+47
Deviat. from previous year (1)	(137)	(140)	-2,0%	+3
Others	(11)	16	-	-28
Regulated Revenues	**1.367**	**1.326**	**3,1%**	**+40**
Regulatory Receivables (R$ m)	**(10)**	**51**	**-**	**-61**
Clients Connected (th)	**2.740,7**	**2.668,0**	**2,7%**	**+73**
Bandeirante	1.503,0	1.482,5	1,4%	+20
Escelsa	1.237,7	1.185,4	4,4%	+52
Electricity Distributed (GWh)	**23.749**	**21.313**	**11%**	**+2.436**
Bandeirante	14.310	13.292	7,7%	+1.018
Escelsa	9.439	8.021	18%	+1.418
From which:				
To clients in Free Market (GWh)	9.034	7.423	22%	+1.611
Electricity Sold (GWh)	**14.715**	**13.890**	**5,9%**	**+825**
Bandeirante	**9.038**	**8.585**	**5,3%**	**+454**
Resid., Commerc. & Other	5.812	5.633	3,2%	+178
Industrial	3.226	2.951	9,3%	+275
Escelsa	**5.677**	**5.305**	**7,0%**	**+371**
Resid., Commerc. & Other	4.613	4.350	6,0%	+262
Industrial	1.064	955	11%	+109

Capex & Opex Performance	2010	2009	Δ %	Δ Abs.
Controllable Operating Costs (3)	**461,8**	**413,9**	**12%**	**+48**
Cont. costs/client (R$/client)	168,5	155,1	8,6%	+13
Cont. costs/km (R$/Km)	5,5	5,0	8,5%	+0
Employees (#)	2.040	2.014	1,3%	+26
Capex (net of subsidies) (R$m)	**387,7**	**306,2**	**27%**	**+81**
Network ('000 Km)	84,6	82,3	2,9%	+2

In electricity distribution in Brazil, **EBITDA in 2010 increased 6% YoY.** Excluding impact of tariff deviations and one-off costs (HR restructuring costs and tax costs), EBITDA rose 5% YoY mainly reflecting:

Significant recovery of electricity volumes sold and distributed in 2010: Volume of electricity sold increased by 6% YoY in 2010 (+8% vs. 2008) and by 3% YoY in 4Q10. In the residential & commercial segment, volume sold in 2010 rose 4% YoY and 2% YoY in 4Q10 reflecting essentially a rise of 3% YoY in the number of clients connected. In the industrial segment, electricity volumes sold rose 10% in 2010 (+3% vs. 2008) reflecting the recovery of Brazilian industrial production. Regarding electricity distributed (but not sold) to free market clients (essentially large industrial consumers supplied directly in the free wholesale market from which EDP collects only third party access tariffs), volume of electricity distributed increased 22% YoY in 2010 (+4% YoY in 4Q10 and +6% vs. 2008), due to a strong recovery of demand namely from the mining and steel sectors and a weak 2009 comparison basis.

Positive impact from annual tariff updates (Escelsa from Aug-09 to Aug-10 and Bandeirante from Oct-09 to Oct-10), which reflect essentially annual updates on cost base (CPI-X) and pass-through costs. 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-10, Bandeirante had an annual tariff readjustment for the period between Oct-10 to Oct-11. Meanwhile, the discussion about the new methodology for the 3rd Tariff Review cycle, that started in Sep-10, resulted in the publication by ANEEL of draft on new regulatory framework in which set a new Return on RAB at 7.15% after taxes. Given the significant amount of feedback received, the regulator decided to postpone a final decision until all inputs are analyzed and changes/improvements are incorporated. Thus, ANEEL approved a new public hearing to gather feedback regarding guidelines to be adopted for discos' tariff reviews until the new methodology for the 3rd Tariff Review cycle is decided and will propose the maintenance of current tariff levels for discos which will go through tariff review before the final methodology is approved. All the assumptions of the new methodology will only be applicable to the next regulatory period (Bandeirante from Oct-11 onwards and Escelsa from Aug-13 onwards).

Positive impact from tariff deviations at gross profit level was higher in 2010 than in 2009. Gross profit under IFRS for distribution in Brazil includes the cash flow impact from deviation from annual regulated revenues. Tariff deviation created in previous years and being recovered through tariffs in 2010 amounted to R$137m (vs. R$140m in 2009). On the other hand, a new tariff deviation of R$114m was created in 2010 (vs. tariff deviation of R$67m in 2009). This tariff deviation in 2010 was created due to: (1) higher sector charges due to increase of thermal power production and above the cost set by the regulator in tariff revision and (2) difference between inflation set by the regulator in the tariff revision and inflation occurred during 2010. As a result, the amount of regulatory receivables decreased from R$51m pending collection by Dec-09 to R$10m by Dec-10 which are owed to consumers and will be paid back by EDP Brasil from the next annual tariff revisions onwards.

Controllable operating costs increased by 12% YoY in line with an inflation of 11% in 2010. This increase is supported by: (1) personnel costs increased 7% YoY as a result of annual average salary update (+5.8% in Nov-09, +1% in Sep-10 and +5.5% in Nov-10), (2) supplies and services increased due to higher outsourcing costs on network O&M and commercial back office costs (new legislation more demanding on quality of service to customers) and (3) costs with social benefits decreased due to HR restructuring costs in 2009 related to headcount reduction program. Other operating costs decreased by 64% due to: (1) lower costs with provisions for doubtful clients in 2010 (-R$17m), (2) one-off retroactive impact in 2010 (-R$21m) from a legal decision on tax credits (PIS/Cofins - COSIT27) and (3) one-off tax cost in 2009 associated with Tax Recovery Program REFIS (R$20m).

Capex increased 27% YoY to R$388m, 65% of which devoted to expansion projects. The increase is supported by a 3% increase in electricity network (+2,350km).

(1) Regulatory receivables that EDP is recovering in current tariff, related to amounts that the system owed us due to lower than expected gross profit in past periods .
(2) Regulatory receivables being generated in the current period to be recovered by EDP through tariffs in the next annual tariff adjustment.
(3) Supplies & services and personnel costs.

Brazil: Electricity Generation and Supply

Income Statement (R$M)	Generation			
	2010	2009	Δ %	Δ Abs.
Gross Profit	**832,1**	**832,0**	**0,0%**	**+0**
Supplies and services	59,3	57,3	3%	+2
Personnel costs	37,5	33,6	11,7%	+4
Costs with social benefits	2,5	3,0	-19%	-1
Other operating costs (net)	0,7	15,3	-95%	-15
Operating Costs	**100,0**	**109,3**	**-8,5%**	**-9**
EBITDA	**732,0**	**722,7**	**1,3%**	**+9**
Provisions	1,6	1,7	-2%	-0
Net depreciation and amortisation	152,2	139,5	9,1%	+13
EBIT	**578,3**	**581,5**	**-0,6%**	**-3**

Generation	2010	2009	Δ %	Δ Abs.
Gross Profit (R$ m)	**832,1**	**832,0**	**0,0%**	**+0**
Lajeado	361,9	364,7	-0,8%	-3
Peixe Angical	285,7	283,3	0,9%	+2
Energest (15 hydro plants)	184,4	184,0	0,2%	+0
Installed Capacity - Hydro (MW)	**1.735**	**1.733**	**0,1%**	**+2**
Lajeado	903	903	-	-
Peixe Angical	452	452	-	-
Energest (15 hydro plants)	380	379	0,4%	+2
Electricity Sold (GWh)	**8.309**	**7.985**	**4,1%**	**+324**
Lajeado	3.713	3.339	11,2%	+374
Peixe Angical	2.374	2.374	-0,0%	-0
Energest (15 hydro plants)	2.222	2.272	-2,2%	-50
Average Selling Price (R$/MWh)	**122,9**	**119,0**	**3,3%**	**+4**
Lajeado	108,9	106,7	2,1%	+2
Peixe Angical	152,4	149,2	2,1%	+3
Energest (15 hydro plants)	112,4	105,4	6,6%	+7
Capex (R$ million)	**607,1**	**407,6**	**49%**	**+200**
Maintenance	67,3	44,7	50%	+23
Expansion	539,8	362,8	49%	+177
Pécem	505,3	266,8	89%	+239
Other	34,5	96,1	-64%	-62
Employees (#)	**262**	**260**	**0,8%**	**+2**

Supply	2010	2009	Δ %	Δ Abs.
Gross profit (R$ m)	28,6	54,1	-47%	-25
Operating costs (R$ m)	4,1	16,6	-76%	-13
EBITDA (R$ m)	24,6	37,5	-34%	-13
				-
Electricity sales (GWh)	8.263	8.715	-5,2%	-452
Number of clients (#)	86	120	-28%	-34

GENERATION:

EBITDA in our electricity generation activities in Brazil increased just 1% driven by dry weather which impacted lower hydro generation output in Brazil.

Installed capacity increased 2MW following the completion of repowering works at Rio Bonito hydro plant in 1Q10.

The very dry weather in Brazil in 4Q10 implied the decline of hydro reservoirs to extremely low levels. This implied an increase in thermal power production and, as a consequence, there was an **increase in spot market price** (from R$57/MWh in 9M10 to R$109/MWh in 4Q10). Since our PPA contracts involve delivery of energy to distribution companies, our generation subsidiaries had to buy energy in the spot market where price is higher than the cost of operating of our hydro plants. All in all, we had a impact of -R$24m in 2010 vs. -R$10m in 2009 related with acquisition of energy in market (Santa Fé).

Electricity volume sold increased 4% YoY in 2010 due to a 2010 one-year contract to sell energy in market by Lajeado (376GWh) with prices below our average price in PPA contracts.

Average selling price increased 3% YoY in 2010 which implied that gross profit associated with PPA contracts increased R$21m. All EDP Brasil's installed capacity is contracted under PPA long term contracts with an average maturity of 15 years and prices updated to inflation.

Operating costs decrased by 8.5% YoY reflecting one-off positive impact in 2010 (-R$10m) from a retroactive legal decision on tax credits (PIS/Cofins - COSIT27).

Capex increased by 49% YoY to R$607m. Expansion capex represents 89% of total capex from which 94% refers to the construction of Pécem coal plant. The start-up is scheduled to the end of 2011 and we already invested R$1,246m. Until the conclusion works of Pecém coal plant, we expect to invest further R$270m. The 2010 other expansion capex is related to the repowering of Mascarenhas (18MW), which conclusion is planned to occur in 2012.

In **Pecém coal plant,** EDP Brasil holds a 50% stake in partnership with MPX Mineração e Energia. The conditions contracted with the Brazilian electricity system include the availability of an installed capacity of 615MW for a 15-year term starting in Jan-12 and an expected EBITDA of R$240m (50% stake) in the first year of operation with full pass through of fuel costs. The project will be financed with 75% of long term debt, which is already contracted.

In Oct-10, EDP Brasil announced the acquisition of two projects to build mini-hydro plants in Mato Grosso, to Group Bertin, totaling 49.5 MW of installed capacity and 27.5 MW of assured energy. The start of construction of these plants is planned for Mar-11, with commissioning expected in Dec-12. The estimated total investment is R$306m.

LIBERALIZED ELECTRICITY SUPPLY:

Our trading and supply activity is carried out by our Enertrade subsidiary in the free market essentially through a service of energy sourcing to large industrial clients without incurring in material energy market risk. **In 2010, EBITDA in supply retreated by R$13m YoY** due to: (1) renegotiation of the contract with Ampla from 2010 onwards which implied a decrease of the average price per MWh by 35%, (2) supply margin decreased by 10% (excluding new Ampla contract), (3) a one-off gain in 1Q10 due to an agreement with a costumer on a contract termination (R$6m) and (4) re-activation of the supply contract with Ampla, which implied a one-off revenue in 2009 (R$21m). This issue implied an increase in 2009 operating costs (R$10m)due to accounting of a provision for the difference between contracted price and value paid by Ampla. Excluding non recurrent impacts, EBITDA in 2010 decreased to R$18m.

Income Statements

Income Statement by Business Area

2010 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**1.076,3**	**820,2**	**1.839,7**	**840,6**	**973,0**	**(145,5)**	**5.404,3**
Supplies and services	97,8	240,3	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
Concession rents	5,3	-	238,4	7,8	-	(0,9)	250,5
Other operating costs (net)	(0,9)	41,9	(41,4)	(130,9)	20,7	60,5	(50,0)
Operating costs	**199,7**	**371,3**	**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**

2009 (€m)	Long-Term Contracted Generation	Iberian Liberalised Activities	Regulated Networks Iberia	Wind Power	Brazil	Other & Adjustments	EDP Group
Gross Profit	**1.029,5**	**1.017,7**	**1.744,2**	**642,0**	**816,8**	**(145,0)**	**5.105,1**
Supplies and services	93,7	237,2	419,3	148,3	130,5	(260,8)	768,2
Personnel costs	64,1	84,7	176,7	41,9	73,5	99,1	540,0
Costs with social benefits	43,5	5,0	93,1	0,6	16,5	(0,4)	158,4
Concession rents	5,3	0,0	239,5	5,0	-	(1,2)	248,6
Other operating costs (net)	(0,3)	25,3	(13,8)	(96,4)	46,3	66,1	27,1
Operating costs	**206,3**	**352,1**	**914,8**	**99,5**	**266,8**	**(97,1)**	**1.742,4**
EBITDA	**823,2**	**665,6**	**829,3**	**542,5**	**550,0**	**(47,9)**	**3.362,8**
Provisions	1,0	46,3	13,1	(0,2)	12,8	1,7	74,7
Net depreciation and amortisation (1)	262,5	198,1	317,6	311,9	118,0	110,4	1.318,5
EBIT	**559,7**	**421,2**	**498,7**	**230,8**	**419,2**	**(160,0)**	**1.969,6**

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

Quarterly Income Statement

Quarterly P&L (€ m)	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10	3Q10	4Q10
Electricity Revenues	2.877,3	2.409,1	2.744,3	2.992,3	3.118,7	2.927,8	3.100,3	3.389,8
Gas Revenues	326,2	209,4	185,6	260,3	336,8	284,3	330,5	396,6
Other Revenues	29,8	38,0	35,9	89,9	38,8	56,3	45,2	145,7
Operating Revenues	**3.233,3**	**2.656,4**	**2.965,8**	**3.342,4**	**3.494,3**	**3.268,4**	**3.476,0**	**3.932,1**
Electricity	1.464,8	1.045,2	1.343,9	1.486,6	1.688,5	1.558,2	1.700,7	1.860,8
Gas	218,3	128,0	98,5	196,4	221,4	193,9	211,8	318,2
Fuel	272,3	273,4	287,3	222,7	172,4	176,4	270,2	318,2
Materials and goods for resale	17,1	16,8	11,1	10,5	9,7	13,2	27,7	25,1
Direct Activity Costs	**1.972,5**	**1.463,5**	**1.740,8**	**1.916,1**	**2.092,0**	**1.941,7**	**2.210,5**	**2.522,3**
Gross Profit	**1.260,8**	**1.193,0**	**1.225,1**	**1.426,4**	**1.402,3**	**1.326,7**	**1.265,5**	**1.409,8**
Supplies and services	165,5	187,9	176,3	238,4	194,2	210,4	217,1	240,6
Personnel costs	141,3	142,5	124,5	131,7	150,5	145,9	139,5	139,5
Costs with social benefits	35,4	30,6	44,1	48,2	32,8	28,1	28,5	64,0
Concession fees	61,8	62,5	61,9	62,4	62,7	62,7	62,3	62,9
Other operating costs (net)	7,6	8,0	1,8	9,8	22,5	(11,6)	(1,8)	(59,2)
Operating costs	**411,7**	**431,5**	**408,5**	**490,6**	**462,7**	**435,4**	**445,6**	**447,8**
EBITDA	**849,1**	**761,4**	**816,6**	**935,8**	**939,6**	**891,2**	**820,0**	**962,0**
Provisions	4,7	14,1	15,2	40,7	10,1	29,2	29,0	35,3
Net depreciation and amortisation (1)	312,3	300,1	308,5	397,7	340,9	364,3	374,6	367,0
EBIT	**532,1**	**447,2**	**492,8**	**497,4**	**588,6**	**497,7**	**416,4**	**559,8**
Capital gains/(losses)	12,9	15,0	2,8	29,1	5,8	(1,0)	(2,2)	58,2
Financial Results	(165,5)	(121,7)	(92,1)	(107,4)	(118,1)	(114,8)	(115,0)	(137,1)
Results from associated companies	4,6	9,1	7,2	4,3	6,9	6,2	5,2	5,1
Pre-tax profit	**384,1**	**349,6**	**410,6**	**423,4**	**483,2**	**388,1**	**304,4**	**486,1**
Income taxes	88,0	105,5	115,6	90,6	129,0	102,9	73,6	121,7
Discontinued Activities	-	-	-	-	-	-	-	-
Net Profit for the period	296,1	244,1	295,0	332,7	354,2	285,2	230,8	364,4
Net Profit Attributable to EDP	**265,3**	**214,1**	**268,6**	**275,8**	**309,2**	**255,6**	**209,5**	**304,7**
Minority interests	30,8	30,0	26,4	57,0	45,0	29,6	21,3	59,8

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

Income Statement by Business Area

2010 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**4.131,7**	**2.775,4**	**845,1**	**5.282,9**	**1.686,8**	**2.147,6**	**(2.698,7)**	**14.170,7**
Direct Activity Costs	**2.581,2**	**2.502,2**	**4,4**	**3.758,1**	**1.299,2**	**1.174,6**	**(2.553,2)**	**8.766,4**
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	104,5	44,8	52,6	148,4	29,3	96,3	99,5	575,4
Costs with social benefits	28,0	5,7	2,2	106,0	0,8	10,3	0,3	153,4
Other operating costs (net)	28,8	2,3	(123,2)	196,8	15,4	20,7	59,6	200,5
Operating costs	**315,4**	**215,0**	**127,9**	**827,1**	**114,7**	**299,0**	**(107,5)**	**1.791,5**
EBITDA	**1.235,1**	**58,2**	**712,7**	**697,8**	**273,0**	**674,0**	**(37,9)**	**3.612,8**
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 (1)	420,4	20,6	423,0	276,4	72,6	160,6	73,2	1.446,7
EBIT	**785,2**	**13,1**	**289,9**	**415,5**	**163,2**	**505,1**	**(109,5)**	**2.062,5**

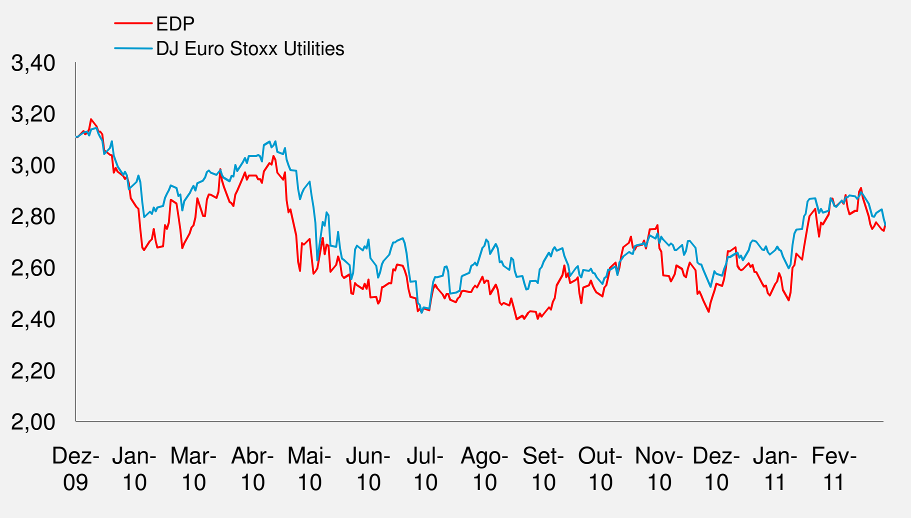
2009 (€ m)	Generation Iberia	Supply Iberia	EDP Renováveis	Distribution Iberia	Gas Iberia	Energias do Brasil	Other & Adjustments	EDP Group
Operating Revenues	**3.708,8**	**2.038,1**	**648,2**	**4.916,3**	**1.189,0**	**1.679,8**	**(1.982,3)**	**12.198,0**
Direct Activity Costs	**2.003,3**	**1.791,7**	**6,2**	**3.392,5**	**873,5**	**863,0**	**(1.837,3)**	**7.092,9**
Gross Profit	**1.705,5**	**246,4**	**642,0**	**1.523,9**	**315,6**	**816,8**	**(144,9)**	**5.105,1**
Supplies and services	156,9	152,2	148,3	385,6	55,6	130,5	(260,8)	768,2
Personnel costs	103,3	41,7	41,9	152,5	28,0	73,5	99,1	540,0
Costs with social benefits	43,3	5,2	0,6	92,5	0,6	16,5	(0,4)	158,4
Other operating costs (net)	27,0	(7,3)	(91,4)	222,4	13,9	46,3	64,9	275,8
Operating costs	**330,5**	**191,7**	**99,5**	**852,9**	**98,0**	**266,8**	**(97,0)**	**1.742,4**
EBITDA	**1.374,9**	**54,7**	**542,5**	**670,9**	**217,5**	**550,0**	**(47,9)**	**3.362,8**
Provisions for risks and contigencies	26,2	21,0	(0,2)	12,2	1,0	12,8	1,7	74,7
Net depreciation and amortisation (1)	440,2	19,8	311,9	272,6	45,5	118,0	110,4	1.318,5
EBIT	**908,6**	**13,9**	**230,8**	**386,1**	**171,0**	**419,2**	**(160,0)**	**1.969,6**

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

Annex

EDP Share Performance

YTD EDP Stock Performance on Euronext Lisbon



EDP Stock Market Performance	YTD	52W (02-03-2011)	2010
EDP Share Price (Euronext Lisbon - €)			
Close	2,77	2,77	2,49
Max	3,19	3,05	3,19
Min	2,38	2,38	2,38
Average	2,66	2,62	2,65
EDP's Liquidity in Euronext Lisbon			
Turnover (€ m)	7.046	5.913	6.305
Average Daily Turnover (€ m)	23	23	24
Traded Volume (million shares)	2.649	2.253	2.378
Avg. Daily Volume (million shares)	8,7	8,6	9,1

EDP's Main Events

Jan-13: EDP signs construction contract for Venda Nova III 736 MW new hydro plant
Jan-27: EDP Renováveis enters the italian wind market through the acquisition of 520 MW to be developed
Feb-10: Replacement of representative of Sonatrach in the General Supervisory Board
Mar-09: EDP issues EUR1bn 5 year bond
Mar-12: Pictet reduced its participation in EDP's share capital
Apr-16: EDP's Annual General Shareholders Meeting
Apr-26: EDP Renováveis awards Vestas a procurement contract to deliver up to 2.1 GW of wind capacity
Abr-27: EDP announces divdend payment announcement to May 13th (€0.155 – Gross dividend)
Jun-17: Fitch mantains EDP's long term 'A-' stable credit rating
Jun-28: EDP Renováveis fully closes Vento III institutional partnership structure
Jun-29: Blackrock decreases participation in EDP
Jul-13: Moody's confirmed EDP's long term credit rating to 'A3' assigning stable outlook
Jul-28: EDP reinforces control over Naturgas
Jul-29: EDP sells electricity transmission assets in Spain to REE
Ago-04: ANEEL approves the 2010 tariff reset for EDP Escelsa
Ago-23: Attribution of capacity payment for electricity generation in Portugal
Oct-06: Change in Qualified Participation (Parpública and CGD)
Oct-07: ANEEL approves tariff increase at EDP Bandeirante's annual tariff readjustment process
Oct-21: EDP sells its stake in DECA II (Guatemala)
Oct-29: Standard & Poor's affirms EDP's rating
Nov-03: EDP signed credit facility of €2,000,000,000
Nov-07: EDP and CPI sign memorandum of understanding for a possible partnership
Dec-03: Standard & Poor's placed EDP on creditwatch negative after similar action on Portugal
Dec-06: Norges Bank notifies significant shareholding in EDP
Dec-07: Iberdrola transfers shareholding in EDP
Dec-16: ERSE sets electricity tariffs in Portugal for 2011
Dec-21: Moody's placed EDP on review for possible downgrade after similar action on Portugal
Dec-27: Resignation of member of the General and Supervisory Board
Dec-29: Fitch considers that EDP's ratings is not affected by Portugal's downgrade
Dec-31: Parpública and Caixa Geral de Depósitos change participation in the share capital of EDP

Source: Bloomberg

EDP - Installed capacity & electricity generation

Installed Capacity - MW (1)	2010	2009	Δ MW	Δ 10/09
PPA/CMEC	**6.931**	**6.987**	**-56**	**-0,8%**
Hydro	**4.094**	**4.094**	**-**	
Run off the river	1.860	1.860	-	
Reservoir	2.234	2.234	-	
Coal	**1.180**	**1.180**	**-**	
Sines	1.180	1.180	-	
Fuel oil	**1.657**	**1.713**	**-56**	
Setúbal	946	946	-	
Carregado	710	710	-	
Barreiro	-	56	-56	
Special Regime (Ex-Wind)	**459**	**455**	**5**	**1,0%**
Small-Hydro	160	160	0	
Cogeneration+Waste	265	257	8	
Biomass	35	38	-4	
Liberalised Electricity Generation	**6.427**	**5.959**	**469**	**8%**
Hydro	**910**	**910**	**-**	
Portugal	484	484	-	
Spain	426	426	-	
Coal	**1.460**	**1.460**	**0**	
Aboño I	342	342	-	
Aboño II	536	536	-	
Soto Ribera II	236	236	-	
Soto Ribera III	346	346	-	
CCGT	**3.736**	**3.268**	**468**	**14%**
Ribatejo (3 groups)	1.176	1.176	-	
Lares (2 groups)	863	863	-	
Castejón (2 group)	843	811	32	
Soto IV (1 group)	426	418	8	
Soto V (1 group)	428	-	428	
Nuclear	**156**	**156**	**-**	
Trillo	156	156	-	
Gasoil	**165**	**165**	**-**	
Tunes	165	165	-	
Wind (More detail on page 16)	**6.437**	**5.491**	**947**	**17%**
Europe	3.200	2.853	347	
USA	3.224	2.624	600	
Brazil	14	14	-	
Brazil (Ex-Wind)	**1.735**	**1.733**	**2**	**0,1%**
Hydro	**1.735**	**1.733**	**2**	**0,1%**
Lajeado	903	903	-	
Peixe Angical	452	452	-	
Energest	380	378	2	
TOTAL	**21.990**	**20.624**	**1.366**	**7%**

Electricity Generation (GWh)	2010	2009	Δ GWh	Δ 10/09
PPA/CMEC	**17.981**	**16.158**	**1.823**	**11%**
Hydro	**13.045**	**6.982**	**6.064**	**87%**
Run off the river	8.396	4.624	3.772	
Reservoir	4.649	2.358	2.291	
Coal	**4.889**	**8.869**	**-3.980**	**-45%**
Sines	4.889	8.869	-3.980	
Fuel oil	**46**	**307**	**-261**	**-85%**
Setúbal	10	188	-179	
Carregado	36	-2	38	
Barreiro	-	120	-120	
Special Regime (Ex-Wind)	**2.542**	**2.117**	**424**	**20%**
Small-Hydro	630	370	260	
Cogeneration+Waste	1.710	1.613	97	
Biomass	203	135	68	
Liberalised Electricity Generation	**17.145**	**18.206**	**-1.062**	**-6%**
Hydro	**2.368**	**1.538**	**830**	**54%**
Portugal	1.331	661	670	
Spain	1.038	877	160	
Coal	**4.244**	**5.865**	**-1.621**	**-28%**
Aboño I	1.069	1.264	-195	
Aboño II	2.327	3.291	-964	
Soto Ribera II	213	508	-295	
Soto Ribera III	634	802	-167	
CCGT	**9.342**	**9.690**	**-348**	**-3,6%**
Ribatejo (3 groups)	3.102	5.818	-2.716	
Lares (2 groups)	2.054	382	1.672	
Castejón (2 group)	2.739	2.137	601	
Soto IV (1 group)	1.384	1.354	30	
Soto V (1 group)	64	-	-	
Nuclear	**1.190**	**1.113**	**77**	**7%**
Trillo	1.190	1.113	77	
Gasoil	**1**	**0**	**0**	
Tunes	1	0	0	
Wind	**14.352**	**10.907**	**3.445**	**32%**
Europe	6.632	4.975	1.656	
USA	7.689	5.905	1.784	
Brazil	31	26		
Brazil (Ex-Wind)	**7.263**	**6.893**	**370**	**5,4%**
Hydro	**7.263**	**6.893**	**370**	**5,4%**
Lajeado	3.205	3.169	36	
Peixe Angical	2.523	2.093	430	
Energest	1.535	1.630	-96	
TOTAL	**59.282**	**54.282**	**5.000**	**9%**

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

EDP - Volumes distributed, clients connected and networks

ELECTRICITY

Electricity Distributed (GWh)	2010	2009	Δ GWh	Δ %
Portugal	**47.836**	**46.146**	**1.691**	**3,7%**
Very High Voltage	1.524	1.538	-14	-0,9%
High / Medium Voltage	21.008	19.710	1.297	6,6%
Low Voltage	25.305	24.898	407	1,6%
Spain	**9.320**	**9.131**	**189**	**2,1%**
High / Medium Voltage	6.674	6.537	137	2,1%
Low Voltage	2.646	2.594	52	2,0%
Brazil	**23.749**	**21.313**	**2.436**	**11%**
Free Clients	9.034	7.423	1.611	22%
Industrial	4.291	3.906	384	10%
Residential, Comercial & Other	10.424	9.984	441	4,4%
TOTAL	**80.905**	**76.590**	**4.315**	**5,6%**

Clients Connected (th)	2010	2009	Abs. Δ	Δ %
Portugal	**6.149**	**6.120**	**29,2**	**0,5%**
Very High / High / Medium Voltage	24	23	0,2	0,7%
Special Low Voltage	34	33	0,5	1,4%
Low Voltage	6.092	6.063	28,6	0,5%
Spain	**651**	**645**	**6,5**	**1,0%**
Final	359	422	-63,1	-15%
Access	292	222	69,6	31%
Brazil	**2.741**	**2.668**	**72,8**	**2,7%**
Bandeirante	1.503	1.483	20,5	1,4%
Escelsa	1.238	1.185	52,3	4,4%
TOTAL	**9.541**	**9.432**	**108,5**	**1,2%**

Networks	2010	2009	Abs. Δ	Δ %
Lenght of the networks (Km)	**327.219**	**322.389**	**4.830**	**1,5%**
Portugal	220.318	218.226	2.092	1,0%
Spain	22.265	21.874	391	1,8%
Brazil	84.636	82.289	2.347	2,9%
Losses (% of electricity distributed)				
Portugal [2]	-8,2%	-7,3%	-0,8 pp	
Spain	-4,1%	-5,2%	1,1 pp	
Brazil				
Bandeirante	-11,1%	-11,2%	0,1 pp	
Technical	-5,5%	-5,2%	-0,3 pp	
Comercial	-5,6%	-6,0%	0,4 pp	
Escelsa	-14,0%	-15,5%	1,5 pp	
Technical	-8,3%	-8,8%	0,5 pp	
Comercial	-5,7%	-6,8%	1,1 pp	

GAS

Gas Distributed (GWh)	2010	2009	Δ GWh	Δ %
Portugal	**6.843**	**6.133**	**710**	**12%**
Low Pressure (P ≤ 4 Bar)	2.816	2.599	216	8%
Medium Pressure (P > 4 Bar)	3.997	3.501	496	14%
LPG	31	32	-2	-5,7%
Spain	**45.644**	**18.968**	**26.676**	**141%**
Low Pressure (P ≤ 4 Bar)	22.112	6.735	15.377	228%
Medium Pressure (P > 4 Bar)	23.533	12.233	11.300	92%
TOTAL	**52.487**	**25.101**	**27.386**	**109%**

Supply Points (th)	2010	2009	Abs. Δ	Δ %
Portugal	**245,3**	**221,4**	**24,0**	**11%**
Final	244,7	221,3	23,5	11%
Access	0,6	0,1	0,5	413%
Spain	**983,9**	**963,8**	**20,0**	**2%**
Final	-	-	-	-
Access [1]	983,9	963,8	20,0	2%
TOTAL	**1.229,2**	**1.185,2**	**44,0**	**4%**

Networks	2010	2009	Abs. Δ	Δ %
Lenght of the networks (Km)	**13.764**	**12.573**	**1.191**	**9%**
Portugal	3.827	3.508	318	9,1%
Spain	9.938	9.065	873	10%
Distribution [1]	9.521	8.703	818	9%
Transmission	417	362	55	15,2%

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

EDP - Sustainability performance

2010 Main Events

DJSI-EDP leader of Utilities 2010/211 - For the 3rd year in a row, EDP integrated the World and European DJ SI , and was considered, for the 1st time, the leader of Utilities when considering the SAM sustainability benchmark evaluation. Integrate for the first time the new index created by SAM in 2010 - DJSI Enlarged.
Best global company in terms of financial disclosure - EDP was considered the best company in the world "2010 IR Global Rankings" in financial disclosure procedures. EDP was also recognized as one of the best companies in terms of Corporate Governance.
EDP in Forbes Ranking - EDP integrates the list "The World's Leading Companies" by Forbes, the ranking of the top five companies in the world in the "utilities" sector.
António Mexia awarded by "Institutional Investor" - António Mexia considered best CEO among european energy sector companies, by "Institutional Investor".
Kakuma Project- EDP and the ONU Agency for the Refugees (ACNUR) visited the Kakuma refugees camp in Kenya to see the projects that are being developed by EDP in the renewable energies area.

EDP Internal Sustainability Index (base 2006)

	2010	2009	Δ %
Sustainability Index	**133**	**125**	**5,9%**
Environmental	147	134	9,9%
%Weight	36%	36%	
Economic	114	115	-0,6%
%Weight	33%	33%	
Social	136	126	7,3%
%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	2010	2009	Δ %
Economic Value (€m)(1)			
Directly Generated	15.397	13.544	14%
Distributed	12.933	11.621	11%
Accumulated	2.464	1.923	28,1%

Social Metrics

Social Metrics	2010	2009	Δ %
Employees (c)	**11.989**	**12.009**	**-0,2%**
Training (hours trainee)	**419.737**	**353.205**	**19%**
On-duty Accidents	44	47	-6,4%
EDP Severity Rate (Tg)	2	2	-8%
EDP Frequency rate (Tf)	116,98	144,00	-18,8%
Freq. rate EDP+ESP(f) (Tf)	4,92	5,00	-2%

Environmental Metrics

Environmental Metrics	2010	2009	Δ %
Absolute Atmospheric Emissions (kt) (a)			
CO_2	14.698,8	20.007,1	-27%
NOx	18,3	33,3	-45%
SO_2	9,5	17,1	-44%
Particle	0,557	1,047	-47%
Specific Atmospheric Emissions (g/KWh)			
CO_2	244,43	362,40	-33%
NOx	0,30	0,60	-50%
SO_2	0,16	0,31	-49%
Primary Energy Consumption (TJ) (b)	**176.519**	**242.878**	**-27%**
Max. Net Certified Capacity (%)	**69%**	**62%**	**7 pp**
Water Use (10^3 m^3)	**1.158.222**	**1.732.875**	**-33%**
Total Waste (t) (e)	**765.340**	**929.642**	**-18%**
Environmental Costs (€ th)	**98.477**	**118.898**	**-17%**
Environmental Fees and Penalties (€ th)	**36,1**	**29,3**	**23%**

Environmental Metrics - CO_2 Emissions

CO_2 Emissions	Absolute ($ktCO_2$)		Specific (t/MWh)		Generation (d) (GWh)	
	2010	2009	2010	2009	2010	2009
PPA/CMEC	**4.519**	**8.136**			**4.936**	**9.568**
Coal	4.438	7.706	0,91	0,87	4.889	8.869
Fuel Oil & Natural Gas	81	430	1,74	0,62	47	699
Liberalised	**9.062**	**10.878**			**13.585**	**15.556**
Coal	5.506	7.038	1,30	1,20	4.244	5.865
CCGT	3.556	3.840	0,38	0,40	9.342	9.691
Special Regime	**1.118**	**993**	**0,28**	**0,29**	**3.954**	**3.395**
Thermal Generation	**14.699**	**20.007**	**0,65**	**0,70**	**22.476**	**28.518**
CO_2 Free Generation					**37.658**	**26.689**
CO_2 Emissions			**0,24**	**0,36**	**60.134**	**55.208**

(a) Excluding vehicle fleet.
(b) Including vehicle fleet.
(c) Excluding Corporate Bodies.
(d) Includes heat generation (2038 GWh: 2009 and 2042 GWh: 2010).
(e) Waste sent to final disposal.
(f) ESP: External Services Provider.

* Eco- Management and Audit Scheme.

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

IFRIC 12 - Impact on Financial Statements

Consolidated Balance Sheet (€m)	Dec-10	Dec-09
Intangible assets		
Concession		
Portugal		
Electricity		
Distribution	2.397,9	2.424,5
Generation	121,9	123,0
Gas	287,4	264,0
Brazil		
Electricity		
Distribution and transport	1.060,2	849,4
Tangible fixed assets	(6.067,4)	(5.684,2)
Receivables for Concessions - IFRIC 12	468,1	370,3
Total impact on Assets	**(1.732,0)**	**(1.653,1)**
Allowances and asset investment - not current	(2.855,7)	(2.672,3)
Allowances and investment assets - current	1.123,7	1.019,1
Total impact on Liabilities	**(1.732,0)**	**(1.653,1)**

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

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

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

Income Statements (€m)	2010	2009
Amortization of concession rights	353,7	310,0
Depreciation of tangible fixed assets	(458,6)	(405,6)
Compensation for depreciation	104,6	95,5
Other	0,4	0,2
Total impact on Profit & Loss	**-**	**-**

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