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MESSAGE TO SHAREHOLDERS

In a difficult market environment… we achieved record results

Yet again, 2009 confirmed in numbers the success of the options and strategy defined by EDP across its three strategic pillars – focused growth, greater efficiency and maintaining a low risk profile. The company achieved record results that we should all celebrate with enthusiasm, satisfaction and, above all, an enormous sense of pride.

In terms of growth, we made a recurring net profit of over EUR 1 billion for the first time.

We achieved our best ever EBITDA at EUR 3.363 billion, an increase of 7%. For the first time, over half our operating profits came from outside Portugal. Spain and Brazil posted their best results ever and EDP Renováveis became the 3rd largest company in the world in its sector.

In terms of efficiency, we recorded the lowest operating costs/gross profit ratio in our history at 28%, down from 38% in 2005. We are the most efficient company in our sector in the Iberian Peninsula.

2009 was also the 4th consecutive year of cost reductions in nominal terms. During this same period, since 2005, EDP increased its installed capacity by around 70% to 21GW. A result that is due to the efforts and focus of our staff.

We have also managed to maintain the company's low risk profile, as shown by our ability to secure EUR 6.3 billion in financing during the year, including the sale of the tariff deficit in Portugal for approximately EUR 1.6 billion.

EDP has once again made its mark, with a liquidity position today to cover our investments for the coming two years. However, the paradox of our results in Spain most clearly demonstrates our capacity to predict and manage risk. In a year which saw a drop in demand (-4%) and energy prices down nearly 50% on 2008, we achieved our best results ever. This plays testament to our capacity to ensure that the different blocks which make up EDP today interact effectively to foresee the challenges ahead and overcome them successfully.

Two words can summarise our achievements: resilience and consistency.

In a particularly challenging environment, as was the case in 2009, with several of the economies in which we operate recording negative growth, together with near-zero levels of inflation and a significant reduction in both energy demand and energy prices, these results stand as unequivocal proof of the resilience and consistency of our strategy.

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We made the right choices, a reflection of the value of our staff, their confidence in knowing where they are heading and their ability to deliver.

A global vision of sustainability and innovation

However, the clear evidence that we have been taking the right decisions goes beyond these numbers.

We recognise that our responsibility and the way we interact with all our stakeholders requires an increasingly global approach across the various areas of our business. We want to lead and continue to stand out from the competition. This is our goal.

In 2009, we strengthened our leadership position in terms of sustainability management. We now rank no. 1 in Europe and no. 2 in the world in our sector on the Dow Jones Sustainability Indices, the most demanding in the world. At the start of 2010, EDP was listed in the Gold Class in "The Sustainability Yearbook 2010" published by SAM, in recognition of the company's continuous improvement in practices across the different pillars of sustainability, in line with the 10 Principles of the "Global Compact", an international initiative promoted by the United Nations and which we joined in 2004.

Today, we behave in a singular manner towards all those who interact with EDP.

Levels of customer satisfaction have remained at their highest levels ever. We have innovated the way in which we relate to suppliers and the media, through our Suppliers Gathering and Media Day. These events were recognised as creating value and symbolising EDP's new way of doing business.

Internally, employee satisfaction has risen to its highest levels ever since studies were first conducted. This significant improvement comes on the back of steady improvements over the last 4 years. We like to belong to EDP and this fact is reflected in the quality of the results we have achieved.

With regard to our shareholders, we propose an increase of 11% in the dividend to EUR 0.155 per share, subject to approval by the General Meeting, in line with our target to double the dividend per share between 2005 (EUR 0.10) and 2012 (EUR 0.20). In 2009, EDP was in the Top 5 European utilities companies in terms of share price growth, with EDP Renováveis topping the rankings.

We have maintained our ambition to lead the revolution in how the energy sector will contribute to a new relationship between producer and consumer. The intelligent grid project Inovgrid is currently being implemented and at the end of 2010 around 50,000 customers will have access to this new technology and the additional services it provides. EDP is one of those leading the way in introducing electrical mobility to Portugal - around 1,300 recharging points are to be installed in public places over the next two years. Innovation, not just in terms of technology but also processes and behaviours is undoubtedly becoming a growing priority in the way our company operates.

Last but not least is our concern for the community around us.

2009 was the first year ever in which EDP generated over 50% of its energy from renewable sources, confirming our intention to reduce specific CO2 emissions by 70% by 2020, as measured against 2008 levels. This figure demonstrates that we are advancing rapidly along the path we have set ourselves.

Conscious of our responsibility to society, last year we increased the EDP Foundation budget for social support activities in Portugal by 30%. In this regard, we should also highlight the support we have lent to the Kakuma refugee camp project in Kenya. This internationally recognised work has been undertaken in collaboration with the UNHCR and seeks to create opportunities for breaking the existing cycle of poverty. Our intervention will make a difference.

A stronger global company

We are a global company. We employ staff of 16 nationalities across 11 countries, having entered the United Kingdom at the end of 2009 and Italy at the start of 2010.

A range of cultures, viewpoints and ideas all communicating with each other. The quality, talent and diversity of our staff is becoming an increasingly key factor. This is largely where our secret lies in predicting trends and acting pro-actively to meet the challenges that face us.

But as has become our habit, we want to go further.

In 2009 we defined a new vision – "A global energy company that leads the way in value creation, innovation and sustainability" – as well as new values and commitments. Beyond continuing to lead the way in value creation, we also want to be at the forefront of how innovation and sustainability inform the way we do business.

The EDP University was officially launched. This will be an indisputable means of sharing knowledge and culture within the company. The EDP Way project, launched in 2008, continued to promote and strengthen EDP culture around the four corners of the globe. We also changed our signature to "Live our energy". It is an invitation to everyone – EDP and stakeholders – to actively participate in the challenge faced by the energy sector. These are some of the elements that will make EDP stronger in this regard.

I would like to extend a word of thanks to all those with whom we work on a daily basis – our customers, our suppliers, government bodies and the regulators.

I would also like to express my gratitude to the various corporate bodies who monitor EDP's activity, in particular the General and Supervisory Board, for the support and advice they have provided for the whole team throughout the year. The dual governance model has been consolidated and made a decisive contribution to the company's credibility.

Finally, a special mention to our over 12,000 employees and thousands of shareholders.

To our employees, my sincerest thanks for the energy devoted by each of you to this company. To our shareholders, thank you for the confidence you have shown in this Executive Board of Directors and each of its members by electing us to a new three-year term of office (2009-2011) at the annual General Meeting.

Looking ahead, 2010 will present yet another challenge to our ability to overcome difficulties, particularly in the current economic conditions. We will have to maintain discipline and balance in the strategy we pursue.

I am counting on everyone's participation and support to ensure we continue along the path to success, so we can all contribute to the development of EDP and the country as a whole, as well as strengthen our leadership position in the markets in which we operate.

António Mexia

Chairman of the Executive Board of Directors

Lisbon, 4 March 2010

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VISION, COMMITMENTS AND VALUES

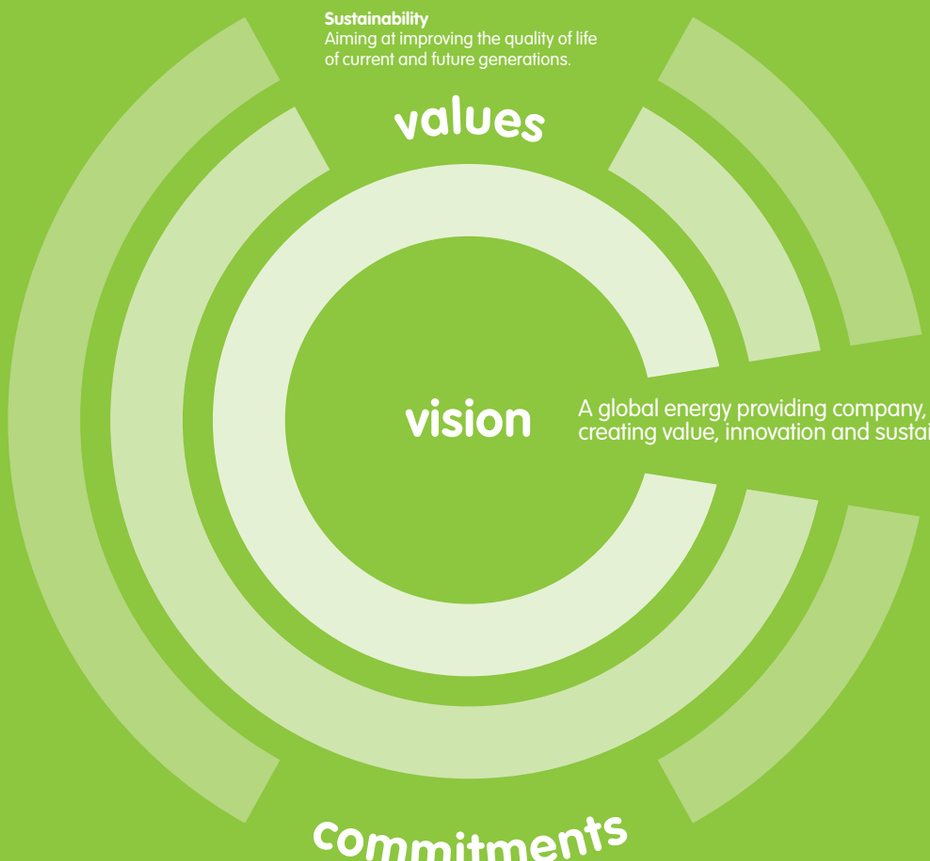
Trust
Of shareholders, customers, suppliers and other stakeholders.

Excellence
In the way we implement.

Initiative
Demonstrated through behaviour and attitude of our people.

Innovation
With the objective of creating value within the various areas in which we operate.

Sustainability
Aiming at improving the quality of life of current and future generations.



Commitment with Customer

- We place ourselves in our Customers' shoes whenever a decision has to be made.
- We listen to our Customers and answer in a simple and clear manner.
- We surprise our Customers by anticipating their needs.

Commitment with Persons

- We join ethical conduct and professional rigour to enthusiasm and initiative, emphasising team work.
- We promote the development of skills and merit.
- We believe that the balance between private and professional life is fundamental in order to be successful.

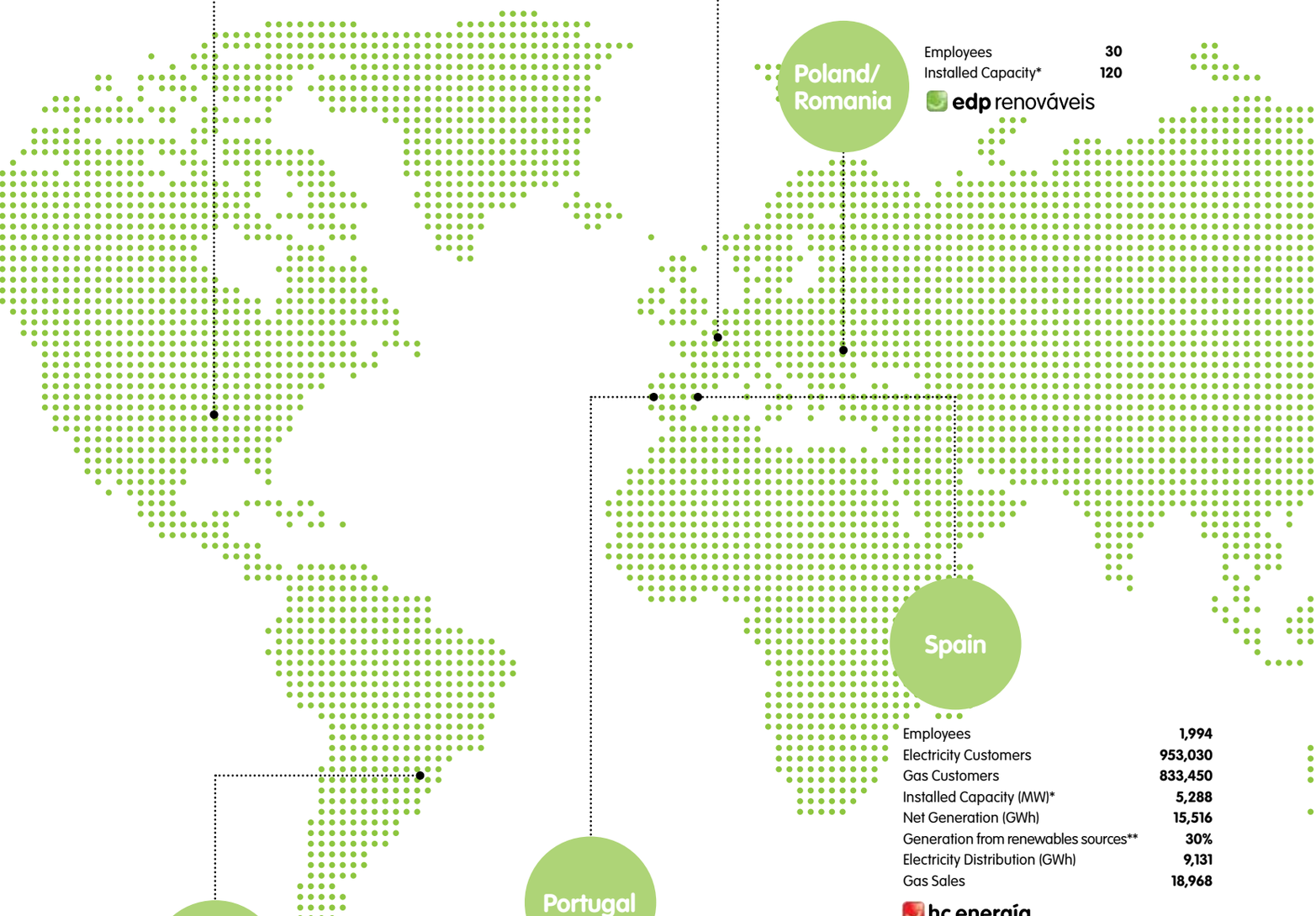
Commitment with Sustainability

- We assume the social and environmental responsibilities that result from our performance thus contributing toward the development of the regions in which we are operating.
- We reduce, in a sustainable manner, specific greenhouse gas emissions from the energy we produce.
- We actively promote energy efficiency.

Commitment with Results

- We fulfil the commitments that we embraced in the presence of our shareholders.
- We are leaders due to our capacity of anticipating and implementing.
- We demand excellence in everything that we do.

EDP IN THE WORLD



USA

Employees	303
Installed Capacity (MW)*	2,624
Net Generation (GWh)	5,905
Generation from renewables sources**	100%

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France/ Belgium

Employees	21
Installed Capacity (MW)*	277
Net Generation (GWh)	426
Generation from renewables sources**	100%

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Poland/ Romania

Employees	30
Installed Capacity*	120

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Spain

Employees	1,994
Electricity Customers	953,030
Gas Customers	833,450
Installed Capacity (MW)*	5,288
Net Generation (GWh)	15,516
Generation from renewables sources**	30%
Electricity Distribution (GWh)	9,131
Gas Sales	18,968

hc energía
naturgas energía
edp renováveis

Portugal

Employees	7,383
Electricity Customers	6,102,495
Gas Customers	221,356
Installed Capacity (MW)*	10,569
Net Generation (GWh)	26,011
Generation from renewables sources**	36%
Electricity Distribution (GWh)	46,146
Gas Distribution	6,133

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edp renováveis

Brazil

Employees	2,365
Electricity Customers	2,667,731
Installed Capacity (MW)*	1,746
Net Generation (GWh)	6,919
Generation from renewables sources**	100%
Electricity Distribution (GWh)	21,313

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* MW EBITDA
** Includes hydro, wind, biomass and waste

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COMPANY HIGHLIGHTS

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

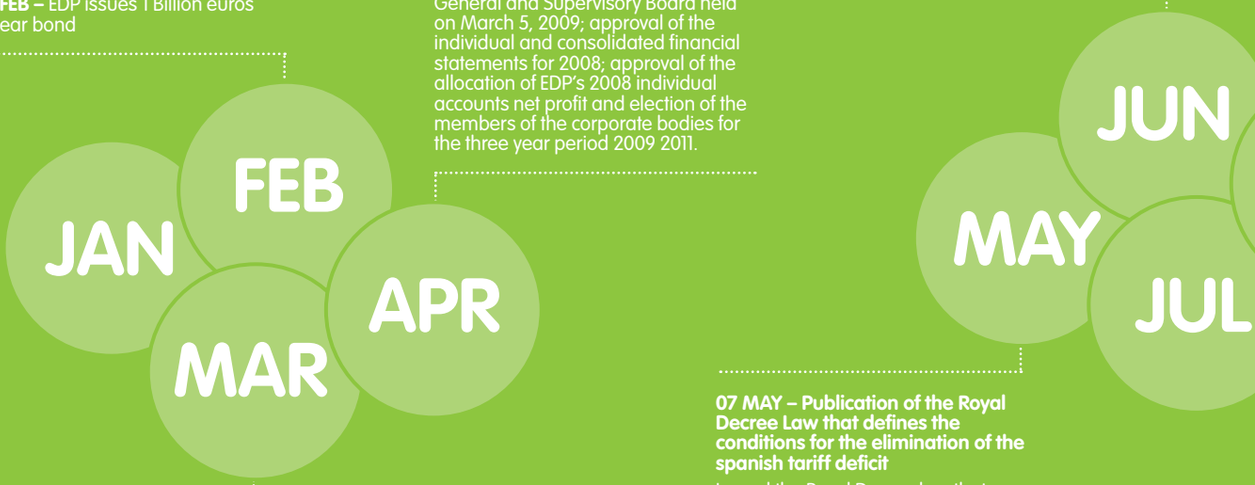
10 FEB – EDP issues 1 Billion euros 5 year bond

15 APR – EDP's Annual General Shareholders Meeting

Ratification of the resolutions approved at the meeting of the General and Supervisory Board held on March 5, 2009; approval of the individual and consolidated financial statements for 2008; approval of the allocation of EDP's 2008 individual accounts net profit and election of the members of the corporate bodies for the three year period 2009 2011.

09 JUN – Moody's downgrades EDP to "A3" with stable outlook

18 JUN – EDP issues 1 Billon euros 7 year bond



05 MAR – EDP signed credit facility of 1,600 million euros

05 MAR – EDP assigns the right to receive the extraordinary tariff adjustments in respect of 2007 and 2008

EDP Serviço Universal has entered into an agreement for the assignment, by means of a true sale without recourse, to Tagus Sociedade de Titularização de Créditos, S.A., of the rights to receive the full amount of the positive adjustments to the electricity tariffs in respect of the costs with the acquisition of electricity incurred in 2007 and estimated for 2008, accrued of the respective financial costs. With the sale of those rights, EDP shall receive around 1,200 million euros.

06 MAR – Resignation of Members of the General and Supervisory Board

On March 6, 2009, EDP informed the market and the public in general that Mr Vítor Domingos Seabra Franco and Mr Vital Martins Moreira presented their resignation from the General and Supervisory Board.

11 MAR – Tolling agreement with Iberdrola on Aguieira and Raiva hydro plants in Portugal for a 5 years period

EDP will continue to be responsible for the operating and maintenance (O&M) of these plants and maintains the ownership of their electricity generation licences and hydro domain concessions.

07 MAY – Publication of the Royal Decree Law that defines the conditions for the elimination of the spanish tariff deficit

Issued the Royal Decree law that permits the securitization of the Spanish tariff deficit borne by the companies of the electricity sector companies, supported by a State endorsement. This Royal Decree Law eases securitization of the deficit amount financed by HC Energía, which totals approximately 350 million euros by year 2008, net of the impacts from Royal Decree Laws 3/2006 and 11/2007.

14 MAY – Gross Dividend payment of 0,14 euros per share (2008 financial year)

AUG

04 AUG – Standard & Poor´s affirms EDP´s "A " rating and revised outlook from stable to negative

05 AUG – ANEEL approves a 15.12% tariff increase at EDP Escelsa´s annual tariff readjustment process for the period from August 2009 to July 2010.

SEP

01 SEP – EDP Renováveis establishes a new type of institutional partnership structure for 101 MW in the US

EDP Renováveis has closed a $101.9 million institutional equity financing from JPM Capital Corporation in exchange for a economic interest in its 100.5 MW Rail Splitter wind farm project installed in June 2009 in Illinois.

03 SEP – EDP remains the only Portuguese company to integrate the Dow Jones Sustainability world and Stoxx Index in 2009

EDP was selected for the second consecutive year, to join the Dow Jones Sustainability World and STOXX. EDP is one of the top 13 utilities companies in the world and one of the 7 best in Europe.

23 SEP – EDP to issue 1,000 million dollars of Notes

OCT

07 OCT – EDP Bandeirante: ANEEL approves final parameters for the Oct 2007/Oct 2011 regulatory period

20 OCT – EDP sells stake in Sonaecom of 26,979,748 shares at a price of 1.98 euros per share.

21 OCT – ANEEL approves a 5.46% tariff increase at EDP Bandeirante's annual tariff readjustment process for the period from October 2009 to October 2010.

NOV

25 NOV – Conclusion of the secondary public distribution of common treasury shares by Energias do Brasil

EDP – Energias do Brasil concluded the secondary public distribution of common treasury shares. The Offer comprised 15.5 million shares (including greenshoe), representing 9.76% of Energias do Brasil's share capital. Energias do Brasil set the final subscription price for the Offer at 28.50 reais (per share. The total gross amount of the Offer is 441.8 million reais (170.3 million euros at BRL/ EUR 2.593).

DEC

02 DEC – EDP Renováveis closes two institutional partnership structures in the US amounting to 228 million dollars.

EDP Renováveis has signed two institutional partnership structures with GE Financial Services in the amount of 228 million dollars. Out of the total investment value, 111 million dollars refer to the sale of an additional stake of Vento III equity structure and 117 million dollars are related to a partnership structure for the Blue Canyon V wind farm.

03 DEC – EDP assigns the right to receive the extraordinary tariff adjustments in respect of 2009

EDP Serviço Universal has entered into an agreement for the assignment, by means of a true sale without recourse, to Tagus – Sociedade de Titularização de Créditos, S.A., of the rights to receive the full amount of the positive adjustments to the electricity tariffs in respect of the costs estimated for 2009 with the implementation of energetic policies relating to over costs incurred with electricity generation under the Special Regime, accrued of the respective financial costs. With the sale of those rights, EDP shall receive around 435 million euros, which corresponds to approximately 97% of the amount of the adjustments assigned.

15 DEC – ERSE sets electricity tariffs in Portugal for 2010 which set a 2.9% average increase of final electricity tariffs in Portugal mainland for 2010.

31 – DEC – Conclusion of acquisition of gas assets in Spain

Following the obtention of the required authorizations by the Spanish regulatory and competition authorities, EDP completed the acquisition from Gas Natural of its low pressure natural gas distribution and supply (including last resource) activities in the regions of Cantabria and Murcia, as well as the high pressure natural gas distribution assets in the regions of the Basque Country, Asturias and Cantabria

2010

13 JAN – EDP signs construction contract for Venda Nova III 736 MW new hydro plant

EDP awarded the construction works for the repowering of the Venda Nova hydro plant, called Venda Nova III, to the consourcium MSF/Somague/Mota Engil/ Spie Batignolles for a total amount of 131 million euros. The plant is scheduled to start operations in the first half of 2015 and the expected total capex is 349 million euros over the period.

26 JAN – EDP is "gold class SAM 2010.

EDP has been recognized for improving their sustainability performance, evolving class silver in 2009 for gold in early 2010. This distinction is in the publication "The Sustainability Yearbook 2010" SAM (Sustainable Asset Management) that includes 15% of global companies with the best sustainability performance.

27 JAN – EDP Renováveis enters the Italian Wind Market through the acquisition of 520 MW to be developed

EDP Renováveis S.A. acquires 85% of Italian Wind srl, from Co Ver group (an industrial conglomerate from the north of Italy), adding to its portfolio several wind projects in Italy totalling 520 MW. The amount paid for the stake is 12 million euros.

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EDP CORPORATE BODIES

BOARD OF THE GENERAL MEETING

Rui Eduardo Ferreira Rodrigues Pena, Charmain

António Bernardo de Menezes e Lorena de Sèves, Vice-Chairman

Maria Teresa Isabel Pereira, Company Secretary

STATUTORY AUDITOR

KPMG & Associados, SROC, S.A., represented by Jean-éric Gaign, Certified Auditor, Permanent Statutory Auditor

Vítor Manuel da Cunha Ribeirinho, Certified Auditor, Deputy Statutory Auditor

GENERAL SUPERVISORY BOARD

António de Almeida, CHAIRMAN He was born on 16th March 1937. He has a degree in Economics from the School of Economics of Universidade do Porto (1961). In Mozambique, he was Supervisor of Planning (1963-65); Financial Director and Secretary General of Maragra – Marracuene Agrícola Açucareira (1966-71); and Director and Vice-Chairman of the Instituto de Crédito de Moçambique (1971-74). In Portugal, he was Governor and President of Banco de Angola (1974-78); Secretary of State of Treasury (1978-80 and 1983-85); Chairman of the União de Bancos Portugueses (until 1991); consultant to Banco de Portugal (until 1992); consultant to Associação Industrial Portuense (1991-96); Chairman of the EDP Board of Directors (1996-98); Board Director of the European Bank for Reconstruction and Development (1998-2004); Chairman of the EDP Audit Committee (2003-04) and Chairman of OMIP and OMIClear (2004-06). In terms of academic activities, he was an invited lecturer to Universidade de Lourenço Marques (1971-74) and Universidade Autónoma de Lisboa (1992-99). Since 2009, he is President of the ISCTE Council. Chairman of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

Alberto João Coraceiro de Castro, VICE-CHAIRMAN He was born on 15th June 1952. He has a degree in Economics from the School of Economics of Porto and a PhD in Economics from the University of South Carolina. He has published papers in different areas of expertise, including industrial economics, business economics and strategy, labor and international economics. He lectures at Universidade Católica Portuguesa, where he is head of the School of Economics and Management. He is also a member of the General Board of Associação Empresarial de Portugal and of the Board of Associação Comercial do Porto, Vice-Chairman of the Board of Directors of Associação para o Museu dos Transportes e Comunicações and a member of the Advisory Board of Plano Tecnológico. He serves as Chairman of the Supervisory Boards of Mota-Engil and Unicer and is a consultant to the Portuguese Footwear Industry Association (APICCAPS). Vice-Chairman of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

António Sarmento Gomes Mota He has born on 10th June 1958. He has a degree in Management by ISCTE, (1981), an MBA by the School of Economics of Universidade Nova de Lisboa (1984) and a PhD in Management by ISCTE. He is a senior professor and the head of ISCTE Business School (since 2003). He is also the head of INDEG/ISCTE (since 2005); Chairman of the General Board of the Fundo de Contragarantia Mútua (since 1999) and a non-executive member of the Board of CIMPOR. He is a member of the EU Presidency Steering Committee in the EFMD – European Foundation for Management Development (since 2006); member of the Network Academic Board of EABIS – European Association of Business and Society (since 2008). Previously, he was also head of the Finance and Accountancy Department of ISCTE Business School (2001-03); Chairman of the Board of CEMAF – Centro de Investigação de Mercados e Activos Financeiros of ISCTE (1995-2003); member of the Investment Committee of FINPRO-SGPS (2002-04); Chairman of the Board of Directors of SIEMCA – Sociedade Mediadora de Capitais (1990-97); Consultant of PME Investimentos, having been appointed as non-executive director of several of its subsidiaries (1998-2001). Co-founder and first director of the "Management Revue", he is also author of a number of books and papers on areas such as corporate governance, financial markets and instruments, strategy and business restructuring. Member of the EDP General and Supervisory Board since 15th April 2009.

Carlos Jorge Ramalho dos Santos Ferreira He was born on 23rd February 1949. He has a degree in Law by the School of Law of Universidade Clássica de Lisboa (1971). He was a member of the Tax Reform Commission (1984-88); a Member of Parliament and Vice-Chairman of the Parliamentary Commission for Health and Social Security (1976); member of the Management Board of ANA (1977-1987); Chairman of the Board of Fundição de Oeiras (1987-89) and Chairman of the Companhia do Aeroporto de Macau (1989-91). He was a director of the Champalimaud Group (1992-99) and Chairman of the Board of Mundial Confiança and of the General Meeting of Banco Pinto & Sotto Mayor. Between 1999 and 2003, he served as Director of Servibanca, and as Vice-Chairman and member of the Board of Directors of Seguros e Pensões Gere, part of the BCP Group. He also acted as Director and Chairman of the Board of Directors of Império Bonança, the insurance companies Ocidental and Ocidental Vida, Seguro Directo, Império Comércio e Indústria (ICI), Companhia Portuguesa de Seguros de Saúde, Autogere and Corretoresgest, and he was also Director of Eureko B.V. He was Vice-Chairman of Estoril Sol and Finansol, non-Executive Chairman of Willis Portugal-Corretores de Seguros (2003-05) and Director of the Board of Seng Heng Bank. From 2005 until 2007 he was Chairman of the Board of Caixa Geral de Depósitos. He is currently Chairman of the Board of Banco Comercial Português; member of the General and Supervisory Board of Millenniumbank, in Poland, and member of the Board of Directors of BancSabadell, in Spain. Member of the EDP General and Supervisory Board since 10th April 2008 and was reappointed on 15th April 2009.

Diogo Campos Barradas de Lacerda Machado He was born on 17th May 1961. He has a degree in Law. He was management trainee at FIMA-LEVERIGLO (1986); a legal consultant to the Tourism Fund (1986-88); an advisor to the Government of Macao's Deputy Secretary for Administration and Justice (1988-90); a senior legal consultant of the Tourism Fund (1990-92) and Director of Interfina and several of its subsidiary companies (1992-95). From 1995 to 1999 he was a lawyer and a partner of the firm Sampaio Caramelo, Fonseca Santos & Lacerda Machado and a member of the Superior Judicial Council (1997-99). He served as Legal Director for the Parque Expo'98 Group and as Director of its associated companies (1999). He was Secretary of State for Justice (1999-2002). He is currently a lawyer working off-counsel with the Barrocas, Sarmento e Neves law firm; member of the Committee for Access to Government Documents (CADA); non-executive Board Member of BAO – Banco da África Ocidental (Guinea- Bissau), Moza Banco (Mozambique) and Caixa Econômica de Cabo Verde (Cape Verde). Member of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

Eduardo de Almeida Catroga He was born on 14th November 1942. He has a degree in Finance from ISEG of Universidade Técnica de Lisboa and a post-graduate degree from Harvard Business School. He served as Minister of Finance of the Portuguese government from 1994 to 1995. He is a guest senior lecturer in business strategy for the ISEG MBA program. He has focused his career on corporate management and administration, specifically within CUF and in SAPEC, where he was CFO (1974) and General Director, respectively. Currently, he is Chairman of the Board of Directors of the SAPEC Group, Member of the Board of Nutrinveste, Member of the Board

of Banco Finantia and President of the Portugal Venture Capital Initiative, an equity fund promoted by the European Investment Bank. Member of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

Farid Boukhalfa He was born on 22nd of February 1953. He has a bachelor degree in Accountability (National Institute of Hydrocarbons Bourmerdes), a degree in Finances (INPED Bourmerdes) and a post-degree in Auditing (Alger University). He started working in Sonatrach in 1975. Began his activity developing technical-economical studies on Sonatrach projects defined on the company quinquennial plans. From 1992 to 1999, was head of the Coordination and Syntheses department. In 1999, became sub-director of the Budget and Management Control department and in 2000 was appointed as Director of Sonatrach's Management Control Department. In 2007, became Director of the Consolidation Accountability Department. Since 2008, is the Sonatrach Chief Financial Officer. Member of the EDP General and Supervisory Board representing Sonatrach since 10th February 2010.

Fernando Manuel Barbosa Faria de Oliveira He was born on 10th October 1941. He has a degree in Mechanical Engineering from IST. He was Secretary of State for Foreign Trade (1980-83), Assistant Secretary of State to the Deputy Prime Minister (1995), Secretary of State of Finance and Treasury (1988-89), Assistant Secretary of State for Finance (1989-90) and Minister for Trade and Tourism (1990-1995) . He was a Member of the Board of Directors of Siderurgia Nacional (1980-83); of IPE – Investimentos e Participações Empresariais, SA (1983-2002); of BFE – Banco de Fomento Exterior (1990); of HPP – Hospitais Privados de Portugal, SGPS, SA (2003-05); of Carlton Life (2003-05); of Banco Caixa Geral, Spain (CEO from 2005-07). He is currently Chairman of the Board of Directors of the Caixa Geral de Depósitos. He was also a non-executive Member of the Board of EGF - Empresa Geral de Fomento (1988), of CELBI - Celulose da Beira Industrial (1987-88); of ICEP (Portuguese Institute for Foreign Trade) (1986-88); and of TAP (1998-2006). He was Member of the Advisory Board of the National Administration Institute and of APAD – Portuguese Development Aid Agency (2000-02); Member of the Executive Board of UCCLA (Union of Portuguese-speaking Capital Cities) (2000-02); and Chairman of the Advisory Board of ELO – the Portuguese Association for Economic Development and Cooperation (2001-05). Member of the EDP General and Supervisory Board since 10th April 2008 and was reappointed on 15th April 2009.

José Manuel dos Santos Fernandes He has born on 23rd September 1945. He has a degree in Mechanical Engineering by the Engineering School of Universidade do Porto. He is the Chairman of the Board of FREZIGEST, SGPS, since 2005. FREZIGEST is part of the FERZITE Group, which he founded in 1978. He was a Board Member of AFICOR (1983-2007); General Director of MIDA (1974-1990); Director (1972-74) and Member of the Board of Metalúrgica Costa Néry S.A. (1974-75); Head of Production of CERLEI (1960-1972). He is also President of PRODUTECH (2009); Vice-president of the General Meeting of the AEP (2008); Vice-president of the General Meeting of Manufuture Portugal (2005). He was Executive Vice-president (2001-04) and President of the General Meeting of CIP (2004-07). He was also CIP's representative at the National Counsel for Environment and Sustainable Development (2000-02). He was Vice-president of the AIP (1984-98) and represented this association in the National Quality Counsel (1988-98) and Science Counsel (1996). He was President of the Portuguese Metal Industry Association (1998-2004). He is the Portuguese representative at the European Tools Committee (since 1998). He was a Member of the Executive Board (1987-90) and Member of the General Assembly of EXPONOR (1998-2009). He is Vice-president of AEP's General Meeting (since 2008) and he coordinated an official national business mission to Venezuela in 2008. Member of the EDP General and Supervisory Board since 15th April 2009.

José Maria Espírito Santo Silva Ricciardi He was born on 27th October 1954. He has a degree in Applied Economic Sciences by the Administration and Management Institute of the School of Economic, Political and Social Sciences of Université Catholique de Louvain, in Belgium. He served as Financial Controller at the European headquarters of the Espírito Santo Group (GES) from 1981 to 1983, assisting the group's General Financial Controller at a global level. He was an Assistant Director of the Bank Espírito Santo International Ltd. from June 1983 and in 1987 he was appointed Director of Merchant Banking at Banco Internacional de Crédito (BIC). In 1990, he worked at BIC, as Deputy Director-General and Director of the Capital Markets Department. He was appointed Director of Espírito Santo Sociedade de Investimentos in 1992 and Vice-Chairman of the Board of Directors of Banco Espírito Santo de Investimento in 1995. Since 1999 he has served as Executive Director of the Board of Banco Espírito Santo and CEO of Banco Espírito Santo de Investimento. Member of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

José Maria Freire Brandão de Brito He was born on 10th January 1947. He has a degree and a PhD on Economics by ISCEF/ISEG. He is a senior professor and head of ISEG's Economics department He was an expert at INII (1968-75); Vice-president of IAPMEI's Consultative Council (1975-80); Executive Vice-president of TAP (1996-98); CEO of TAP (1999-2001); Vice-president and General Manager of Portugal Global SGPS (2001-02); Commissioner of the exhibition "Engenho e Obra – Engenharia em Portugal no Séc. XX" (2003). He is currently also Board Member of IDEFE/ISEG (since 2007) and of the UTL General Counsel (since 2009). He is a member of several scientific institutions and has participated in more than fifty national and international seminars. He has published several books and papers on applied economics and writes opinion articles on a regular basis. Member of the EDP General and Supervisory Board in representation of Cajastur Inversiones since 2nd June 2008 and was reappointed on 15th April 2009.

Khalifa Abdulla Khamis Al Romaithi He was born on 14th December 1978. He has a degree in Business Administration by the University of Portland (2002). He was an Assistant Investment Manager of IPIC - International Petroleum Investment Company (2004-07). He was a Member of Hyundai Oilbank Standing Committee & Board (2005-08); Member of the Board of Directors of the Oman Polypropylene Company (2006-07) and representative of IPIC in Borealis (2005-07). Since end-2007, he has been Director of the Board of Cosmo Oil, as well as Promotion Committee member. Since 2007, he has been also responsible for the Investment Management Division; and on May 2009 he was promoted to Deputy Director of IPIC's Investment Department accumulating both roles. Member of the EDP General and Supervisory Board since 10th April 2008 and was reappointed on 15th April 2009.

Manuel Fernando de Macedo Alves Monteiro He was born on 12th April 1957. He has a degree in Law and is a Board Director of CIN, Novabase, Douro Azul and AICEP (Business Development Agency). He is a member of SEDES Coordinating Counsel and President of Remunerations Committees of AICEP – Global Parques S.A., AICEP Capital, Douro Azul SGPS and Sardinha & Leite SGPS. He is a member of the School of Economics and Management Advisory Board (Universidade Católica do Porto); and a member of the Advisory Board of Porto Vivo - Sociedade de Reabilitação Urbana do Porto. He was a non-executive board member of Jerónimo Martins, SGPS; served as Chairman of Euronext Lisbon and was a member of the Board of Directors of the Paris, Brussels and Amsterdam stock exchanges and Euronext NV. He was CEO of the Lisbon and Porto Stock Exchanges and Interbolsa; Director of the Portuguese Corporate Governance Institute; Chairman of the Portuguese Association of Financial Analysts; member of the CMVM Advisory Board and Chairman of Casa da Música/Porto 2001, S.A. He has also held executive positions in international organizations related to capital markets: Executive Board of the Ibero-American Stock Exchange Federation (FIABV); the European Committee of Futures and Options Exchanges (ECOFEX); the International Finance

and Commodities Institute (IFCI) and the European Capital Markets Institute (ECMI). He was awarded the title of Chevalier de L'Ordre Nationale de la Légion d'Honneur by recommendation of the President of the French Republic. Member of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

Mohamed Meziane He was born on 18th April 1944. He has a degree in Chemical Engineering by École Polytechnique de Argel and of Petrochemical Engineering by the Algerian Institute of Oil. He started working in Sonatrach in 1967. He was Director of the Algiers refinery in 1973 and in 1978 he was appointed Director of the Refinery Sector. In 1980 he was appointed Vice-president of Sonatrach and was responsible for the refinery and LNG sectors. In 1984 he was invited to the Office of the Minister of Energy; in 1986 he was appointed Director of Industrial Security and in 1988 he was Director of International Trade. Between 1991 and 1996 he was Head of the Hydrocarbons' Office. He was also General Director within the Ministry of Energy (until 2003) and then he was appointed President of Sonatrach. Member of the EDP General and Supervisory Board representing Sonatrach since 6th November 2007, and was reappointed on 22nd April 2009. On 10th February 2010, announced his resignation from EDP's General and Supervisory Board.

Ricardo José Minotti da Cruz Filipe He was born on 19th February 1934. He has a degree in Civil Engineering by Instituto Superior Técnico (1957). He was an assistant lecturer at IST responsible for descriptive geometry (1958-68). He is President of the Specialized Section for Reprivatizations (SER) within the Ministry of Finance (since 1988) and Chairman of the Supervisory Board of CIMPOR (since 1992). He was a Member of the Board of Directors of EDP, responsible for strategic planning (1976-1988). During this period he has actively participated on the reorganization and consolidation of EDP, in optimizing the Generation National System, in the procurement for large electricity projects and in negotiating with the World Bank for the expansion of generation and transmission infrastructures. He was a member of the National Energy Plan Commission and a representative of CPE and EDP at the Executive Committee and at the General Assembly of the Union for the Coordination of the Production and Transport of Electric Power (1971-88). He was a member of the Board of Companhia Elécrtica do Alentejo e Algarve (1975-76). Between 1957 and 1975 he developed work on hydropower generation as part of the Zêzere Hydroelectric and CPE. Member of the EDP General and Supervisory Board since 15th April 2009.

Rui Eduardo Ferreira Rodrigues Pena He was born on 25th December 1939. He has a degree in Law from the Universidade de Lisboa. He works as a lawyer and his professional activity has focus on areas of administrative, trade, financial and business law, with a particular emphasis on the so-called regulated markets. He is a founding member and senior partner at the law firm Rui Pena, Arnaut & Associados. From 1973 to 2007, he was Chairman of the Board of Directors, Executive Director and Non-Executive Director of various Portuguese and international companies. He served as Minister of National Defense from 2001 to 2002 and was a member of the General Council of the Portuguese Bar Association from 1987 to 1989. He was a lecturer in Administrative Law at Universidade Autónoma de Lisboa (1983-1987) and a member of the Lisbon Municipal Assembly (1986). He is part of the arbitration and reconciliation body of the International Centre for Settlement of Investment Disputes (ICSID). He served as President of the Inter-Parliamentary Union's Portuguese group (1980-1982) and was an assistant lecturer at the School of Law at Universidade de Lisboa (1977-1980), professor of Administrative Law at Universidade Livre de Lisboa from (1978-1981) and a member of the governing board at the Universidade de Lisboa (1977-1980). In 1978 he served as Minister of Administrative Reform and was also a Member of Parliament (1976-83). From 1964 to 1975 he was a legal consultant and director of various companies within the SACOR Group. Member of the EDP General and Supervisory Board since 12th April 2007 and was reappointed on 15th April 2009.

Vasco Maria Guimarães José de Mello He was born on 27th October 1957. He has degree in Management from the American College of Switzerland (1978) and attended the Citigroup Training Programme in New York (1978-79). He was an adviser to the Board of Directors of the União Industrial Têxtil e Química (1980-82), where he became a member of the Board (1987-93). He was a member of the Board of Directors of the Sociedade Independente de Comunicação (1992-94) and of Transitec-Lausanne (1982-87). He served as General Director of CUF Finance (1985-2002). He was a member of the Board of Directors of Companhia de Seguros Império (1992-96), where he went on to become Chairman (1996-2000). He was also Chairman of the Board of Banco Mello, S.A. (1995-2000), Banco Mello de Investimentos (1991-2000) and Vice-Chairman of the Board of Directors of José de Mello, SGPS, (1994-2004). He was a member of the Board of Directors at ONI, SGPS (2000-2002) and Chairman of União Internacional Financeira, SGPS (2001-04). He was Vice-Chairman of the Executive Board at Banco Comercial Português (2000-07), a member of the Supervisory Board of Bank Millennium, in Poland, (2005-07) and a member of the Board of Directors of Abertis, in Barcelona (2003-07). He is currently Chairman of both the Board of Directors and the Executive Board of Brisa – Autoestradas de Portugal, S.A. (since 2002) and Chairman of the Board of Directors of José de Mello, SGPS, S.A. (since 2004). Member of the EDP General and Supervisory Board since 30th June 2006 and he was reappointed on 15th April 2009.

Vítor Fernando da Conceição Gonçalves He was born on 16th April 1955. He has a degree in Business Administration and Management from ISEG (1978) and a PhD in Business Sciences from FCEE at Universidad de Sevilla (1987). He was a professor in Management at Universidade Técnica de Lisboa (1993) and is currently a senior professor in Management at ISEG (since 1994) as well as Vice-Chancellor at Universidade Técnica de Lisboa (since 2007). He is a Member of the Economic and Social Council (since 2007) and Member of the Panel of Experts on World Competitiveness at the IMD World Competitiveness Centre (since 2005). He served as Chairman of the ISEG Directive Council (2003-06) and Chairman of the ISEG Management Department (1992-2000). He has led several postgraduate and advanced training programs for executives and was a guest lecturer at several universities in Portugal and abroad. He is a Member of the Assessment Committee for doctoral, post-doctoral and research candidates at the Fundação para a Ciência e Tecnologia (since 1997). He is Chairman of the Management and Business Administration Degrees Evaluation Committee (2001-02). He is a Member of the Executive Council of Economics and Business Management Specialization at the Portuguese Economists' Association (1999-2001) and member of the Professional Council. He is a non-executive Director of ZON Multimedia and Chairman of its Audit Committee (since 2007). He is currently Chairman of the Gaptec/UTL Department (since 2007) and was Director of Promindústria – Sociedade de Investimento SA (1994-96). He was President of the Instituto para o Desenvolvimento e Estudos Económicos, Financeiros e Empresariais (2003-07). From 2001 to 2002, he chaired the group of "high-level experts" at the European Commission that evaluated the program on European competitiveness – European Research Area. He is the author of several articles on management for national and international publications. Member of the EDP General and Supervisory Board since 30th June 2006 and was reappointed on 15th April 2009.

EXECUTIVE BOARD OF DIRECTORS

António Mexia, CHARMAIN He was born on July 12th 1957. He received a degree in Economics from Université de Genève (1980), where he was Assistant Lecturer in the Department of Economics. He was a postgraduate lecturer in European Studies at Universidade Católica and member of the governing boards of Universidade Nova de Lisboa and Universidade Católica, where he was Director (1982-

1995). He served as Assistant to the Secretary of State for Foreign Trade (1986-1988) and served as Vice-Chairman of the Board of Directors of Portuguese Institute for Foreign Trade (1988-1990). From 1990 to 1998 he was Director of Banco Espírito Santo de Investimentos and in 1998 he was appointed Chairman of the Board of Directors of Gás de Portugal and Transgás. In 2000 he joined Galp Energia as Vice-Chairman of the Board of Directors and from 2001 to 2004, he was Executive Chairman of Galp Energia and Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico. In 2004, he was appointed Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government. He also served as Chairman of the Portuguese Energy Association (1999-2002), member of the Trilateral Commission (1992-1998), Vice-Chairman of the Portuguese Industrial Association and Chairman of the General Board of Ambelis. He was also a Government representative to the EU working group for the transeuropean network development. Chairman of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

Ana Maria Fernandes She was born on November 1st 1962. She graduated in Economics from the Faculty of Economics at Oporto (1986) and received a postgraduate degree in Finance from the Faculty of Economics of Universidade do Porto and an MBA from the Escola de Gestão do Porto (1989). She lectured at the Faculty of Economics of Universidade do Porto (1989-1991) and began her professional career in 1986 at Conselho–Gestão e Investimentos, a company of Banco Português do Atlântico Group, in the capital markets, investments and business restructuring field. In 1989 she began working at Efisa, Sociedade de Investimentos, in the area of corporate finance, and was later made a director of Banco Efisa. In 1992 she joined the Grupo Banco de Fomento e Exterior as director in the area of investment banking and was Head Corporate Finance at BPI (1996-1998). In 1998 she joined Gás de Portugal as Director of Strategic Planning and M&A and in 2000 became Director of Strategy and Portfolio Management of Galp Business. She later became President of Galp Power and Director of Transgás. From 2004 until 2006 she was director of the Board of Galp Energia. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

António Martins da Costa He was born on December 13th 1954. He holds a degree in Civil Engineering, an MBA from the University of Oporto (1976) and an MBA from the Escola de Gestão do Porto, and has also completed executive education studies at INSEAD (Fontainebleau, França - 1995), PADE from AESE (Lisbon 2000) and the AMP of the Wharton School (Philadelphia, EUA - 2003). From 1976 until 1989 he lectured at Superior Engineering Institute of Oporto. He joined hydraulic generation at EDP in 1981. From 1989 to 2003 was Gene-ral Manager of Millennium bcp Bank and Executive Board Member on several companies of BCP Group. He was also Director of Eureko BV (Netherlands), Chairman of Eureko Polska and Executive Vice- Chairman of PZU (1999-2002). From 2003 to 2007, he was the CEO and Vice-Chairman of the Board of Direc-tors of Energias do Brasil. During this period he was also Vice-Chairman of Portuguese Chamber of Commerce in Brazil and Chairman of ABRADEE. In 2007, he became Chairman and CEO of Horizon Wind Energy, in the USA, and Member of the Executive Commission of EDP Renováveis since 2008. In 2009 he was appointed Chairman of the Board of Directors of EDP Internacional and EDP Soluções Comerciais. On the Executive Board of Directors of EDP he is responsible for the management area of Distribution. He is a founding member of the Portuguese Institute of Corporate Governance. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

António Pita de Abreu He was born on March 17th 1950. He received his degree in Electrotechnical Engineering from Instituto Superior Técnico (Lisbon) in 1972, where he worked as an assistant lecturer and guest lecturer in the Department of Electrotechnical Engineering and Computers. Since 1977 he has worked in the electricity sector, where until 2006 he occupied the following positions: executive member of EDP Board of Directors, Chairman of the Board of Directors of REN, EDP Produção, CPPE, EDP Cogeração and Termoeléctrica do Ribatejo; Vice-Chairman of the Board of Directors of EDP Distribuição – Energia, member of the Board of Directors of EDP Energia and EDP Brasil; executive member of the Board of Directors of REN; Chairman of the Board of OniTelecom and Edinfor; Vice-Chairman of the Board of Turbogás and a voting member of the Board of Directors of Electricidade dos Açores. Currently, he is Director-Chairman of the Board of Energias do Brasil and member of FIESP. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

João Manso Neto He was born on April 2nd 1958. He graduated in Economics from Instituto Superior de Economia (1981) and received a post-graduate degree in European Economics from Universidade Católica Portuguesa (1982). He also completed a course through the American Bankers Association (1982), the academic component of the master's degree programme in Economics at the Faculty of Economics, Universidade Nova de Lisboa and, in 1985, the "AMP for Overseas Bankers" at the Wharton School in Philadelphia. From 1988 to 1995 he worked at Banco Português do Atlântico, namely as Supervisor for the International Credit Division and Central Director of Financial Management and Retail Commerce South. From 1995 to 2002 he worked at the Banco Comercial Português, where he held the posts of General Director of Financial Management, General Manager of Large Institutional Businesses, General Manager of the Treasury, member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk. From 2002 to 2003, he was Director in BPN Group. From 2003 to 2005 he worked at EDP as General Director and Administrator of EDP Produção. In 2005 he was named Appointed Adviser at HC Energía, Chairman of Genesa and Director of Naturgas Energia and OMEL. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

Jorge Cruz Morais He was born on October 17th 1957. He was awarded a degree in Electrotechnical Engineering from Instituto Superior Técnico (1980) and an MBA from Universidade Nova de Lisboa (1989). He began his career at EDP, in 1983, in transport network planning. From 1991 to 1994 he served as Adviser to the EDP Board of Directors, coordinating the restructuring process that culminated in the creation of EDP Group in 1994. He was then appointed Director of Strategic Planning and was responsible for coordinating the Group's privatisation (first and second phases of the IPO process). He was also a non-executive member of the Turbogás Board of Directors (1998-2000), non-executive member of the Board of Electricidade dos Açores (1999-2000) and Director of the Centro para a Conservação de Energia (1993-1996). From 2000 to 2004, he was the Executive Director of Oni SGPS and other Oni Group companies, acting as CFO from 2002 to 2004. From 2005 until March 2006 he served as Executive Director, fulfilling the roles of CFO of HC Energía and Naturgas Energia. Currently he is the Chairman of Associação Portuguesa de Energia. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

Nuno Alves He was born on April 1st 1958. He received an undergraduate degree in Engineering and Naval Construction (1980) and an MBA from the University of Michigan (1985). He began his professional career in 1988 as Supervisor in the Studies and Planning Directorate at Banco Comercial Português, where he took on the role of Sub-Director of Financial Investment in 1990. In 1991, he became Director of Investor Relations. In 1994, he became the Director of Private Retail Coordination. In 1996, he served as Director of Capital Markets for Banco CISF, the investment bank of BCP, and was promoted to Director of Investment Banking in 1997. In 1999, he became Chairman of the Board of Directors of CISF Dealer, where he remained until 2000, when he became Director of Milleniumbcp Investimento (formerly Banco CISF), responsible for Capital Markets and Treasury of the BCP Group. He has served as Director-General of BCP from 2000 to 2006. Member of the Executive Board of Directors since 30th June 2006 and reappointed on 15th April 2009.

edp

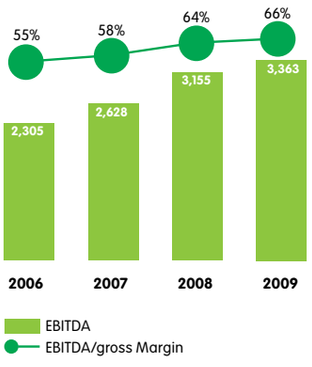
SUMMARY OF KEY METRICS

FINANCIAL INDICATORS

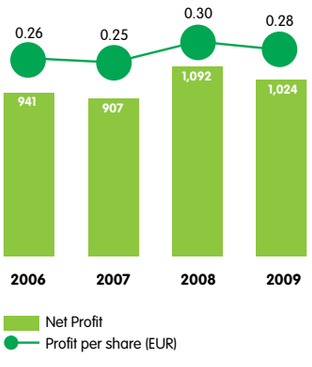
EUR thousands	2009	2008	2007	2006
EDP Group Consolidated				
Turnover	12,198,183	13,894,063	11,010,778	10,349,826
EBITDA	3,362,948	3,154,936	2,628,275	2,305,450
Operating profit	1,969,567	1,929,994	1,560,329	1,253,036
Net profit *	1,023,845	1,091,529	907,252	940,823
Operating Cash-flow	3,921,669	1,744,507	2,270,151	2,017,523
Net operating investment	3,234,740	3,618,187	2,700,166	1,456,537
Financial Investment/(Divestiture)	-132,549	-1,362,987	-1,792,915	339,726
Net assets	40,261,557	35,744,969	31,526,717	25,468,911
Equity**	7,291,151	6,366,820	6,264,146	5,589,235
Net debt ***	14,006,568	13,889,511	11,692,247	9,283,118
Net debt/Gross operating profit	4.2	4.4	4.4	4.0
Financial liabilities/Equity	223.3%	230.7%	201.2%	181.7%
Profit per share (EUR)	0.28	0.30	0.25	0.26
Dividend Yield	5.0%	5.2%	2.8%	2.9%
Markt capitalization	11,364,519	9,854,369	16,344,724	14,041,105
Electricity Generation - Iberia (excluding EDP Renováveis)				
Turnover	3,708,759	4,095,750	2,859,052	2,654,122
Gross operating profit	1,374,936	1,172,169	1,167,982	1,211,468
Operating profit	908,560	738,921	783,467	868,657
Net profit	636,639	523,465	540,564	612,900
Operating Investment	879,579	685,688	739,940	389,540
Electricity Distribution - Iberia				
Turnover	4,987,805	6,213,227	4,797,443	4,416,468
Gross operating profit	694,041	769,809	455,482	571,846
Operating profit	391,292	496,768	183,795	236,093
Net profit	272,166	304,116	108,772	138,725
Operating Investment	280,645	283,893	253,741	306,591
Electricity Supply - Iberia				
Turnover	1,784,816	1,129,950	1,181,280	865,043
Gross operating profit	31,590	33,855	58,398	-140,670
Operating profit	8,726	26,414	37,294	-141,624
Net profit	909	3,728	2,580	-110,727
Operating Investment	8,148	6,246	3,536	571
EDP Renováveis				
Turnover	648,242	532,429	296,485	249,058
Gross operating profit	542,549	437,877	213,863	146,858
Operating profit	230,785	231,615	102,337	57,652
Net profit	114,349	104,364	43,250	20,070
Operating Investment	1,663,320	2,090,862	1,388,603	386,035
Gas - Iberia				
Turnover	1,189,024	1,442,422	994,200	1,128,425
Gross operating profit	217,518	208,518	188,470	144,759
Operating profit	171,021	165,462	145,049	110,222
Net profit	121,625	127,979	103,353	169,302
Operating Investment	79,536	78,804	72,301	51,756
Energias do Brasil				
Turnover	1,680,006	1,844,908	1,854,529	1,726,298
Gross operating profit	550,221	562,277	586,091	433,907
Operating profit	419,233	379,558	456,416	332,111
Net profit	240,786	149,684	253,058	162,641
Operating Investment	258,512	428,926	209,303	295,138

Note: 100% of the displayed figures are included under Operating Investment (Net of contributions).
* Net Profit tributable to EDP Equity holders
**Does not include Minority Interests
*** Includes Debt, Cash and cash equivalents and short-term assets at fair value

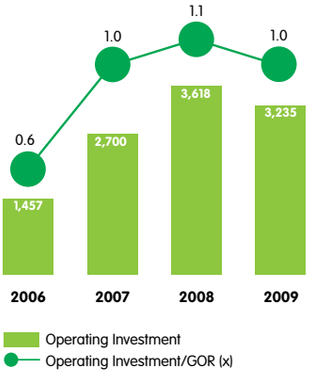
EBITDA (EUR millions)



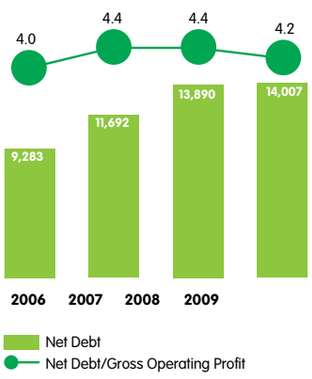
Net Profit * (EUR millions)



Operating Investment (EUR millions)



Net debt (EUR millions)

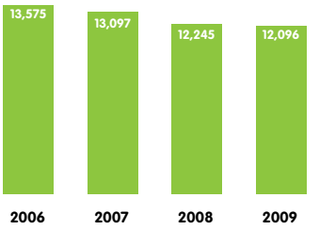


OPERATING HIGHLIGHTS

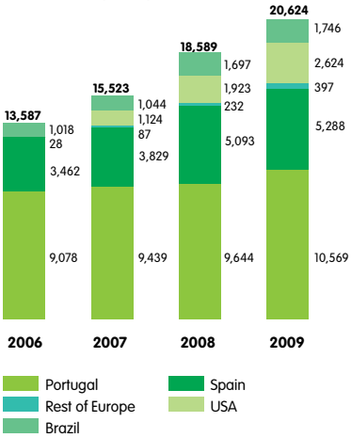
	2009	2008	2007	2006
Number of Employees*	**12,096**	**12,245**	**13,097**	**13,575**
Electricity business (excluding Brazil)	7,289	7,511	7,669	7,604
Electricity generation (excluding EDP Renováveis)	2,210	2,339	2,326	2,259
EDP Renováveis	721	627	532	252
Electricity distribution	4,163	4,378	4,647	4,913
Electricity supply	195	167	164	180
Gas business	537	422	411	407
Electricity business in Brazil	2,291	2,278	2,980	3,076
Generation	260	231	231	242
Distribution	2,014	2,033	2,734	2,818
Supply	17	14	15	16
Support services	1,383	1,450	1,562	1,558
Telecomunications	0	0	0	395
Other	596	584	475	535
* Includes Corporate Bodies (87)				
Electricity Generation - Iberia (excluding EDP Renováveis)				
Installed Capacity (MW)	**13,401**	**12,491**	**11,580**	**11,388**
Portugal	9,974	9,091	9,015	8,765
Spain	3,427	3,401	2,565	2,623
Net electricity generation (GWh)**	**36,978**	**35,627**	**40,115**	**42,187**
Portugal	24,736	22,511	25,625	28,060
Spain	12,242	13,117	14,489	14,127
** In 2009 includes 497 GWh generated in Lares testing period				
Electricity Generation - EDP Renováveis				
Installed Capacity (MW)	**5,490**	**4,400**	**2,899**	**1,180**
Portugal	595	553	424	313
Spain	1,861	1,692	1,265	839
Rest of Europe	397	232	87	29
USA	2,624	1,923	1,124	0
Brazil	14	0	0	0
Net electricity generation (GWh)	**10,907**	**7,807**	**3,777**	**1,902**
Portugal	1,275	1,028	735	483
Spain	3,275	2,634	2,056	1,419
Rest of Europe	426	238	119	0
USA	5,905	3,907	866	0
Brazil	26	0	0	0
Electricity Distribution - Iberia				
Distribution outlets	**6,764,329**	**6,716,520**	**6,670,452**	**6,591,077**
Portugal	6,119,805	6,088,179	6,053,875	5,987,896
Spain	644,524	628,341	616,577	603,181
Electricity sales (GWh)	**55,277**	**56,147**	**56,541**	**55,015**
Portugal	46,146	46,468	46,919	45,465
Spain	9,131	9,679	9,622	9,550
Electricity Supply - Iberia***				
Number of costumers	**7,055,525**	**6,754,151**	**6,705,615**	**6,625,113**
Portugal	6,102,495	6,087,578	6,051,114	5,984,270
Spain	953,030	666,573	654,501	640,843
Electricity sales (GWh)	**62,522**	**65,983**	**63,831**	**59,136**
Portugal	43,154	46,236	44,556	42,290
Spain	19,367	19,747	19,275	16,846
Gas business				
Gas Distribution - Portugal				
Distribution outlets	221,388	200,988	179,802	163,391
Gas sales (GWh)	6,133	5,952	2,554	2,293
Gas Distribution - Spain				
Distribution outlets	963,837	690,032	665,092	641,336
Gas sales (GWh)	18,968	20,688	20,237	19,713
Gas supply - Spain				
Number of costumers	833,450	628,294	415.288	248.114
Gas sales (GWh)	21,261	24,750	18,203	13,755
Electricity business in Brazil				
Installed Capacity (MW)	**1,732**	**1,697**	**1,044**	**1,018**
Electricity sales (GWh)				
Generation	6,893	5,473	4,704	3,980
Distribution	21,313	24,408	25,029	23,948
Suplly	8,586	7,282	7,188	6,702
Number of costumers	**2,667,731**	**2,582,636**	**3,207,624**	**3,113,177**

Note: 100% of the displayed figures for all companies are considered, regardless of the EDP Group shareholding.
***includes last resort supply

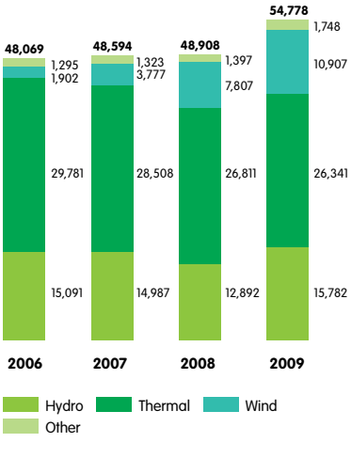
Number of Employees*



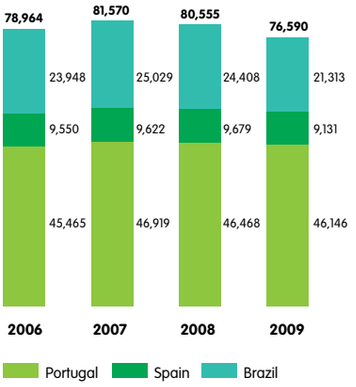
Installed Capacity (MW)



Net generation (GWh)



Electricity distributed (GWh)



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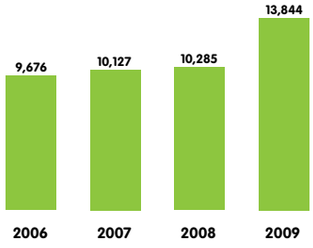
ENVIRONMENTAL INDICATORS

	2009	2008	2007	2006
Primary Energy Consumption (TJ)				
Total for generation	242,878	237,259	261,157	282,147
Coal	132,628	121,423	166,152	183,799
Fuel oil	6,105	11,292	15,117	17,857
Natural Gas	89,051	90,180	63,503	57,615
Other fuels	10,618	13,411	14,669	21,278
Forest waste	4,227	676	1,443	1,411
Fuel for vehicle fleet	249	277	270	187
Electricity Consumption (MWh)				
Generation internal consumption	2,429,843	2,244,466	1,457,748	1,687,714
Administrative services	33,256	31,138	33,411	24,597
Grid losses (%)	8.3	8.4	7.2	7.7
Environmental Certification				
ISO 14001 Environmental Certification (MW)	12,633	11,424	10,343	8,680
Net maximum installed capacity certified (%)	62	61	67	65
Gas distribution certified (%)	100	100	100	n/k
Atmospheric Emissions				
Total Emissions (kt)				
CO_2 [1]	20,007	19,783	23,422	24,484
SO_2	17.07	33.99	100.75	106.79
NOx	33.31	33.26	52.26	59.98
Particles	1.05	1.68	3.69	4.03
Overall specific CO_2 Emissions (g/kWh)	362.3[2]	387	457	485
Specific emissions from thermal facilities (g/kWh)				
CO_2	704.7 [2]	647	726	738
SO_2	0.60 [2]	1.13	3.12	3.22
NOx	1.17 [2]	1.11	1.62	1.81
Particles	0.04 [2]	0.06	0.11	0.12
Avoided CO_2, from renewable sources (kt)	13,844	10,285	10,127	9,676
CO_2 Intensity (gr/€)	1,640	1,424	2,127	2,366
Water				
Water collected				
Cooling water (m^3x10^3)	1,726,053	1,700,122	1,851,183	2,047,094
Waste				
Total waste (t)	929,642	835,922	958,988	1,122,882
Total hazardous waste (t)	3,012	3,328	2,641	3,483
Recoverd waste (%)	94	85	84	84
Biodiversity				
Distribution grid in protected areas (Km)	13,878	13,632	20,058	9,394
Substations in protected areas (n°)	42	41	62	30
Environmental Costs (EUR thousands)	**118,898**	**163,783**	**157,896**	**163,471**

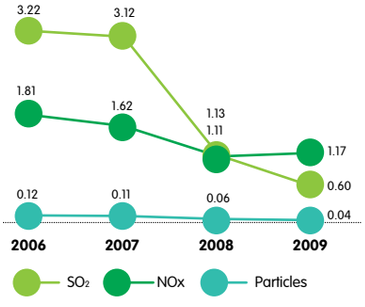
[1] Does not include vehicle fleet.
[2] Based on the net generation following the new GRI guidelines sector specific.

Avoided CO_2 of EDP Group (kt)

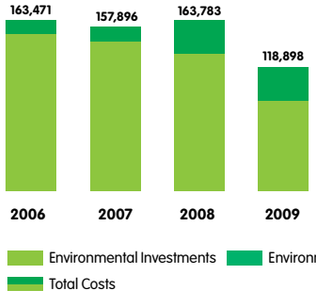


Specific Emissions from Thermal Generation

NOx, SO_2 e Particles (g/kWh)



Environmental Costs (EUR millions)



SOCIAL INDICATORS

	2009	2008	2007	2006
Employment				
Employees (no.) [1]	12,009	12,166	13,013	13,363
Gender ratio (%)	79	80	80	81
Overall satisfaction rate	81	75	n/k	73
Turnover [2]	0.06	0.06	0.05	0.06
Employees average age (years)	44	45	45	45
Absentee rate (%)	3.61	3.44	3.74	4.05
Personnel costs (EUR thousands)	540,036	573,674	574,406	585,086
Employee benefits (EUR thousands)	158,353	161,200	291,926	162,287
Gratuities (EUR thousands) [3]	39,254	34,000	29,557	28,200
Training (4)				
Total hours of training	353,205	487,111	464,807	332,771
Average training per employee (hrs)	29.4	40.0	35.7	32.1
Employees trained (%)	75	82	91	69
Total training costs (EUR Thousands)	7,225	7,232	7,988	6,925
Productivity at work (EUR/h)	222	182	160	133
Prevention and Safety				
OSHAS 18 001 (% installed capacity)	55	46	56	64
On-duty accidents (no.)	47	76	84	110
Fatal on-duty accidents (no.)	1	0	0	3
EDP frequency rate (Tf)	2.26	3.43	3.70	4.60
EDP severity rate (Tg)	144	176	225	252
Total days lost due to accidents (no.)	2,984	3,894	5,092	5,999
Fatal accidents of contracted workers (no.)	10	6	5	6
EDP and contracters frequency rate (Tf_total) [5]	5.00	6.18	4.29	4.61

[1] The number of employees does not include corporate bodies (87) for the purposes of this breakdown analysis; This figure includes the new company Gás Natural

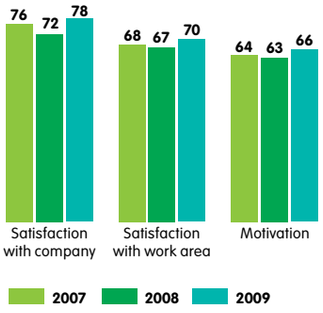
[2] Low turnover figures do not warrant a breakdown of employees by gender and age group

[3] Includes only Portugal

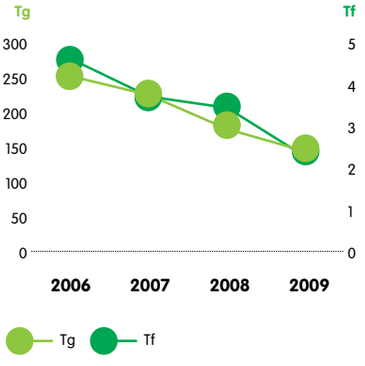
[4] In 2006 information does not include Brazil neither Gas

[5] Em 2007, Tf_total includes only Portugal

Employee Satisfaction



EDP Frequency and severity Rate

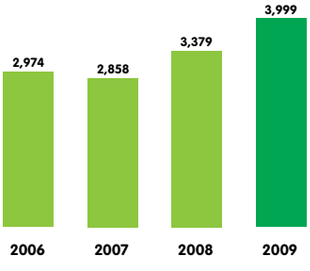


ECONOMIC INDICATORS

	2009	2008	2007	2006
Sustainability Index	130.4	125.1	117.3	100.0
Economic Indicators				
Direct economic value generated (EUR thousands)	**11,796,328**	**13,467,780**	**10,751,228**	**10,392,596**
Economic Value Distributed(a) (EUR thousands)	**7,797,045**	**10,088,627**	**7,892,770**	**7,419,056**
Supplier costs	768,202	735,768	684,187	741,398
Personnel costs	698,389	734,874	866,333	747,374
Allocation to Foundations	14,459	12,282	9,569	10,904
Returned to community	531,037	195,563	88,348	259,682
Dividends	507,153	454,937	401,385	365,638
Accumulated Economic value(a) (EUR thousands)	**3,999,283**	**3,379,153**	**2,858,458**	**2,973,540**
Spending on R&D (EUR thousands)	**31,035**	**23,690**	**13,306**	**n/k**
Fines and Penalties (EUR thousands)	**1,165**	**408**	**484**	**258**
Support from public authorities (EUR thousands)	**156**	**653**	**993**	**186**
Billing of energy services (EUR)	12,386	12,658	5,435	n/k

(a) figures from 2006,2007 and 2008 were recalculated due to an error identified

Accumulated economic value (EUR millions)



edp

STRATEGIC AGENDA

EDP presented in Lisbon on November 6, 2008 its strategic agenda for the four years 2009-2012. This agenda emphasizes first the importance of maintaining the strategic priorities from 2006 – Controlled Risk, Higher Efficiency and Growth Oriented – particularly in the unfavorable economic and financial context.

Value Management and Creation

Moreover, it aims to the beginning of a new cycle in the existence of the company, 2009-2012, characterized by a focus on the implementation of growth opportunities developed in the 2006-2008 and which will allow to open a new cycle by 2012, marked by cash flow generation.

The strategic agenda is made up of ten points, arranged into three EDP Group strategic pillars:

Controlled risk:

1. Management of the regulatory agenda to keep the low risk profile that typifies EDP Group's activity;

2. Proactive management of exposure to the energy markets through risk hedging strategies;

3. Reduction of CO_2 emissions through investments in generation capacity with low CO_2 emission levels;

4. Solid capital structure, based on continued improvement of debt ratios;

Superior Efficiency:

5. Selective investment policy, favouring investments with greater return and low risk;

6. Incremental efficiency gains across all businesses and countries;

7. Promotion of a culture of integration across all countries;

Focused Growth:

8. Wind energy: Focus on projects with high return and implementation of current 'pipeline';

9. Hydroelectric energy: Gradual increase in capacity in Portugal by implementation of current 'pipeline';

10. Brazil: Execution of current generation projects and thorough analysis of new opportunities.

Thus, the year of 2009 had a decisive role in the beginning of the new cycle in the company with the strict accomplishment of all the strategic agenda. In this particular case, deserve special relevance the following events of 2009:

Controlled Risk

- Total funding of 6,3 billion euros, from diverse sources, including the securitization of the tariff deficit in Portugal in the amount of 1.6 billion .
- Success in implementing the hedging strategy in the Iberian energy market, enabling to cancel, during 2009, the impact of the overall decline of spreads in the wholesale market.
- Proactive regulatory management with an emphasis on the beginning of the new regulatory period for electricity distribution in Portugal and for the preparation of the Spanish deficit securitization, as well as for the publication of legislation setting out the conditions for the elimination of the Spanish tariff deficit and the repeal of DL 11/2007 (mitigation of the free CO_2 emission rights).

2009-2012 CYCLE – FOCUS ON IMPLEMENTATION

Superior Efficiency

- Capture of 109 million euros savings with OPEX Project, surpassing the 96 million euros goal set for the year 2009 and 175 million euros savings with the purchase negotiation process centralized across the entire Group.

- Sale of the stake in Sonae.Com (58 million euros) and offer of secondary public distribution of Energias do Brasil's common treasury stock, accounting for 9.76% of total capital (441.8 million brazilian real).

- Implementation of the organizational model in Energias do Brasil, through the reduction of hierarchical levels, making the company more agile and efficient.

Focused Growth

- Execution on-time and on-cost of hydro and wind pipeline. In the hydro, the hiring of equipment for Baixo Sabor's hydroelectric power station and the construction adjudication, in the beginning of 2010, of the future biggest hydroelectric power station in the country – Venda Nova III with 735 MW were the highlights. In the wind, stands the opening of the first wind farm in Poland and the start of construction of the first wind farm in Romania.

- Acquisition by EDP Renováveis Brasil of 532 MW of Innovert's wind pipeline and attribution to EDP Renováveis, in partnership with SeaEnergy, of the wind farms development in the Scottish maritime coast, with an approximate capacity of 1,3GW.

- Acquisition of Gas Natural's assets in low-pressure distribution and supply In Cantábria and Múrcia regions and the assets in high pressure gas in Basque Country, Astúrias and Cantábria for a total value of 330 million euros.

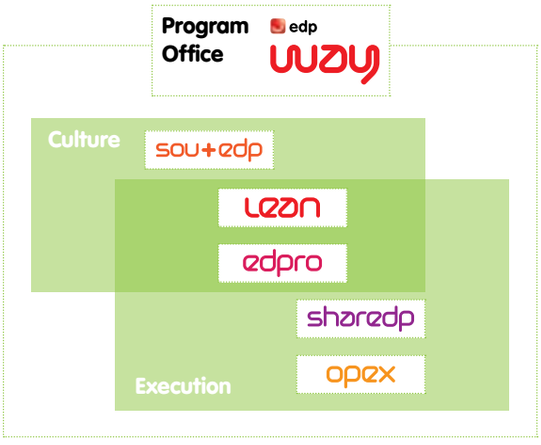
- Signature of a memorandum of understanding with Sonangol for the establishment of partnerships aiming investments in the electric generation in Angola.

Program Office EDP Way

Alongside with the changes occurred during 2009 in the macroeconomic external environment, EDP prepared itself to enter a new management cycle for the 2009-2012 timeframe. This new cycle, which will keep the same 3 pillars of the former strategic agenda (Controlled Risk, Superior Efficiency and Focused Growth), will be clearly driven towards the consolidation of a common Group culture and the reinforcement of the execution capability of the investment options created during the former management cycle.

Under a framework where the levers of Execution and Culture form the two main axes, EDP set up a Program Office called EDP Way intended to unify and capture communication and change management synergies within 5 transformational and cross-BU projects which will shape more profoundly the organization of the Group until the end of this new cycle:

- **Sou +EDP:** To foster employees activity as a source of competitive advantage for the Group, by launching initiatives aiming at increasing their engagement and developing the conditions required for improving their mobility.



- **Lean:** To promote a continuous improvement culture broadly participated by everyone, by extending the implementation of Lean initiatives to additional businesses and geographies, and consolidating the various Lean implementations already undergoing

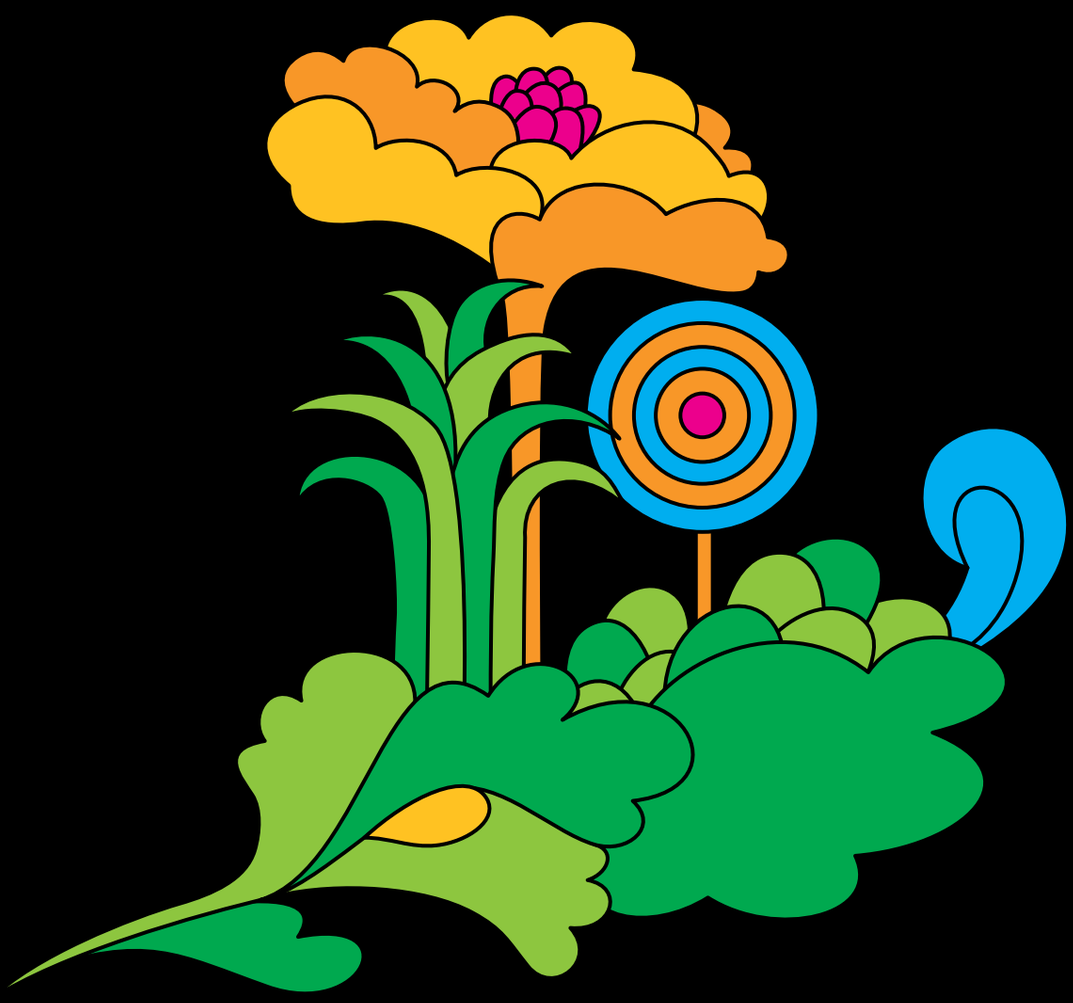
- **EDPro:** To effectively manage the Group's processes through the implementation of a systematic approach centered in measuring and optimizing the performance of the key processes, and the gradual consolidation of EDP's own modus faciendi based on the concept of Group macro-processes.

- **SharEDP:** To align concepts and gradually extend the offer of shared services to additional Business Units, in terms of geographical coverage as well as the range of services provided.

- **Opex:** To continue the rationalization of EDP Group's cost base by launching a new wave of operational costs optimization, focused on a systematic identification and elimination of both waste and redundancies.

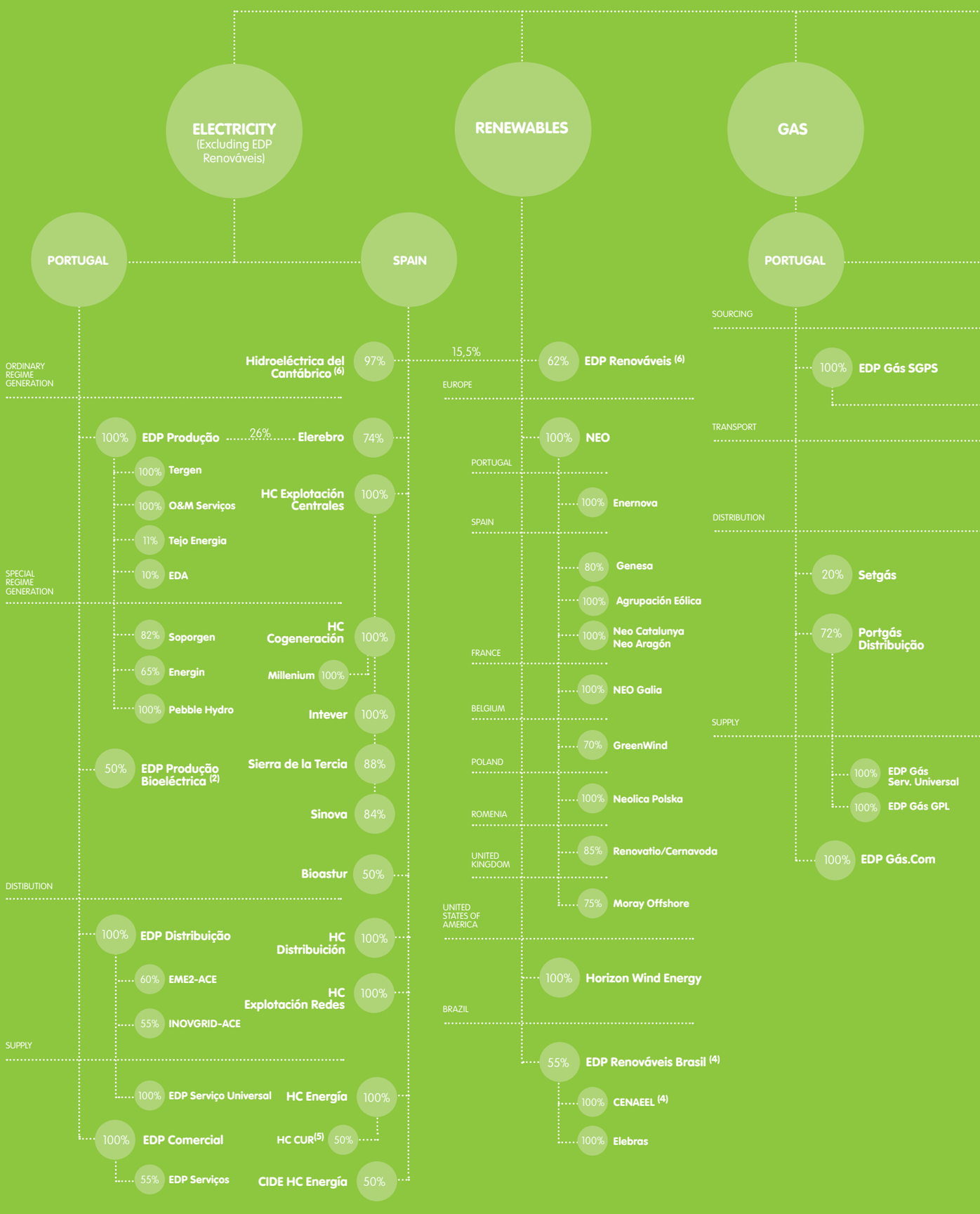
The transformations operated by these 5 projects considered in EDP Way Program Office have already impacted more than 12.000 EDP employees assigned across the Business Units and geographies where the Group is presently active.

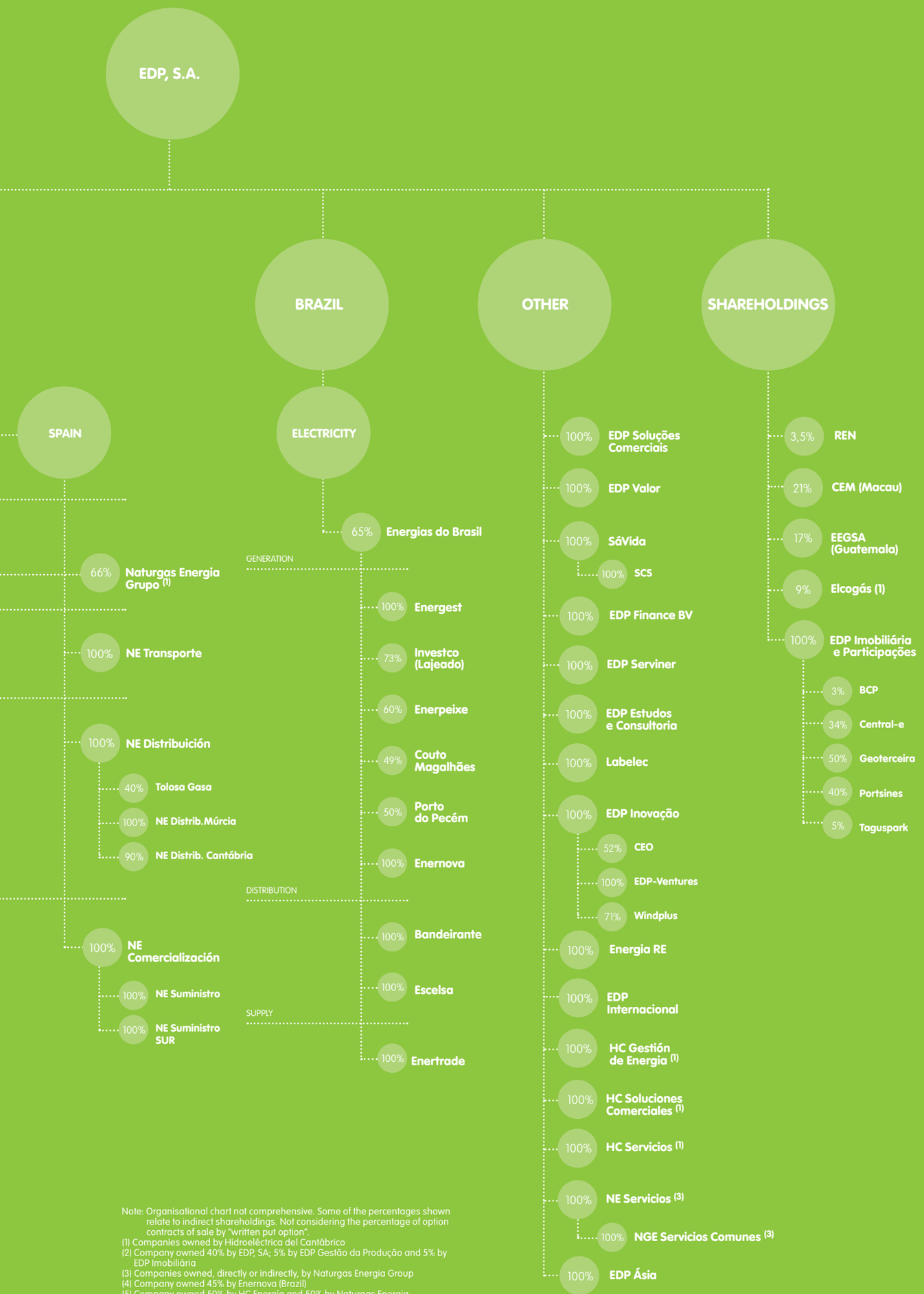
business



business

ORGANIZATIONAL STRUCTURE





Note: Organisational chart not comprehensive. Some of the percentages shown relate to indirect shareholdings. Not considering the percentage of option contracts of sale by "written put option".
(1) Companies owned by Hidroeléctrica del Cantábrico
(2) Company owned 40% by EDP, SA; 5% by EDP Gestão da Produção and 5% by EDP Imobiliária
(3) Companies owned, directly or indirectly, by Naturgas Energia Group
(4) Company owned 45% by Enernova (Brazil)
(5) Company owned 50% by HC Energia and 50% by Naturgas Energia
(6) Companies that are part of the assets of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España

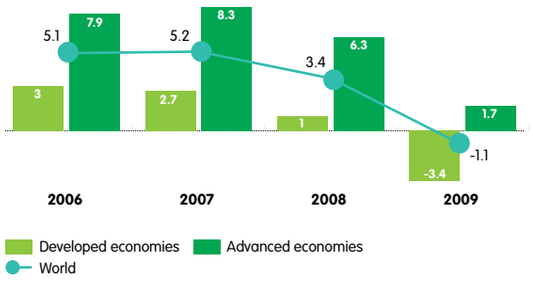
business

BUSINESS FRAMEWORK

MACRO-ECONOMIC FRAMEWORK

There was a strong economic contraction during the course of 2009 which was characterized as one of the most adverse, on a global scale, since the Great Depression of the 1930s. The size and depth of the recessive process justified an unprecedented intervention by the monetary authorities and governments, which proved to be decisive for restoring a minimum climate of trust and for re-establishing a more normalized operation of the markets, as well as the consequent reversal of the economic activity path. The economic projections for 2010 and beyond have gradually become more promising, despite still being characterized by a high-level uncertainty. The recovery process will be different from country to country according to the intrinsic financial capacity and condition. Thus, the developing economies should take on the status of global economy boosters due to the reduced exposure to specific financial and sector problems. In the developed economies, the correction of accumulated financial imbalances in the last years has inflicted limitations to the economic growth capacity in the short run. The disinflationary period that prevailed since mid-2008 may have ended, in some respect influenced by the basic raw materials' price increase.

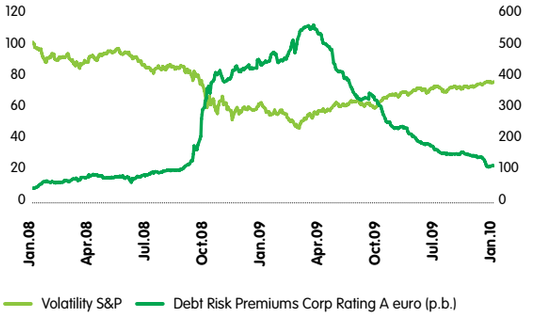
World Performance (Real GDP)



The euro zone once again registered an increase of activity in the third quarter of 2009 due to the expansion of global trade, the normalization of the production cycle, and the public policies' support. This alteration in the activity's direction will not, however, be enough to prevent a reduction of the GDP in the euro zone in 2009 by around 4% in real terms. 2010 is viewed to have a moderate product expansion.

The financial markets registered periods of great turbulence in the beginning of the year, with a deep devaluation of the cyclical financial assets and investment strategies directed especially towards the preservation of capital. The decisive attitudes on behalf of the authorities, which included providing strong encouragement to the economic activity by reducing interest rates to meaningless values, facilitating the access to short-term liquidity, and partially taking on the counterparty risk in the private sector through the granting of endorsements and warranties, proved to be crucial for the reduction of risk aversion.

Stock Market Volatility & Corporate Debt Risk Premiums

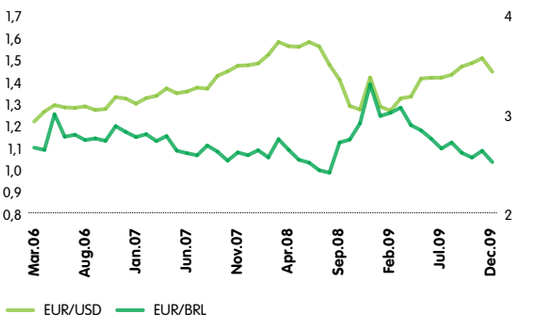


The interest rates reached cycle minimum values. The main short-term interest rate indexations in the euro zone sustainably registered inferior values to those of the Central Bank's reference rate (1%). In the longer term, the expectations of the normalization of the economic cycle and the uncertainties about the long-term effects on the public finances have developed a moderating effect upon the decrease potential. The risk cost, which reached extremely high values in the beginning of the year, has decreased, thus contributing to the dynamics of debt issuances in the primary market, despite, however, some risk being transmitted to the sovereign debt, especially in the most financially unbalanced countries.

The main stock markets benefitted from the change in market conviction and the 2009 recessive framework was paradoxically associated to one the greatest stock market recoveries in decades.

The North American dollar resumed its depreciation tendency to approximately 1.50 dollars to the euro. The subsequent recovery was due to the more recurrent signs of the US economy's recovery as opposed to the cooling of European indicators and the increase of institutional uncertainty in the euro zone. The currencies of emerging markets were valued following the commitments obtained in the G20 headquarters for the stability of the world financial system.

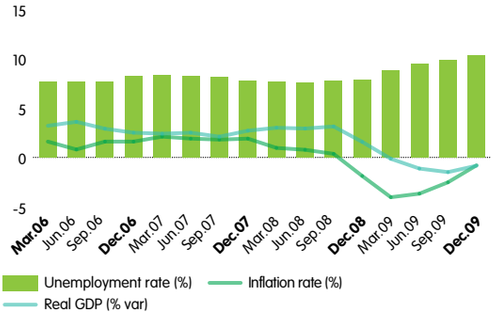
Exchange Rate Relative to Euro



Economic performance of the countries where EDP carries out business

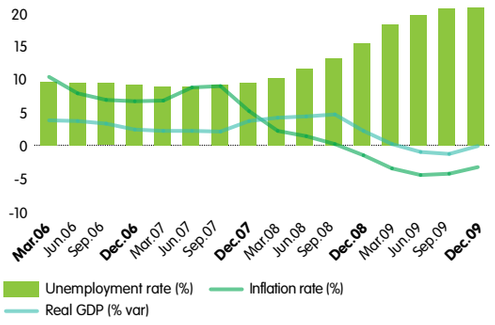
The impact of the international economic and financial crisis on the Portuguese economy's performance was substantiated by a decrease of the GDP slightly lower than 3% in real terms; the most acute in recent years. Notwithstanding the recessive framework, the direct effects proved to be less scathing than for the most of the euro zone. The reduction in aggregate demand became evident in relation to investment and exportation due to the decrease of world trade and the reassessment of production perspectives. The more sensitive sectors to the cyclical fluctuations and external demand were penalized, especially the construction and manufacturing industries. Despite the public measures that aimed to reduce the recessive effects, employment showed a steep decline, similar to that of the product. The unemployment rate went up to nearly 10% of the active population and had very noticeable repercussions on the volume and distribution of private spending. The job market adversity surpassed the favourable and simultaneous effect that resulted from the increase in purchasing power, created by the almost 1% reduction of general prices, and from the moderation of debt services fees. Private saving rates increased and returned to the average levels that prevailed between 1996 and 2004.

Portuguese Economy Performance



The estimated decrease of the Spanish GDP in 2009 is similar to that of the euro zone average (4%), and stems from the very severe adjustment of the investment and private consumption. Unlike most member states, which witnessed the return to positive product growth rates in the third quarter, Spain showed a much slower recovery. It registered the biggest increase in unemployment, which practically tripled to approximately 20% of the active population in a two-year period. The adjustment in the Spanish job market is not only characterized by its size but also by the growth of salaries much higher than the inflation rate. However, the very significant growth in productivity gains appeases the effects in labour costs. However, the very significant growth in productivity gains appeases the effects in labour costs. The strain on the activity has had material repercussions on the decrease of the external deficit. The latter has been reduced to almost half, to approximately 5% of the GDP.

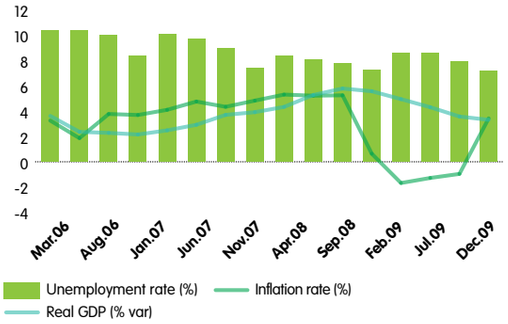
Spanish Economy Performance



As for 2010, the economic growth should be practically null, appearing as a more moderate version of the actions seen in 2009, with the external boosting compensating the frailty of internal demand.

Brazil is confirmed to be in the beginning of a new cycle in the expansion of activity after the 2009 stagnation, revealing a less evident impact from the alteration of external conditions and a great resilience of internal demand. At the end of the year, the activity indexes practically returned to the levels which were dominant before the intensification of the world crisis, and the job market already shows signs of recovery. This performance proves to be a very favourable internal framework, with investment gaining importance. The inflation rate is in line with the objectives defined by the central bank for price stability (4.5%), in both current levels and the economic agents' expectations.The macroeconomic instabilities are not very significant and the public finances levels are reasonable (4% for the deficit and 64% for the public debt, as a % of the GDP), the external deficit is relatively low (1.2% of the GDP) and it has a favourable demographic framework, in contrast to what has been foreseen for developed economies, allowing for an additional spur to the potential growth factors. In the scope of two important global sports events in the medium term, Brazil's economic conditions appear favourable for a relatively quick recovery, with its growth rate close to its potential product, estimated at approximately 4-5%.

Brazilian Economy Performance



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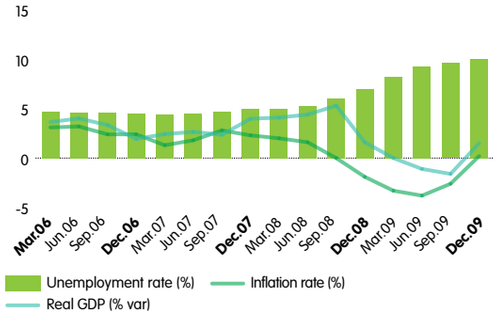
The US economic activity has revealed itself to be much heartier than expected, but there is still a high level of unpredictability. The reduction of the GDP in real terms in 2009 is expected to be 2.5%, and it should benefit from the inversion of the recessive cycle in the third quarter, sustained by private consumption, residential investment and exports, the first being boosted by public stimulus and the increase of real available income. At the same time, a significant slowdown in the employment slump was ascertained, although the unemployment rate maintained high. The investment prospects were more consolidated and showed an improvement in the confidence index from businesses, as well as a gradual normalization of the capital market. The inflationary pressures are maintained restricted, thus allowing for the conservation of an accommodative monetary policy. The main interest rate lies between 0.00% and 0.25%. The longer-term interest rates tended to go up at the end of the year, in line with a more optimistic perception of the economic conjuncture. The support measures for the liquidity of the financial system are being reassessed, in relation to their revealed avail.

US Economy Performance

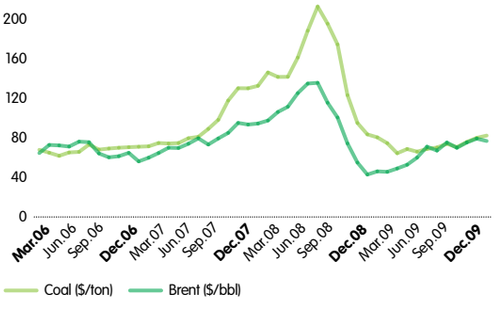


ENERGETIC FRAMEWORK

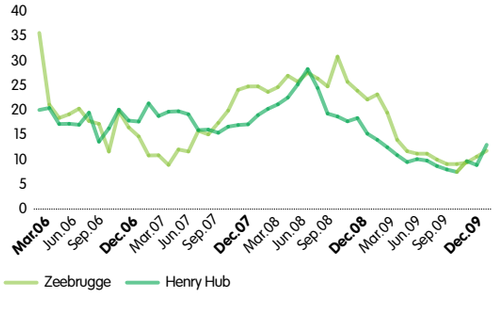
Still under the effects of the global financial and economic crisis, 2009 saw an unprecedented drop of worldwide energy demand, particularly in the power and gas markets. In fact, according to the International Energy Agency, this represents the deepest decline since the end of World War II. This demand drop led to a situation of overcapacity in power and gas markets, aggravated by investments made in new capacity and infrastructure which were already under construction or in advanced development stage before the crisis and therefore could not be revised in order to adjust to the evolution of demand.

Energy commodity prices fell in 2009 relative to average values of 2008. However, 2008 ended with a collapse in commodity prices, which gradually recovered after the first quarter of 2009. This improvement was most visible in oil and coal prices, although it may not necessarily be associated with an actual increase in demand for these fuels due to economic recovery, but may rather reflect an anticipation by economic agents of a new scarcity situation in the near future.

Brent and Coal Prices



Natural Gas Prices (Zeebrugge e HH, €/MWhth)



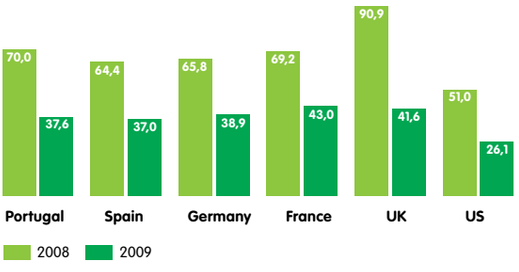
As for natural gas, 2009 saw the decoupling between spot gas prices and oil prices, caused by the collapse in gas demand, both in Europe and in the United States. Excess volumes were directed to spot markets pressing international gas prices to a substantially lower level.The price of natural gas at Zeebrugge, the reference hub for Europe, was below 10 EUR/MWht for a large part of the year, with a slight recovery in the last quarter, but even so, much below the 2008 average of 25 EUR/MWht.

The price at Henry Hub, the reference hub for the United States, had an even more significant drop, suggesting a lower demand for LNG imports compared to Europe.

Regarding the CO_2 emission allowances market, the reduction in electricity demand as well in industrial production caused by the recession, caused a reduction in emissions, with a direct impact on the ETS (Emissions Trading Scheme) CO_2 price, which dropped from 22.1 EUR/ton (2008 average) to 13.1 EUR/ton (2009 average). However, this price reflects not only the demand-supply balance of 2009 allowances but also the balance of the whole period until at least 2020, given the possibility of CO_2 allowances banking throughout this period.

As a consequence of the drop in fuel prices, wholesale power prices fell throughout Europe and the United States.Regarding Iberia, it should be noted firstly, that prices in the two countries are the lowest among European markets and secondly, that the Portuguese and Spanish price differential was very low in contrast with 2008 situation. The former is explained by higher overcapacity in Iberia when compared to other markets which, in some cases, actually face capacity shortages (e.g. UK), only delayed with the economic crises. This overcapacity situation paired with take-or-pay clauses of long-term gas contracts, affected mainly thermal power plants in both margins and volumes. The latter is explained by the growing integration of the Portuguese and Spanish markets, as a result of the implementation of MIBEL, combined with the growing similarity of the marginal generation portfolio of both countries.

Electricity Price Change on European Wholesale Markets



On generation volumes, operating hours of Iberian thermal plants dropped in 2009 due to the fall in demand combined with the continued increase in renewable capacity and generation. 2009 is the first year in which wind generation surpassed coal generation on an annual basis.Given that the CO_2 price remained mostly constant and at relatively low levels, marginal costs of coal and combined cycle plants (CCGT) were similar along the year.However, coal plants had higher load factors in the first quarter, gradually loosing competitiveness to gas as gas prices based on long-term contracts indexed to oil (with a typical lag of 6 months) reflected the evolution of oil prices.

Electricity demand is expected to recover in coming years, with growth rates forecasted at around 2% per year. However, planned new capacity investments (essentially renewables and CCGT) will be enough to accommodate not only increasing demand but also the decommissioning of some fuel and coal-fired power stations, leaving Iberian reserve margins at comfortable levels. In Brazil, demand is expected to grow 5,4% per year. New capacity additions in the 2010-13 period will be 24 GW (45% thermal, 35% hydro, 20% renewable). In this scenario expected surpluses will be between 4 and 5 GW average, which should be enough to keep the risk of rationing below 5%, at least until 2012.

Climate Change was high on the political agenda during 2009, with negotiations at the Copenhagen Conference.The Conference resulted in a non-binding accord, signed by 28 countries (including United States, European Union, China, India and Brazil), in which signatories agreed to submit their voluntary targets of emissions reduction by the 31st of January, 2010. The accord also included goals for financing to developing countries, with the aim of helping mitigate their expected emissions growth. Although Copenhagen ended without a global binding agreement, it was the first time that countries such as China, India, and even the United States, announced a commitment to specific emissions reduction goals. In the United States, a legislative package to create a "cap-and-trade" system for CO_2 emissions and the establishment of a federal target for renewable energy in electricity generation is currently under discussion in the Senate, after approval by the House of Representatives. Adoption of this legislation will not only further boost renewable energy in the US, but will also increase the likelihood of reaching a global compromise in carbon emissions reduction.

2009 will also be remembered by stimulus packages to spur economic recovery across the world, with significant funding allocated to the power and gas sector. Besides ensuring a stable support and continuity to investment in the short term, particularly in renewable energy, these stimulus packages are also specifically targeting areas that could represent relevant business opportunities for the sector in the medium and long term, such as energy efficiency, electric mobility and Carbon Capture and Sequestration (CCS).

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REGULATORY FRAMEWORK

DEVELOPMENTS IN THE EUROPEAN UNION

Energy-Climate Package

The European Council, has adopted, last April, a new legislation package on the climate change and promoting renewable energy sources, to achieve at the Union level a 20% cut on greenhouse gases and 20% share of renewable sources in energy generation, by 2020.

In particular, launched the Framework Directive (Directive 2009/28/CE) to promote renewable energy sources and the revised Emission Trading System, to encourage further reductions in emissions of greenhouse gases in areas of intensive energy by Directive 2009/29/CE, stipulating that from 2013 to 2020, heavy industries shall contribute significantly to the European goal of reducing emissions by 20% over the 1990 level.

Directive 2009/31/EC established the regulatory framework to capture and geological storage of carbon dioxide in the context of mitigation of climate change.

And the so-called third legislative package for the energy market, adopted on second reading unanimously by the European Parliament in June 2009, lay down common rules for generation, transmission, distribution and supply of electricity and gas (Directive 2009/72/EC and 2009/73/EC and Regulations 714/2009/CE and 715/2009/CE) as well as consumer protection, to promote and integrate the markets for electricity and gas in the European Union and establishes the Agency for Cooperation of Energy Regulators - ACER, which support and if necessary coordinate the actions of national regulators.

Directive (of the Parliament and of the Council) on Industrial Emissions

On 25 June 2009, before finishing the Czech Presidency, the Council reached a political agreement to adopt a common position on the recast of the IPPC Directive (Integrated pollution prevention and control) to be approved in the second reading, under Treaty of Lisbon rules, from December 2009. This new Directive will comprise six sectoral directives, including on the LCP and Waste Incineration.

ELECTRICITY SECTOR

IBERIAN ELECTRICITY MARKET (MIBEL)

The activities of the electricity sector in Portugal fall within the Iberian electricity market as a result of several international agreements concluded between Portugal and Spain with the aim of building a regional electricity market, a step for the electricity market the European Union.

MIBEL construction dates back to a Memorandum of Understanding, signed in 1998 in Madrid by the governments of Portugal and Spain, and subsequently settled successive agreements for further development and implementation of the operation of that market.

The most recently signed in Braga, in January 2008, formalises the Plan of Regulatory Harmonization of March 2007, reinforcing the dynamic of the integration of electrical systems of the two Iberian countries, which was ratified by the Resolution of the Assembly nº 17/2009, and also ratified in Spain. It provides, inter alia, reinforcing the coordination between System Operators (REN and REE), acceleration of the strengthening plan for the interconnection grid, implementation of a market splitting mechanism for management of the interconnection and explicit auctions to maximize the use of interconnection and competition in the Iberian context. It also aims the harmonization of the remuneration conditions of the Supplier of Last Resort and a plan for tariff convergence at the level of the rules to define the tariffs of last resort, to be additive, without prejudice to allow recovery of the earlier tariff deficit and with a phased timetable for his disappearance. This agreement also calls for the harmonization of capacity payments to ensure the required rate of investment in electricity generation, taking into account the specificities of each system, and rules on the organization and responsibilities of the IMO and the Board of Regulators, as well as a set of principles for the definition of dominant operator in the Iberian Market.

The transactions in the market - daily, intraday and forward – continued to be managed by OMEL and OMIP operators, with subsequent formation of the Iberian Market Operator – IMO.

Developments in the Regulatory Framework of the electricity sector in Portugal

Decree-Law n. 23/2009, completing the transposition of the Directive 2005/89/EC on the safety of electricity supply and investment in infrastructure, strengthened the planning and information on international interconnections.

In the environmental field, Decree-Law n. 154/2009 introduced changes to the rules of qualification and registration of emission allowances of greenhouse gases applicable to energy.

In order to contribute to targets for renewable energy production, Resolution n. 12/2009, the Assembly recommended the Government to take measures with a view to urgently expedite the licensing process for small hydro plants (SHP), developing and disseminating a national mapping of potential hydroelectric energy from the PCH.

Decree-Law n. 319/2009, which transposed into national law the Directive n. 2006/32/EC on end-use energy efficiency and Energy Services, has set targets and tools to improve the cost-effectiveness of the end use of energy and create conditions for the development and promotion of a market for energy services.

In developing technical and legal matters on electric mobility was published the Resolution of the Council of Ministers (RCM) n. 20/2009 establishing the Electric Mobility Program. RCM n. 81/2009 has established the objectives of new measures to that Program.

With regard to electricity supply, the Order n. 16150/2009 of DGEG fixes for the 2nd semester, details of auctions of futures contracts on electricity with physical delivery listed in OMIP

and the amount to acquire these auctions by EDP SU, as the last resort supplier (CUR), quantities that were purchased under that order.

In 2009 started a new regulatory period, with the definition of a new regulatory model of regulated activities, such as electricity distribution and supply of last resort.

Among the regulatory changes (Order n. 58/2009) promoted by ERSE, it must be highlighted the adaptation scheme to tariff stability as defined by Decree-Law n. 165/2008, which allowed the securitization of the tariff deficit, amounting to 1.225 million, relating to adjustments arising from differences in costs with 2007 and 2008 power purchase by EDP SU, and 447 million euros of over cost related to the PRE in 2009.

According to the amended Regulations, it was implemented a set of measures of image differentiation and autonomy of the internet pages of EDP Distribuição and EDP Serviço Universal.

Developments in the Regulatory Framework of the electricity sector in Spain

From 1 July were eliminated electricity final tariffs, all consumers being supplied by the liberalized market. However, consumers with BT (Low Voltage) contracted power under 10 kW shall be entitled to the tariff of last resort (TUR), administratively set to be addictive, with binomial structure (power and energy terms) including production costs, access to the transmission and distribution grids, and supply costs. The term energy is calculated based on the result of CESUR and OMIP auctions for purchases of electricity of last resort, adjusted according to the profile of its portfolio of clients, a risk factor, security of supply and power losses.

Regulations designated the last resort suppliers, including the Hidrocantábrico Energía Último Recurso, SAU, with obligations to supply customers with the right to TUR, the last resort tariff. These suppliers are also required to supply energy to customers without the right to TUR but not yet with a supplier, except for reasons of lack of payment.

Pursuant to Royal Decree 485/2009, business groups with obligations of last resort in the electricity and natural gas are allowed to unify their activities into one company.

In May (Royal Decree-Law 6/2009) created the "bono social" for certain domestic customers with the right to TUR and contracted power less than 3 kW, provided that the supply is intended to first home, when it is applied automatically, and the consumers over 60; unemployed; belong to large families; or who receive the minimum pension, where the allocation of those benefits must be requested and proof. The "bono social" will cover the difference between the value of TUR and a reference value, called "reduced tariff", which is the prior domestic tariff. The funding will be provided by producers and Hidroeléctrica del Cantábrico, S.A. is responsible for 3.5% of the total.

Established the following maximum values for the tariff deficit: 2009, 3500 million; 2010, 3,000 million; 2011, 2,000 million, and 2012, 1,000 million. From 2013 access tariffs should be sufficient to finance the regulated activities to avoid new deficits. It was also created a Securitization Fund of Tariff Deficit, which may buy the outstanding securities up to 10,000 million and credits for the deficit of 2009, with State guarantee. Until the sale, the deficit will be financed by companies and Hidroeléctrica del Cantábrico, S.A. will bear 6.07% of the total.

From 1 July 2009 was repealed the Royal Decree-Law 11/2007 which reduced the compensation of generators under increasing revenues from the sale of allowances of greenhouse gas emissions assigned for free under the 2008-2012 PNAD.

In the special regime in particular, it was created a registration system for pre-allocation of compensation similar to that applicable to photovoltaic generation, a necessary condition for access to the economic system defined by Royal Decree 661/2007, to be allocated in chronological order of registration and in the face of several technical and economic requirements.

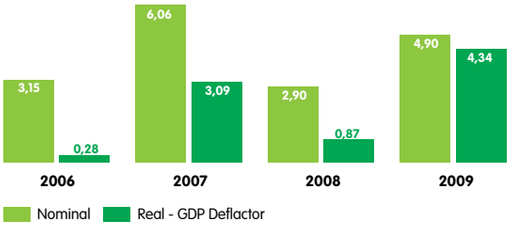
Moreover, annual targets have been reset to the installation of new capacity in the period 2010-2013, for solar thermal power technology and wind energy.

"Oficina de Cambios de Suministros" (OCSUM), the Office of Supplier Switching, came into force on June 21 (Royal Decree 1011/2009) responsible for overseeing the change of supplier of electricity and natural gas, as regards the criteria of transparency, objectivity and independence. This new entity (analogous to the Logistics Operator Change of Supplier, provided under Portuguese law) is itself under the supervision of the CNE, the regulatory body of the Spanish energy sector.

Tariff trends in Portugal and Spain

Over the past five years, the average selling prices of electricity for low voltage recorded an average annual increase in real terms of about 1.8% with an annual average increase of 4.9% for all other voltage levels.

Nominal and Real Electricity Average Prices Variation in Portugal (%)



In 2009, end-user tariffs (TVCF) rose on average 4.9% compared with 2008 tariffs.

With regard to access tariffs there was an average reduction of 36.6% in 2009 by effect of the application of Decree-Law n. 165/2008, comparing with 2008 tariffs.

In Spain, remained unchanged access tariffs set by Order ITC/3860. For 2009, the Order ITC/3801/2008, has established an average increase of 25.5% due to increases observed especially in low and medium voltage. Apart from the referred elimination of tariffs for the supply of electricity in high voltage, it is noted that the sales tariffs to final costumers were significantly changed during 2008.

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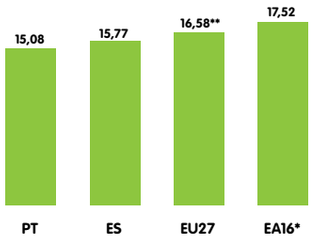
Comparing with other countries, electricity prices in Portugal in the 1st half of 2009, for households with annual consumption between 2500 and 5000 kWh, are 13.9% below the average of the 16 countries in the Euro area and 9.1% below the EU27 average. In Spain the electricity prices are below the average of the 16 Euro Area and the European Union of 27 in 10.0% and 4.9% respectively.

Average Electricity Prices (Euro cent/KWh)



*Source: Eurostat, 1st semester 2009.
** Household consumers in consumer band Dc (annual consumption between 2500 and 5000 kWh).

Developments in the Regulatory Framework of the electricity sector in Brazil

Despite the global financial crisis in 2009, stands out the high growth in residential and commercial markets, as well as recovery of the industrial Brazilian market, supporting the prospect of a new growth in 2010.The generation sector received a hydrological stable environment, with minimum production of thermal electricity and satisfactory levels of water reservoirs, lately unusual for several years in a row, with positive effects in the pricing of short-term market, with lower values throughout the year.

The auctions for the purchase energy from the new power plants designed to meet the distributors captive markets, have struggled to ensure the presence of hydro-portfolio offer, consequence of a slow processing of environmental permits for new projects. As a result, the «A-3» auction, for projects beginning operation in three years from the year of the auction, sold small amounts of energy, so the government canceled the «A-5» auction. The auction of the Belo Monte structuring hydropower project (11,233 MW) was also postponed to 2010, due to difficulty in obtaining the Preliminary Environmental License.

It stands out, though, the process of Public Hearing for adoption of trade rules and the associated bid for completion of auction wind power reserve with good reception by the companies, guaranteeing the sale of a significant amount of more than 1800 MW of installed capacity.

In generation, regulations defined the calculation of ensured energy quantity (ballast sale) of plants with feature PCH - Small Hydroelectric (1 to 30 MW of installed capacity).

In the distribution sector, stands the completion of the 2nd stage of periodic tariff revisions, which started in 2007, setting to final the 2007 and 2008 interim indices.

With a strong impact in the electricity sector, on November 10th occurred the simultaneous discontinuation of three transmission lines 750 kV AC from Itaipu Hydropower Plant, with 14,000 MW of installed capacity, affecting the Brazilian system and causing a nationwide blackout. Given the damage on different costumer's equipment, the law stipulates that companies must reimburse customers who have proven losses, and even if they do not identify a causative agent, the total cost of damages to customers should be supported by the distributors (by 40%), 30% by generators and 30% by transmission companies.

In 2009 regulations also laid down the framework for the 3rd round of tariff revisions, especially for the reference company and the construction of regulatory retribution basis, central to the process of distribution tariffs.

Developments in the Regulatory Framework of the electricity sector in the USA

With regulatory impact on renewable energy was approved in February 2009 the American Recovery and Reinvestment Act (ARRA), introducing incentives for several sectors and the financial package specifically for renewable sector.

In this context, it must be stressed the extension of tax credits for renewable energy production (PTC) until the end of 2012 and the creation of tax credits of 30% of eligible investment in renewable energy (ITC), with option between PTC and ITC systems for new farms.

Additionally, securitizing the amounts tax credit ITC (in the form of treasury bonds North American) it's allowed for new installations eligible until the end of 2010 with commissioning by the end 2012.

In June 2009, the House of Representatives passed the American Clean Energy and Security Act (Waxman-Markey Act), establishing a system of cap and trade CO_2 (reduction in emissions of 17% in 2020 compared to 2005) and requires suppliers to mandatory quota of renewable energy at federal level, system that is developed only in some states.

GAS SECTOR

Developments in the Regulatory Framework of Portuguese gas sector

Following the market opening on 1 January 2007, for electricity producers in ordinary regime, liberalization has been successively extended to customers with annual consumption of more than 1 million m3 in 2008, and customers with intakes above 10 thousand m3, from January 1, 2009, thereby reaching more than 90% of consumers.

Since 1 January 2010, the entire universe of natural gas customers can choose their supplier.

Given that the Gas Year 2009-2010 will be the last of the first regulatory period of three years, ERSE placed on the Public Consultation all the regulations to update and prepare the second regulatory period which runs between July 2010 and June 2013, process with active participation of EDP Gas.

Developments in the Regulatory Framework of the Spanish gas sector

Relevant regulatory changes in the natural gas sector in Spain were the permission to supply last resort for electricity and gas through the same company (see the above-mentioned Royal Decree 485/2009 of 3 April) and the change of gas Last Resort Tariff (TUR), from a maximum price regime to a fixed tariff, prohibiting the last resort suppliers to offer rebates to its customers.It was scheduled the elimination of TUR, reducing to 50,000 kWh per year the threshold of the customers entitled to TUR as of July 1, 2009. Customers from Tariff T.3 and T.4 are no longer entitled to TUR as of March 31, 2010.

In 2009 was also revised the model of authorizations for gas transportation facilities (Real Decreto-Ley 6/2009) and by Resolution of July 24, 2009 of DGPEM, it was defined the procedure for allocation of interconnection capacity between Spain and France available from 2013 in Biriatou and Larrau pipelines.

summary of activities

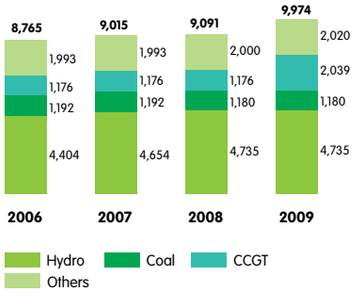
ELECTRICITY BUSINESS (EXCLUDING BRAZIL)
GENERATION IN IBERIA

GENERATION IN IBERIA - PORTUGAL

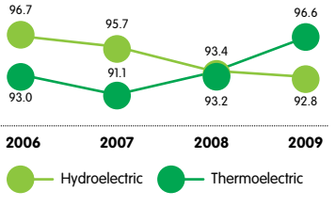
	Unit	2009	2008	2007	2006
Installed Capacity in Portugal *	**MW**	**13,381**	**12,262**	**12,147**	**12,104**
EDP's Installed Capacity *	**MW**	**9,974**	**9,091**	**9,015**	**8,765**
EDP's market share *	%	74.5	74.1	74.2	72.4
Source: REN Technical data					
Number of Generating Groups*	**#**	**190**	**186**	**160**	**156**
Ordinary Regime Generation	**#**	**116**	**114**	**114**	**112**
Hydroelectric power plants	**#**	**93**	**93**	**93**	**91**
Command Centre	#	1	1	1	1
Generating power plants	#	3	3	3	3
Power plants	#	35	35	35	34
Thermoelectric power plants	**#**	**23**	**21**	**21**	**21**
Coal	#	4	4	4	4
CCGT	#	5	3	3	3
Fuel oil	#	12	12	12	12
Gasoil	#	2	2	2	2
Special Regime Generation	**#**	**74**	**72**	**46**	**44**
Mini-Hydroelectric power plants	#	67	67	42	40
Biomass	#	4	2	1	1
Cogeneration	#	3	3	3	3
Installed Capacity at 31 December*					
Ordinary Regime Installed Capacity	**MW**	**9,675**	**8,812**	**8,824**	**8,584**
Hydroelectric power plants	**MW**	**4,578**	**4,578**	**4,578**	**4,338**
Thermoelectric power plants	**MW**	**5,096**	**4,234**	**4,246**	**4,246**
Coal	MW	1,180	1,180	1,192	1,192
CCGT	MW	2,039	1,176	1,176	1,176
Fuel oil	MW	1,713	1,713	1,713	1,713
Gasoil	MW	165	165	165	165
Special Regime Installed Capacity	**MW**	**299**	**279**	**192**	**182**
Hydroelectric power plants	MW	157	157	76	66
Biomass	MW	32	11	5	5
Cogeneration	MW	111	111	111	111
Total Capacity	**MW**	**9,974**	**9,091**	**9,015**	**8,765**
Net Generation*					
Ordinary Regime Generation	**GWh**	**23,514**	**21,642**	**24,718**	**27,113**
Hydroelectric power plants	**GWh**	**7,642**	**6,435**	**9,361**	**10,070**
Thermoelectric power plants **	**GWh**	**15,872**	**15,207**	**15,357**	**17,043**
Coal	GWh	8,869	6,926	8,048	9,694
CCGT**	GWh	6,696	7,481	6,038	5,728
Fuel oil	GWh	307	801	1,271	1,619
Gasoil	GWh	0	0	0	1
Special Regime Generation	**GWh**	**1,222**	**869**	**906**	**948**
Mini-Hydroelectric power plants	GWh	368	170	134	193
Biomass	GWh	129	49	28	29
Cogeneration	GWh	725	650	744	726
Total Generation	**GWh**	**24,736**	**22,511**	**25,624**	**28,061**
** Includes 497 GWh generated in Lares testing period					
Energy Balance					
Hydrological index	**#**	**0.77**	**0.56**	**0.76**	**0.98**
EDP Group power plants					
Hydroelectric output	GWh	7,642	6,435	9,361	10,070
Thermal output	GWh	15,872	15,207	15,356	17,043
Mini-hydroelectric output	GWh	368	170	134	193
Wind power output (ENERNOVA)	GWh	1,273	1,026	733	482
Biomass output	GWh	129	49	28	29
Cogeneration output	GWh	725	650	744	726
EDP Group Net generation	**GWh**	**26,009**	**23,537**	**26,357**	**28,542**
Direct sales to industrial costumers	GWh		0	-21	-255
Output to grid (EDP Group)	**GWh**	**26,009**	**23,537**	**26,336**	**28,288**
Other generators with PPA	GWh	7,842	8,590	8,231	8,570
Other generators with PPA	GWh	11,793	9,660	8,531	7,592
Importer/(Exporter) balance	GWh	4,777	9,431	7,488	5,441
Pumped hydroelectric storage	GWh	-926	-639	-519	-622
Consumption Related to output	**GWh**	**49,495**	**50,579**	**50,074**	**49,269**
Synchronous compensation	GWh	-1	0	-9	-17
Own consumption in generation	GWh	-5	-5	-5	-5
Energy Delivered to Distribution	**GWh**	**49,489**	**50,574**	**50,060**	**49,247**

* Excludes wind power

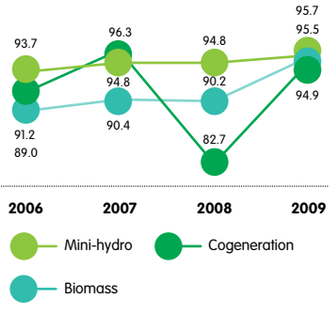
Generation portfolio (MW)



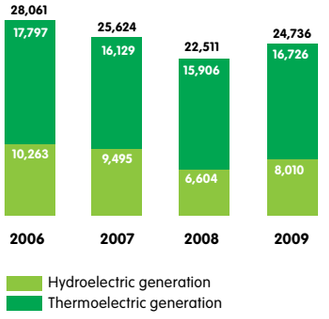
Ordinary Regime Generation - Availability (%)



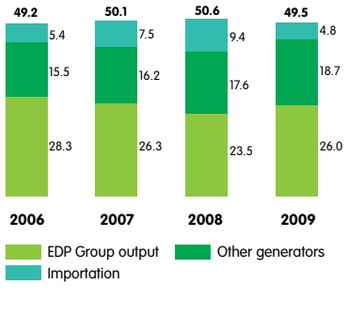
Special Regime Generation - Availability (%)



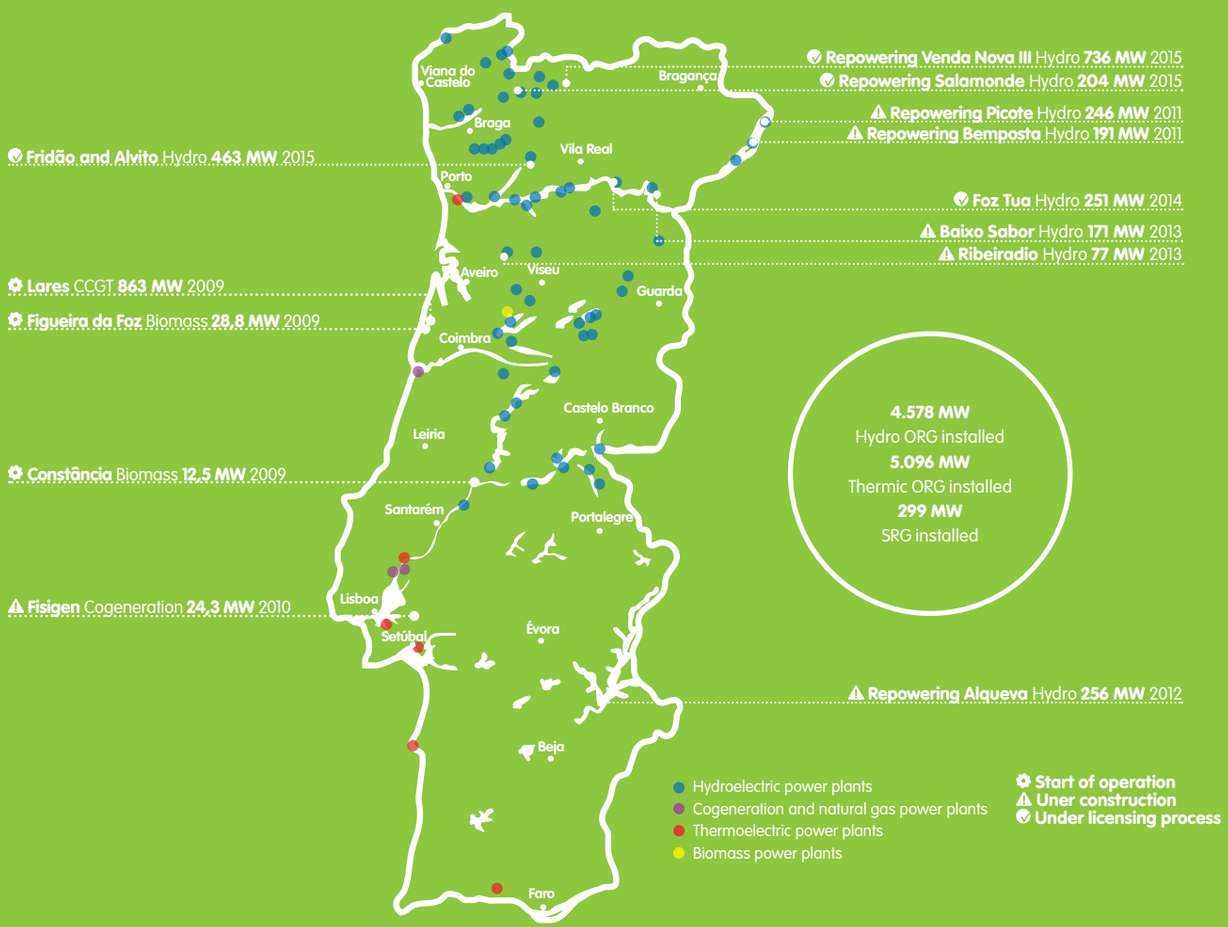
Net Generation (GWh)



Energy Balance 2009 (TWh)



PRESENCE OF EDP GROUP IN THE ELECTRICITY GENERATION ACTIVITY IN PORTUGAL*



*Excludes wind power

2009 MAIN EVENTS OF THE ELECTRICITY GENERATION ACTIVITY IN PORTUGAL

EDP Group is present in electricity generation in Portugal through EDP Produção under Ordinary and Special Regime Generation and EDP Produção Bioeléctrica, Soporgen, Energin and Pebble Hydro under Special Regime.

By the end of 2009, total installed capacity was 9.974 MW of which 4.735 MW (47%) from hydroelectric plants and 5.239 MW from thermoelectric power plants.

In October 2009, the second Combined Cycle Gas Turbine power plant (CCGT) of EDP Produção entered into service. Lares power plant consits of two generator groups with a unitary capacity of 431 MW, where Group 1 started operations in October and Group 2 in November. This plant, to an annual usage of 6000 equivalent hours, allows the achievement of a total production of 5,000 GWh.

Regarding the strengthening of the Hidroelectric portfolio capacity, EDP Produção is focused on the construction of the capacity repowerings of Picote, Bemposta and Alqueva with a total installed capacity of 693 MW which are planned to enter into service during the 2011-2012 period and on the development work of the General construction Contract of the Baixo Sabor Hydroelectric plant with entry into service scheduled for 2013.

Mention should also be made to the work on licensing hydropower plants with a total capacity of installing 1,654 MW expected to enter into service until 2015.

During 2009 EDP Produção signed an agreement with IBERDROLA for the temporary management of the production capacity of hydroelectric Aguieira and Raiva, for a period of five years. The plant management by IBERDROLA began on the 1st of April.

In what concerns the certification of power plants, it is important to point out the completion of the registration in the EU Eco-Management and Audit Scheme (EMAS) of the first Production centers of EDP Produção, in which were issued by the APA the Certificates of Registration on EMAS of the thermal power station of Ribatejo and the hydro-electric plants of Alto Lindoso, Miranda and Cascata da Serra da Estrela, valid until September 2012.

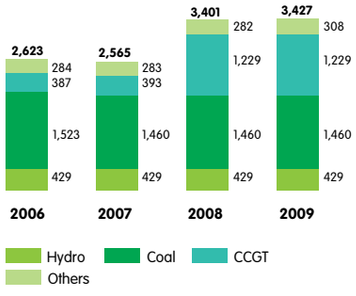
summary of activities

GENERATION IN IBERIA

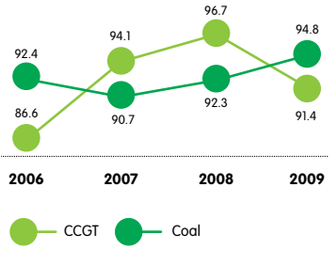
GENERATION IN IBERIA - SPAIN	Unit	2009	2008	2007	2006
Installed Capacity in Spain *	**MW**	**75,096**	**75,004**	**71,789**	**67,614**
EDP's Installed Capacity *	**MW**	**3,427**	**3,401**	**2,565**	**2,623**
EDP's market share *	%	4.6	4.5	3.6	3.9
Number of Generating Groups*	**#**	40	38	39	20
Ordinary Regime Generation	**#**	**20**	**20**	**18**	**19**
Hydroelectric power plants	**#**	**12**	**12**	**12**	**12**
Thermoelectric power plants	**#**	**8**	**8**	**6**	**7**
Coal	#	4	4	4	5
CCGT	#	3	3	1	1
Nuclear	#	1	1	1	1
Special Regime Generation	**#**	**20**	**18**	**21**	**1**
Hydroelectric power plants**	**#**	**1**	**1**	**1**	**1**
Thermoelectric power plants	**#**	**19**	**17**	**20**	**0**
Biomass	#	2	2	2	-
Cogeneration	#	11	9	12	-
Waste	#	6	6	6	-
Installed Capacity at 31 de December*					
Ordinary Regime Installed Capacity	**MW**	**3,272**	**3,271**	**2,435**	**2,492**
Hydroelectric power plants	**MW**	**426**	**426**	**426**	**426**
Thermoelectric power plants	**MW**	**2,846**	**2,845**	**2,009**	**2,065**
Coal	MW	1,460	1,460	1,460	1,523
CCGT	MW	1,229	1,229	393	387
Nuclear	MW	156	156	156	156
Special Regime Installed Capacity	**MW**	**155**	**130**	**130**	**131**
Hydroelectric power plants**	**MW**	**3**	**3**	**3**	**3**
Thermoelectric power plants	**MW**	**152**	**127**	**127**	**128**
Biomass	MW	7	7	7	4
Cogeneration	MW	63	38	38	42
Waste	MW	82	82	82	82
Total Capaticy	**MW**	**3,427**	**3,401**	**2,565**	**2,623**
Net Generation*					
Ordinary Regime Generation	**GWh**	**11,346**	**12,416**	**13,936**	**13,584**
Hydroelectric power plants	**GWh**	**877**	**812**	**786**	**846**
Thermoelectric power plants	**GWh**	**10,469**	**11,604**	**13,151**	**12,738**
Coal	GWh	5,865	6,575	10,124	9,854
CCGT	GWh	3,491	3,831	1,795	1,692
Nuclear	GWh	1,113	1,198	1,232	1,192
Special Regime Generation	**GWh**	**896**	**700**	**553**	**543**
Hydroelectric power plants**	**GWh**	**2**	**2**	**2**	**2**
Thermoelectric power plants	**GWh**	**894**	**698**	**551**	**541**
Biomass	GWh	6	6	8	13
Cogeneration	GWh	369	192	90	176
Waste	GWh	519	500	453	351
Total Generation	**GWh**	**12,242**	**13,117**	**14,489**	**14,127**
Energy Balance					
Hydrological index	**#**	**0.81**	**0.66**	**0.64**	**0.80**
EDP Group power plants					
Hydroelectric output	GWh	877	812	786	846
Thermoelectric output	GWh	5,865	6,575	10,124	9,854
Nuclear output	GWh	1,113	1,198	1,232	1,192
CCGT output	GWh	3,491	3,831	1,795	1,692
Mini-hydroelectric output	GWh	2	2	2	2
Wind power output (ENERNOVA)	GWh	3,275	2,632	2,056	1,419
Biomass output	GWh	6	6	8	13
Cogeneration output	GWh	369	192	90	176
Waste output	GWh	519	500	453	351
EDP Group Net Generation	**GWh**	**15,113**	**15,749**	**16,546**	**15,546**
Other generators - ORG	GWh	181,116	207,924	209,887	207,289
Other generators - SRG	GWh	74,020	65,923	55,731	48,356
Importer/(Exporter) balance	GWh	-8,106	-11,040	-5,750	-3,280
Pumped hydroelectric storage	GWh	-3,763	-3,731	-4,349	-5,261
Consumption Related to output	**GWh**	**258,784**	**274,824**	**272,064**	**262,650**
Own consumption in generation	GWh	-7,081	-8,339	-8,753	-8,907
Own consumption in transmission grid	GWh	0	0	0	0
Losses	GWh	-3090	-3,389	-3,281	-3,017
Energy Delivered to Distribution	**GWh**	**248,613**	**263,096**	**260,031**	**250,726**

* Excludes wind power
** Includes mini-hydro from EDP Renováveis

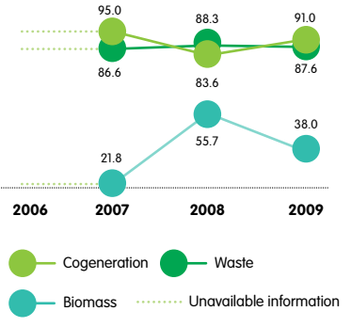
Generation Portfolio (MW)



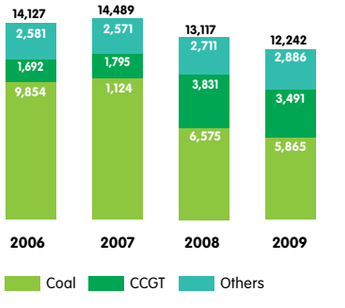
Ordinary Regime Generation - Availability (%)



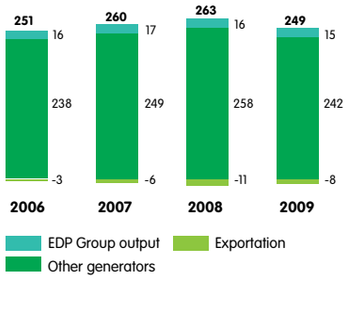
Special Regime Generation - Availability (%)



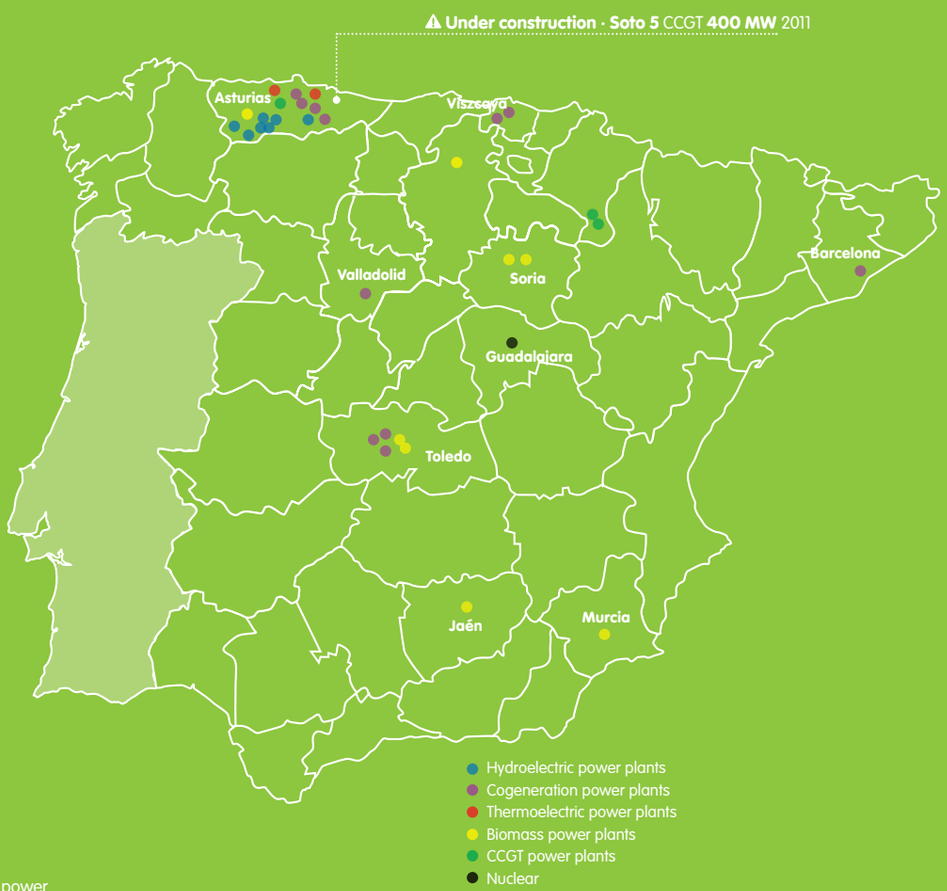
Net Generation (GWh)



Energy Balance 2009 (TWh)



PRESENCE OF EDP GROUP IN THE ELECTRICITY GENERATION ACTIVITY IN SPAIN*



*Excludes wind power

2009 MAIN EVENTS OF THE ELECTRICITY GENERATION ACTIVITY IN SPAIN

In Spain, EDP Group is present in electricity generation through HC Energía under Ordinary and Special Regime Generation.

By the end of 2009, total installed capacity was 3.272 MW of which 426 MW (12%) from hydroelectric plants and 2.846 MW from thermoelectric power plants.

The total availability of coal plants was 94,8% and the unavailability due to breakdowns, only 1,6%, which confirms the excellent operation of the equipment, particularly given the extraordinary flexible operability of these groups, due to the complementary nature of coal over gas.

The availability of combined cycles was 91,4% and the unavailability due to failure was 2,5%. The combined cycle also had a very flexible operation, with frequent night stops at the weekends.

Due to the various modernization works operated in the general review of the Aboño 1 nuclear power station on month, it was possible to extend the operation time of this plant even beyond its 40 years of useful life.

In 2009 HC Energía incorporated 100% of Grupo Millenium into its portfolio, which entails 32 MW at four Cogeneration plants, and a significant increase in the amount of electricity generated with this technology, bringing the total to 369 GWh.

With its strategy to diversify more and more the generation mix, HC Energía is building Soto 5 with an installed capacity of 400 MW, the second group of combined cycle power plant in Soto de Ribera, Asturias. The pace of construction is proceeding according to plan with the date of entry into service planned for the first quarter of 2011. With this entry the installed capacity in combined cycle in Spain will be 1,6 GW.

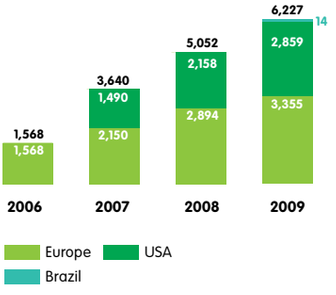
summary of activities

EDP RENOVÁVEIS

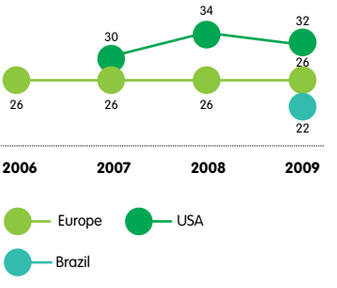
	Unit	2009	2008	2007	2006
Wind Installed Capacity	**GW**	**157.9**	**120.8**	**93.9**	**74.1**
EDP Renováveis Installed Capacity	GW	6.2	5.1	3.6	1.6
Source: Global Wind Report 2008, GWEC: Wind Onshore Installed Capacity					
Installed capacity at 31 December*					
Europe	**MW Brutos**	**3,355**	**2,894**	**2,150**	**1,568**
Portugal	MW Brutos	680	553	424	326
Spain	MW Brutos	2,278	2,109	1,639	1,213
France	MW Brutos	220	185	87	29
Belgium	MW Brutos	57	47	0	0
Poland	MW Brutos	120	0	0	0
USA	**MW Brutos**	**2,859**	**2,158**	**1,490**	**0**
Brazil	**MW Brutos**	**14**	**0**	**0**	**0**
Total Capacity	**MW Brutos**	**6,227**	**5,052**	**3,640**	**1,568**
Load Factor					
Europe	**%**	**26.3**	**26.0**	**26.2**	**25.9**
Portugal	%	27.5	26.5	24.3	26.4
Spain	%	26.2	25.7	26.8	26.8
France	%	23.2	22.8	26.7	0.0
Belgium	%	22.8	0.0	0.0	0.0
Poland	%	0.0	0.0	0.0	0.0
USA	**%**	**31.7**	**33.7**	**29.9**	**0.0**
Brazil	**%**	**21.7**	**0.0**	**0.0**	**0.0**
Net Generation*					
Europe	**GWh**	**4,975**	**3,900**	**2,911**	**1,902**
Portugal	GWh	1,275	1,028	735	483
Spain	GWh	3,275	2,634	2,056	1,419
France	GWh	346	238	119	0
Belgium	GWh	79	0	0	0
Poland	GWh	0	0	0	0
USA	**GWh**	**5,905**	**3,907**	**866**	**0**
Brazil	**GWh**	**26**	**0**	**0**	**0**
Total generation	**GWh**	**10,907**	**7,807**	**3,777**	**1,902**
MWs Under Construction during 2009*		**4Q09**	**3Q09**	**2Q09**	**1Q09**
Europe	**MW**	**640**	**866**	**761**	**718**
Portugal	MW	53	128	133	72
Spain	MW	308	417	477	477
France	MW	39	30	18	26
Belgium	MW	13	13	13	23
Romania	MW	228	159	0	0
Poland	MW	0	120	120	120
USA	**MW**	**99**	**427**	**501**	**300**
Brazil	**MW**	**0**	**0**	**0**	**0**
Total MWs under construction	**MW**	**739**	**1,293**	**1,261**	**1,017**

*Excludes mini-hydro

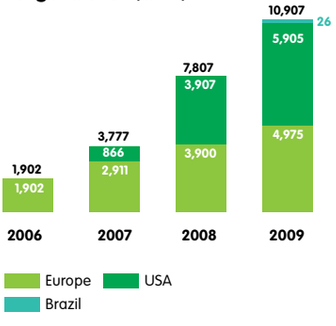
Generation Portfolio (MW)



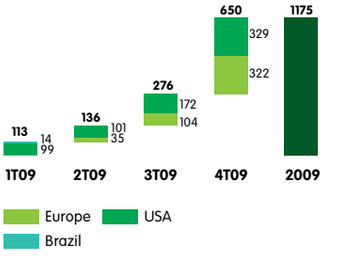
Load Factor (%)



Net generation (GWh)

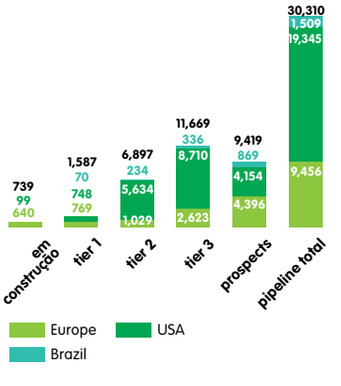


Entry Into Service in 2009 (MW)



EDP Renováveis Share Price (€)

Pipeline Capacity End 2009 (Gross MW)



PRESENCE OF EDP GROUP IN THE OPERATION OF WIND FARMS IN THE WORLD

2009 MAIN EVENT OF EDP RENOVÁVEIS ACTIVITY

EDP Group is present in the activity of wind energy generation through EDP Renováveis (EDPR).

By the end of 2009 EDPR is present in 8 geographies: Portugal, Spain, France, Belgium, Poland, Romania, the United States and Brazil and during 2009 increased its capacity by 1.175 Gross MWs of which 461 MW through the European platform, 700 MW in the North American subsidiary and 14 MW in Brazil. As subsequent event, EDPR also entered the markets of UK and Italy. With this global presence EDPR reaches market share positions of 8.2% in the U.S. and 4.5% in Europe.

The average load factor reached 26% in Europe and 32% in the U.S. Operational excellence and prime location of EDPR parks, allows achieving a higher premium than the market (particularly in Spain +150 percentage points).

EDPR - EUROPE (EDPR EU)

EDPR EU (Neo Energia) is at the top of the list of companies that have built more wind farms during the years 2007, 2008 and 2009, with a portfolio of 9,5 GW in various stages of development and a capacity of 3,355 MW.

In Portugal, the capacity increase benefits from the entry into operation of the parks built by ENEOP2, the company that won the wind generation public tender in Portugal (total of 1,2 GW).

In Spain, gross installed capacity is 2.278 MW which represents an increase of 169 MW in relation to 2008. At the end of 2009, 308 MW are under construction.

In 2009, installed gross capacity reached 220 MW in France and in Belgium 57 MW representing an annual increase of 35 MW and 10 MW respectively.

The Margonin wind farm (120 MW), in Poland entered in operation in December 2009.

In Romania, the year 2009 was marked by the beginning of construction of the first wind farm of EDPR in a country with a total capacity of 228 MW.

In January 2010, EDPR EU took another important step in its strategy of expansion through the acquisition of 520 MW of projects under development in Italy.

In the development of offshore, wind farms have been assigned to EDPR and SeaEnergy, through a joint venture called Moray Renewables, the exclusive rights to develop offshore wind farms in north-east Scotland, with a total capacity estimated of 1,3 GW.

EDPR - NORTH AMERICA (EDPR NA)

The activity in the U.S. is provided by the North American platform EDPR NA (Horizon Wind Energy).

At the end of 2009 EDPR NA has 16 wind farms in operation, with a total gross capacity of 2.859 MW, representing an increase of 700 MW compared to 2008.

By the end of 2009, EDPR NA holds a pipeline of 2009 19,2 GW of projects (excluding 99 MW already under construction) located in 18 states, divided into 5 regions.

EDPR - BRAZIL (EDPR SA)

EDPR created in June 2008, a joint venture with EDP - Energias do Brasil/ Enernova, with the name of EDP Renewables Brazil (EDPR SA).

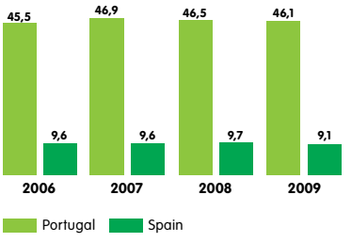
EDPR SA has an installed capacity of 14 MW, following the conclusion of CENAEEL's acquisition, and a pipeline of 1.5 GW of which 70 MW are expected to start construction in 2010 (Tramandaí wind farm). The main activities of EDPR SA are the exploration and development of partnerships for the construction of wind farms. The exploration is centered in the northeast, southeast and southern regions, which have a higher load factor.

summary of activities

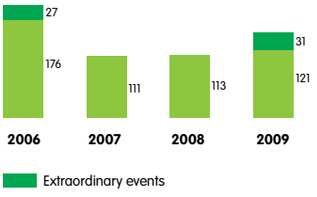
DISTRIBUTION

	Unit	2009	2008	2007	2006
PORTUGAL					
ENERGY INPUT IN THE DISTRIBUTION GRID					
For the regulated market	GWh	40,452	48,796	43,779	41,228
For the free market	GWh	8,971	1,306	5,731	7,406
Total	**GWh**	**49,422**	**50,102**	**49,510**	**48,634**
Note: does not include VHV consumptions					
OUTGOING ENERGY FROM THE GRID					
Energy delivered to the distribution grid	GWh	49,422	50,102	49,510	48,634
Distribution losses	GWh	-3,277	-3,633	-2,591	-3,169
Outgoing energy from the grid	**GWh**	**46,146**	**46,468**	**46,919**	**45,465**
Energy Sales for the Regulated Market	**GWh**	**37,626**	**45,289**	**41,546**	**38,304**
Very high voltage	GWh	1,330	1,667	1,527	1,394
High voltage	GWh	3,723	6,358	6,265	5,361
Medium voltage	GWh	9,128	14,052	10,290	8,603
Special low voltage	GWh	3,163	3,340	2,491	2,312
Low voltage	GWh	18,740	18,364	19,523	19,235
Street lighting	GWh	1,542	1,509	1,449	1,399
Energy output for the liberalised Market	**GWh**	**8,520**	**1,180**	**5,373**	**7,161**
Very high voltage	GWh	208	0	3	41
High voltage	GWh	2,089	2	11	98
Medium voltage	GWh	4,770	263	4,098	5,820
Special low voltage	GWh	413	219	996	1,190
Low voltage	GWh	1,040	695	264	13
ICEIT	Min	152	113	111	176
Points of Supply	m#	6,120	6,088	6,054	5,988
Employees	#	3,778	3,996	4,242	4,518
GRID STRUCTURE INDICATORS					
Extension	km	218,226	214,856	212,317	209,058
Substations	#	399	397	382	383
Transforming stations	#	62,036	61,157	59,841	58,513
EFICIENCY INDICATORS					
Points of Supply/Employee	#	1,620	1,524	1,427	1,325
Energy/Employee	GWh	12.2	11.6	11.2	10.2
SPAIN					
OUTGOING ENERGY FROM THE GRID					
Energy delivered to the distribution grid	GWh	9,519	10,029	10,008	9,892
Distribution losses	GWh	389	350	386	342
Outgoing energy from the grid	**GWh**	**9,131**	**9,679**	**9,622**	**9,550**
ELECTRICITY DISTRIBUTION					
High voltage	GWh	5,322	5,762	5,882	5,874
Medium voltage	GWh	1,215	1,284	1,204	1,215
Low voltage	GWh	2,594	2,633	2,536	2,461
Total	GWh	9,131	9,679	9,622	9,550
Total Market Spain	GWh	247,990	257,412	238,895	231,428
EDP market share	%	3.7	3.8	4.0	4.1
ICEIT	**Min**	**55**	**65**	**59**	**106**
Points of Supply	m#	645	628	617	603
Employees	#	368	366	389	395
GRID STRUCTURE INDICATORS					
Extension	km	21,874	21,356	20,995	20,465
Substations	#	53	48	48	47
Transforming stations	#	6,464	6,327	6,192	6,077
EFICIENCY INDICATORS					
Points of Supply/Employee	#	1,751	1,717	1,585	1,527
Energy/Employee	GWh	24.8	26.4	24.7	24.2

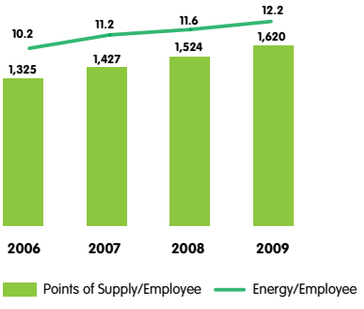
Energy distributed (TWh)



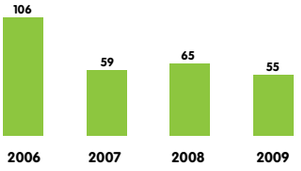
Installed Capacity Equivalent Interruption Time in Portugal (min)



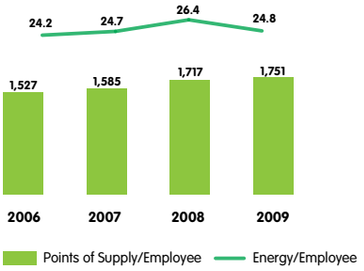
Operacional Eficiency in Portugal



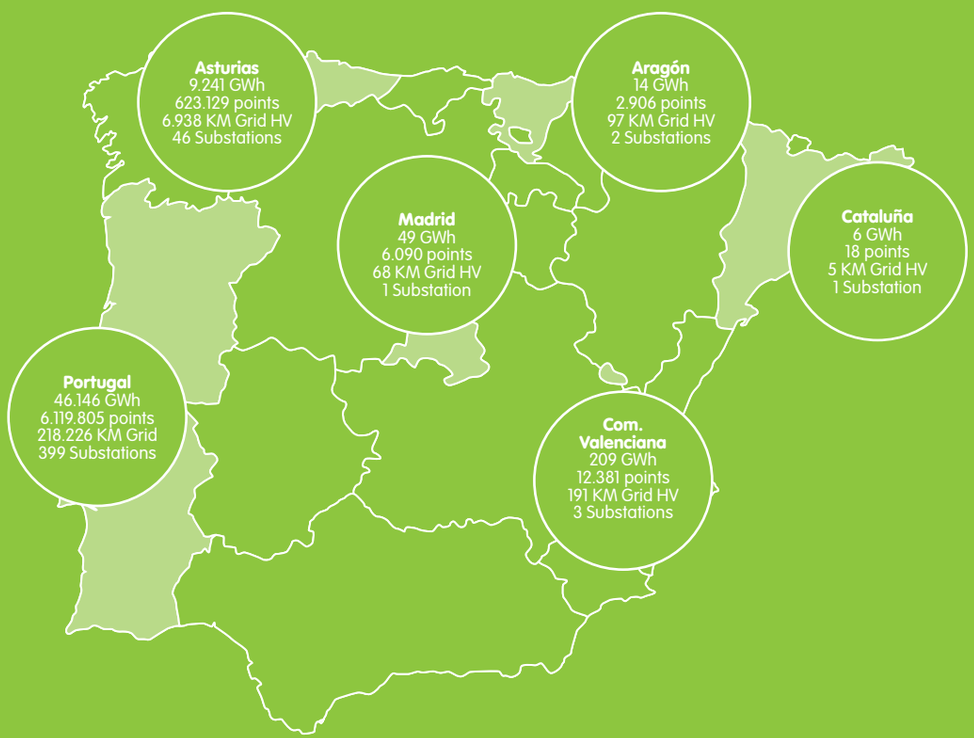
Installed Capacity Equivalent Interruption Time in Spain (min)



Operational Eficiency in Spain



PRESENCE OF EDP GROUP IN THE ACTIVITY OF ELECTRICITY DISTRIBUTION IN THE IBERIAN PENINSULA



2009 MAIN EVENTS OF THE ELECTRICITY DISTRIBUTION ACTIVITY IN THE IBERIAN PENINSULA

EDP takes part in distribution through EDP Distribuição in Portugal and HC Energía in Spain. This operation, based essentially on efficiency improvements and quality of service in the distribution grids, distributed over 55 TWh of energy in 2009.

PORTUGAL

In Portugal, EDP Distribuição has the concession of the National Distribution (RND) Electricity of Medium and High Voltage Grid and the Concession of all the 278 Distribution Networks in Low Voltage of all the municipalities on the mainland. It has 218.000 km of network and distributed 46.1 TWh of electricity in 2009 to a total of 6.1 million customers.

The network investment in recent years, the implementation of new processes in maintenance and optimization of operating the network has had excellent results in the technical quality of service, resulting in a significant reduction, versus 2006, in the indicator "Interruption Time Equivalent of the Installed Capacity (ICEIT) to values in the order of 121 minutes (excluding extraordinary events), perfectly comparable with those found in networks of other distributors with similar structures and network consumption. The year 2009 was affected by unusual events, mainly the cyclone Klaus on 23 January and the adverse weather conditions with wind speeds exceeding 200 km/h on the 23rd of December in the western region of the country, which accounted for 5,83 and 25,17 minutes respectively. In response to the shortcomings resulting from the storm came to be involved 800 people, 360 vehicles and 50 generators. This intervention allowed the reinstatement of the power supply in the first 24 hours to 87% of consumers affected. After 48 hours the supply was restored to 98% of customers.

The changes in electricity supply and demand, resulting from the attainment of the objectives of energy policy, mainly the reduction of emissions of greenhouse gases, are rising and will continue to require distribution companies to make significant changes, particularly the progressive installation of more information and automation leading to "smart grids" which will also result in clear benefit to the consumer and the producer. EDP is committed to this innovation process, emphasizing the Project InovGrid where, after the installation of equipment in various parts of the network, integrated into a pilot project, chose the city of Évora for implementing the concept of "Intelligent City".

Continued to exist a strong adherence to micro-generation, with the connection to the network of 3.485 new micro-producers with an installed capacity of 12,3 MW. Were also connected to the distribution network 84 new Special Regime Producers (PRE) with an installed capacity of 645,2 MVA. In both cases, there is a predominance of wind technology and photovoltaics. At the end of the year were connected to the grid 3.967 microproducers with 14 MW of installed capacity, and 593 with PRE 4.807 MVA of installed power.

SPAIN

In Spain, HC Energía conducts the business of electricity distribution in 5 Autonomous Communities with a total of 22,000 kilometers of network and more than 9TWh distributed power, to which contributed during 2009, the acquisition of two small independent distributors of the Autonomous Region of Aragon. Aside from the Asturias HC Energía develops its electricity distribution business in the Autonomous Communities of Madrid, Valencia, Catalonia and Aragon, with a total of 21,500 new customers in these areas.

The investments carried out in recent years, as well as the implemented procedures, allowed a decrease of the interruption of supply to less than an hour in Asturias, the main area of distribution, which concentrates more than 95 % of HC customers. HC Energía continues to lead the quality of service in the Spanish Electricity System. Regardless of the cyclone Klaus in 2009 HC Energía has the best index ever of quality of service with a value of 55 minutes (0.97 hours) which implies a decrease of 4 minutes for the previous record registered. Mention should be also made to the night of 23 January, when the cyclone Klaus affected the North of the Peninsula, causing severe damage to infrastructure. In the area of HC Energía, 48.000 customers were without electricity supply, but however, in less than 36 hours, 99% of them had recovered the service.

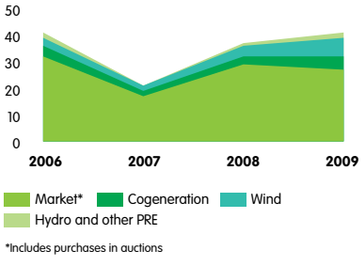
As of July 1st, in Spain, the utilities no longer conduct the business of supplying electricity, now being held by the suppliers of last resort, an activity in which the HC Energía is also present.

summary of activities

SUPPLY IN IBERIA

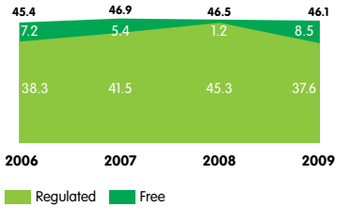
	Unit	2009	2008	2007	2006
Last Resort Market in Portugal					
Number of costumers					
Very high voltage	#	26	53	55	20
High voltage	#	193	234	213	182
Medium voltage	#	17,681	22,913	20,748	19,955
Special low voltage	#	28,246	32,170	25,687	25,118
Low voltage	#	5,746,352	5,785,797	5,807,784	5,869,451
Street lighting	#	50,299	49,260	48,308	46,971
Total	**#**	**5,842,797**	**5,890,427**	**5,902,795**	**5,961,697**
Electricity					
Very high voltage	GWh	1,330	1,667	1,527	1,377
High voltage	GWh	3,723	6,358	6,265	5,358
Medium voltage	GWh	9,128	14,052	10,290	8,589
Special low voltage	GWh	3,163	3,340	2,491	2,308
Low voltage	GWh	18,740	18,364	19,523	19,222
Street lighting	GWh	1,542	1,509	1,449	1,399
Total	**GWh**	**37,626**	**45,289**	**41,546**	**38,253**
Liberalised Market in Portugal					
Number of costumers	**#**	**277,008**	**197,752**	**151,613**	**26,199**
EDP Comercial	#	259,698	197,151	148,319	22,573
B2B	#	7,535	9	5,105	4,446
B2C	#	252,163	197,142	143,214	18,127
Other suppliers	#	17,310	601	3,294	3,626
Electricity	**GWh**	**8,520**	**1,180**	**5,372**	**7,161**
EDP Comercial	GWh	5,529	947	3,010	4,037
B2B	GWh	4,565	271	2,751	4,024
B2C	GWh	963	676	259	13
Other suppliers	GWh	2,992	233	2,363	3,124
Regulated/Last Resort Market in Spain					
Number of costumers					
High voltage	#	0	4	12	15
Medium voltage	#	0	77	306	499
Low voltage	#	422,252	549,317	564,773	541,391
Total	**#**	**422,252**	**549,398**	**565,091**	**541,905**
Electricity					
High voltage	GWh	1,559	5,064	5,629	5,650
Medium voltage	GWh	11	133	268	462
Low voltage	GWh	1,563	2,043	2,142	2,072
Total	**GWh**	**3,133**	**7,240**	**8,039**	**8,184**
Liberalized Market in Spain					
Number of costumers	**#**	**3,028,182**	**2,153,754**	**1,697,340**	**1,981,812**
HCEnergía + NG Energía	#	530,778	117,175	89,410	98,938
B2B	#	4,848	3,400	2,680	1,902
B2C	#	525,930	113,775	86,730	97,036
Other suppliers	#	2,497,404	2,036,579	1,607,930	1,882,874
Electricity	**GWh**	**143,298**	**107,174**	**72,961**	**62,571**
HCEnergía + NG Energía	GWh	16,234	12,507	11,236	8,662
B2B	GWh	12,833	9,941	9,166	6,187
B2C	GWh	3,402	2,566	2,070	2,475
Other suppliers	GWh	127,063	94,666	61,725	53,909

Purchase of energy in Portugal (GWh)

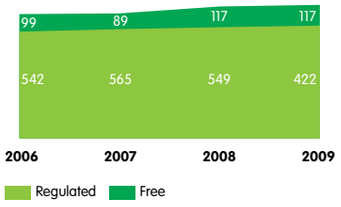


*Includes purchases in auctions

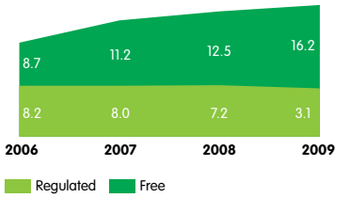
Electricity Supply in Portugal (TWh)



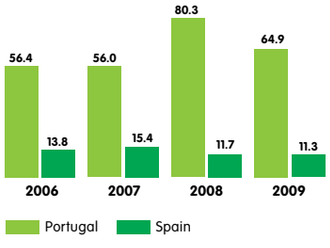
Number of supply costumers in Spain (thousands of costumers)



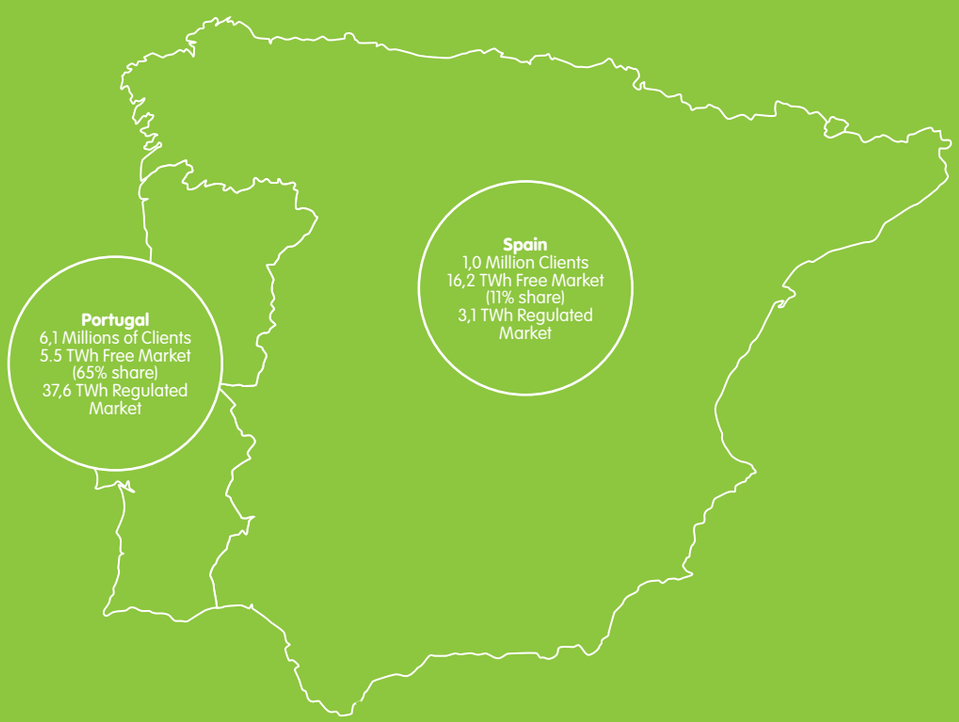
Electricity Supply in Spain



Market Share - Liberalised Market (%)



PRESENCE OF EDP GROUP IN THE ACTIVITY OF ELECTRICITY SUPPLY IN THE IBERIAN PENINSULA



2009 MAIN EVENTS OF THE ELECTRICITY SUPPLY ACTIVITY IN THE IBERIAN PENINSULA

The EDP Group is engaged in supply in Portugal in the regulated market through EDP Serviço Universal, in which ensures the supply of electricity with a tariff which is set by regulation and the free market through EDP Comercial. In Spain is present in the Last Resort Market by HC Energía Last Resort and in the liberalised market through HC Energía and Energía CHC in which acts in competition with other Iberian players.

PORTUGAL

During 2009, the overall number of customers in the Regulated Market fell by 0.8%, as a result of the net outflow of nearly 65 thousand customers to the free market, from which 54 thousand supplied in Low Voltage (LV), 5 thousand in Special Low Voltage (SLV) and about 6 thousand in Medium Voltage (MV). In the case of Very High Voltage (VHV), over half of the customers decided to join the free market, whereas the same decision was taken by about one third of the customers supplied in High Voltage (HV).

Electricity sales in the regulated market decreased by about 17% in relation to the previous year, particularly in HV and MV, with reductions of nearly 40% and 35%, respectively. These huge reductions are the combined effect of the referred migration of customers to the liberalized market, with the overall slowdown in electricity demand due to the economic crises.

The relation of partnership and trust that EDP Comercial maintained with customers during 2008, when in result of the adverse pricing conditions they migrated to the Regulated Market, led in 2009 to the maintenance of a leading player position in the free market, in a competitive scenario.

During the year, the EDP Comercial was allocated a 65% market share in energy demand, and had 94% of the facilities provided in the ML at the end of December. These results of EDP Comercial have been reached in a more sustained and supported way in its business units.

B2B segment was the one that observed more dynamic in the reopening of the free market of electricity. The ability that EDP Comercial had to quickly make deals that create value to its customer base, complemented with an extensive display of Value Added Services, reflected in sales of 4,6 TWh and a portfolio of more than 7.535 facilities at the end of the year, including the largest consumers of electricity in the country.

In the B2C segment EDP Comercial reached a portfolio of approximately 252 thousand residential customers and small businesses (95% of the liberalized market) at the end of the year, representing a sales volume of about 963 GWh, equivalent to an annualized consumption of 1,1 TWh.

Concerning EDP Serviços, the year 2009 was marked by the development of new products and solutions based on three strategic points – Energy Efficiency, Multitechnic Services and Decentralized energy generation. EDP Comercial saw approved under 2009/2010 PPEC measures equivalent to 5,9 million euros, 41% of the total obtained by the EDP Group and about 30% of the total made available by ERSE.

SPAIN

On 1 July 2009, when Royal Decree 485/2009 came into effect, the integral electricity tariffs were eliminated. Due to these changes, all customers are now part of the free market, whether through the independent trading company or through the Hidrocantábrico Energía Last Resort.

EDP Group operates since 2005 with the new brand name HC Energía and in less than a year has managed to obtain a recognition level of 92% in its sphere of influence. This recognition was fundamental to the growth recorded in the segments where it operates. Including CHC Energía, EDP group attained approximately 531 thousand Clients which represents an increase of 353% from 2008.

The B2B market segment recorded 12.833 GWh of energy sold, 25% more than the previous year. In addition, the structure of the Customer Portfolio was optimized, thus improving the margin of the Major Accounts and Companies segment. Depending on the actions performed, this type of customer's overall satisfaction level was higher than 95%.

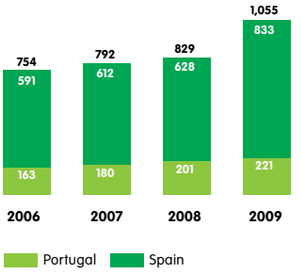
The B2C segment recorded a total of 3.402 GWh sold, which represents a 11% increase over 2008. The strategy of this segment has been focused on the analysis of portfolios, in order to attract cost-effective customers and to obtain their loyalty with a dual offering and 102,000 residential level is approximately 87%.

summary of activities

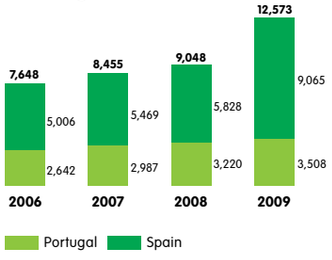
GAS BUSINESS IN IBERIA

	Unit	2009	2008	2007	2006
IBERIA					
Number of costumers (thousands)	**#**	**1,054,806**	**829,282**	**791,695**	**754,275**
Regulated	#	221,266	200,988	376,407	506,161
Last Resort	#	214,059	122,000	0	0
Liberalised	#	619,481	506,294	415,288	248,114
Points of Supply	**#**				
Distribution	#	1,185,225	891,020	844,894	804,727
Grid Length	**Kms**	**12,573**	**9,048**	**8,455**	**7,648**
Transportation Grid	Kms	362	309	307	250
Distribution Grid	Kms	12,211	8,739	8,148	7,398
Gas Volume (millions)	**m^3**				
Distributed	m^3	2.1	2.3	1.9	1.9
Supplied	m^3	2.1	2.1	1.6	1.2
Gas Volume	**TWh**				
Distributed	TWh	25.1	26.6	22.7	21.9
Supplied	TWh	24.6	28.9	25.3	22.4
Regulated	TWh	2.3	4.2	7.1	8.6
Last Resort	TWh	1.2	n/a	0.0	0.0
Liberalised	TWh	21.1	24.7	18.2	13.8
Number of Employees	**#**	**537**	**421**	**409**	**407**
PORTUGAL					
Number of costumers (thousands)	**#**	**221,356**	**200,988**	**179,802**	**163,391**
Regulated	#	221,266	200,988	179,802	163,391
Last Resort	#	0	0	0	0
Liberalised	#	90	0	0	0
Points of Supply	**#**				
Distribution	#	221,388	200,988	179,802	163,391
Grid Length	**Kms**	**3,508**	**3,220**	**2,987**	**2,642**
Transportation Grid	Kms	0	0	0	0
Distribution Grid	Kms	3,508	3,220	2,987	2,642
Gas Volume (millions)	**m^3**				
Distributed	m^3	0.5	0.5	0.2	0.2
Supplied	m^3	0.3	0.2	0.2	0.2
Gas Volume	**TWh**				
Distributed	TWh	6.1	6.0	2.6	2.3
Supplied	TWh	3.3	2.7	2.6	2.3
Regulated	TWh	2.3	2.7	2.6	2.3
Last Resort	TWh	0.0			
Liberalised	TWh	1.0	0.0	0.0	0.0
Number of Employees	**#**	**101**	**110**	**112**	**115**
SPAIN					
Number of costumers (thousands)	**#**	**833,450**	**628,294**	**611,893**	**590,884**
Regulated	#	0	0	196,605	342,770
Last Resort	#	214,059	122,000	0	0
Liberalised	#	619,391	506,294	415,288	248,114
Points of Supply	**#**				
Distribution	#	963,837	690,032	665,092	641,336
Grid Length	**Kms**	**9,065**	**5,828**	**5,469**	**5,006**
Transportation Grid	Kms	362	309	307	250
Distribution Grid	Kms	8,703	5,519	5,161	4,756
Gas Volume (millions)	**m^3**				
Distributed	m^3	1.6	1.8	1.7	1.7
Supplied	m^3	1.8	2.1	1.6	1.2
Gas Volume	**TWh**				
Distributed	TWh	19.0	20.7	20.2	19.7
Supplied	TWh	21.3	26.3	22.7	20.1
Regulated	TWh	0.0	1.5	4.5	6.3
Last Resort	TWh	1.2	n/a	0.0	0.0
Liberalised	TWh	20.1	24.7	18.2	13.8
Number of Employees	**#**	**436**	**311**	**297**	**292**

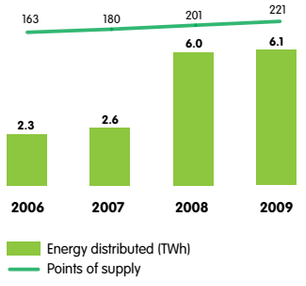
Number of costumers (thousands)



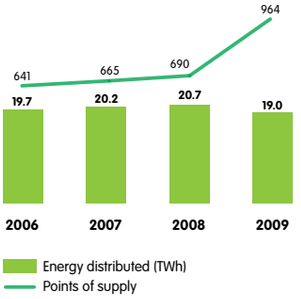
Grid Lenght (Kms)



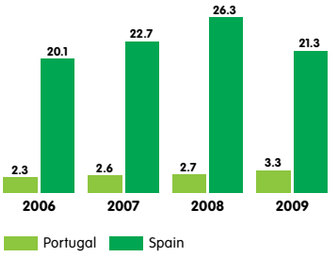
Gas in Portugal - Energy distributed and Points of Supply



Gas Spain - Energy distributed and Points of Supply



Gas Spain - Energy Supplied (TWh)



PRESENCE OF EDP GROUP IN GAS ACTIVITY IN THE IBERIAN PENINSULA

2009 MAIN EVENTS OF THE GAS ACTIVITY IN THE IBERIAN PENINSULA

EDP has a reference presence in the Iberian natural gas market. It is present in Portugal through Portgás (acting under the brand name of EDP Gás Distribuição), EDP Gás.Com (licensed trader to operate in the liberalized market) and a minority stake in Setgás. In Spain it is present in this market through Naturgas Energia.

In December 2009, EDP Group concluded the acquisition of Gas Natural assets in the Autonomous Communities of Cantabria and Murcia. This acquisition represents a milestone for Naturgas once it has joined 3.080 Km of gas networks, 257.573 points of supply and 11 TWh of distributed gas. This operation has consolidated the company as the second largest gas distributor in the Spanish market and increase its share of supply points from 10% to 14%, achieving about 1.185.000 supply points.

Important gas supply agreements have been negotiated, including agreements with Sonatrach that enables the delivery of gas to the Group 1 of Lares Thermal Power Plant until the entrance of new Medgaz international pipeline and with Shell LNG that enables the delivery of 0,22 bcm per year during the period 2010-2012.

PORTUGAL

In the Distribution activity, continued the concession development by ensuring the extension of the level of coverage, pointing out the supply of Vila Verde and Felgueiras, and reaching an increase of more than 20.400 points of supply (+10% compared to 2008).

EDP Gas Serviço Universal, despite the customers migration with a consumption greater than 10,000 m3 for the liberalized market (57 accounts) the number of clients increased significantly to 214,441 following the growth of supply points of distributior.

In the Supply actuvuty EDP Gas Comercial confirmed its position as an important player in the B2B segment, strengthening its strategic action in both the trading activity, trading 7,8 TWh of natural gas, as in supply activity, reaching 90 accounts and a market share of 9.77%

SPAIN

In the Transport activity important gas pipeline projects were concluded and others entered into service, of which stands the pipeline Bergara-Irun phase III. Note also to the beginning of contacts to negotiate a stake in the future regasification unit - EL Musel

In terms of the distribution activity, the continued effort to invest in expansion and densification of the network has boosted supply 16.232 points of supply surpassing 706 thousand at the end of 2009. However, adverse economic circumstances led to a decline of 8,3% of the volume conveyed over the same period.

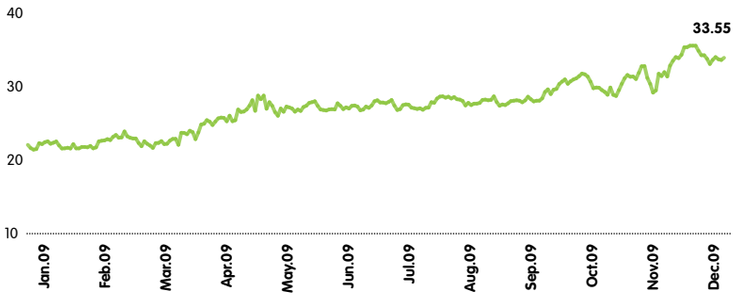
The difficult economic situation that occurred in 2009 affected in particular the supply activities, with a continuing deterioration of sales prices in the industrial sector. Given this reality, the company was particularly attentive to its energy management and made significant new trade measures, with a great focus on risk control in a complex market situation.

summary of activities

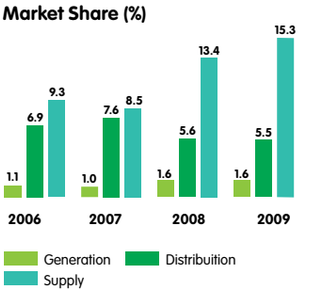
ELECTRICITY BUSINESS IN BRAZIL

	Unit	2009	2008	2007	2006
GENERATION					
Number of Generating Groups	**#**	**39**	**37**	**32**	**30**
Hydroelectric power stations (UHE)	#	14	14	9	9
Small Hydroelectric power stations	#	25	23	23	21
Installed Capacity at 31 December*					
Lajeado	MW	903	903	250	250
Peixe Angical	MW	452	452	452	452
Mascarenhas	MW	181	181	181	181
Suiça	MW	34	32	32	30
Mini-hydro	MW	163	130	130	106
Total Capacity	**MW**	**1,732**	**1,697**	**1,044**	**1,018**
Net Generation*					
Lajeado	GWh	3,169	1,795	982	1,236
Peixe Angical	GWh	2,093	2,250	2,203	1,196
Mascarenhas	GWh	846	740	838	802
Suiça	GWh	54	76	141	182
Mini-hídricas	GWh	731	612	539	564
Total Generation	**GWh**	**6,893**	**5,473**	**4,704**	**3,980**
DISTRIBUTION					
Energy Distributed					
Bandeirante	GWh	13,292	13,554	13,268	12,763
Escelsa	GWh	8,021	8,652	8,488	8,060
Enersul	GWh	0	2,202	3,273	3,126
Total	**GWh**	**21,313**	**24,408**	**25,029**	**23,948**
Points of Supply	#	2.668	2,583	3,207	3,114
Number of costumers					
Regulated	#	2,667,611	2,582,572	3,206,546	3,113,125
Bandeirante	#	1,482,355	1,438,651	1,401,302	1,364,577
Escelsa	#	1,185,256	1,143,921	1,095,116	1,058,756
Enersul	#	0	0	710,128	689,792
Liberalised	#	90	105	110	112
Bandeirante	#	73	72	74	72
Escelsa	#	17	33	21	24
Enersul	#	0	0	15	16
Total	**#**	**2,667,701**	**2,582,677**	**3,206,656**	**3,113,237**
Grid Structure indicators					
Extension	Kms	82,289	81,579	147,043	132,862
Substations	#	122	133	221	217
Tranformation Stations	#	180,272	168,691	223,322	214,854
SUPPLY					
Electricity supplied by Enertrade	GWh	56,120	54,345	84,566	72,067
Enertrade	GWh	8,586	7,282	7,188	6,702
Other	GWh	47,534	47,062	77,378	65,365
Enertrade's costumers	#	120	64	78	52

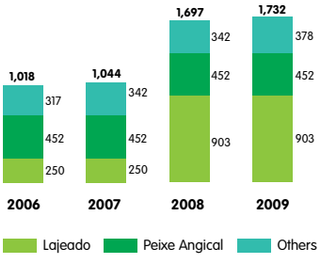
ENBR3 (BRL)



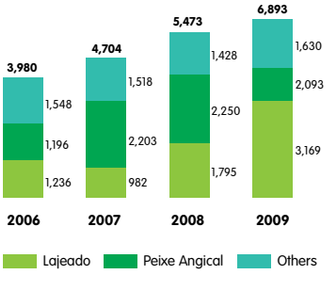
Market Share (%)



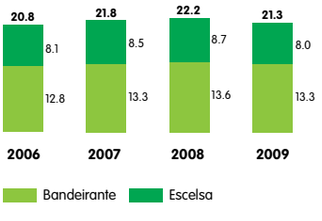
Generation Portfolio (MW)



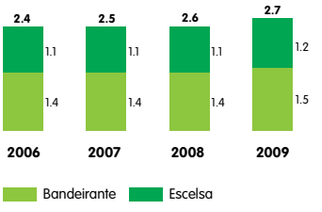
Net Generation (GWh)



Distributed Electricity (TWh)



Number of Clientes (millions)



PRESENCE OF EDP GROUP IN BRAZIL

2009 MAIN EVENTS OF THE ACTIVITY IN BRAZIL

EDP Group is present in Brazil in the activities of generation, distribution and supply of electricity through EDP Energias do Brazil.

GENERATION

The production activity includes the management of hydroelectric power stations (UHE) and small hydro power (PCH), with a total installed capacity of 1.732 MW in December 2009.

During the year 2009 there was the repowering and modernization of three hydroelectric plants which increased the installed capacity in 35,7 MW. In the month of June began the operation Santa Fé Hidro plant in the State of Espirito Santo with an installed capacity of 29 MW.

In 2009, EDP Energias do Brazil acquired through its joint venture with EDPR of Brazil, full control of the company Elebras Projectos, which has a portfolio of 533 MW, including wind farm Tramandaí, which will have 70 MW of installed capacity and whose Construction is scheduled for the first quarter of 2010.

SUPPLY

In Supply, Energias do Brasil is present through Enertrade which in 2009 sold 8.6 TWh to customers in the liberalized market, with a market share of 15.3%.

During 2009, the free market in Brazil had a shrinkage of 9.7% in consumption for the year 2008, while auto production has fallen by 24.5% compared to the year 2008 and consumption of free consumers market fell by 3.2%.

DISTRIBUTION

In Distribution, EDP Energias do Brazil has full control of the companies Bandeirante and Escelsa, serving about 2.668 thousands of customers and distributing 21,3 TWh in 2009.

Bandeirante distributed in 2009 13.292 GWh, a decline of 1,9% compared to 2008. The electric energy distributed to final customers, totaled the amount of 8.585 GWh, which represented an increase of 1,3% over the year 2008.

The company ended the year 2009 with 1.483 thousands of customers, more than 3,0% of 2008. During 2009, the distributed power to the liberalized market and dealers on Bandeirante grid totaled the amount of 4.707 GWh, representing a decrease of 7,4% when compared to 2008.

Escelsa distributed in 2009 8.021 GWh, a decrease of 7,3% compared to 2008. The number of customers reached 1.185 thousand, representing an increase of 3,6% over the previous year. In the regulated market, Escelsa sold a total of 5.305 GWh, an increase of 2,6% compared to 2008. For the liberalized market, Escelsa distributed the amount of 2.716 GWh, a decrease of 22% over the previous year.

Also noteworthy is the anti-fraud program "Programa de Combate às Perdas Comerciais "which carried out 174.630 inspections in the field, replaced 90.796 obsolete, damaged and electromechanical meters by electronic ones with indirect readings and performed 32.819 regularizations of immigrant customers. The level of trading losses was 6.3% in 2009.

contribution to sustainability

contribution to sustainability

1. RECOGNITION

Dow Jones Sustainability Index 2009/2010

For the second year running, EDP is the only Portuguese company to be listed on the Dow Jones World and STOXX Sustainability Indexes, ranked only two points below the world number one.

Accountability Rating Portugal 09 Award

EDP has been recognised by Sair da Casca and Two Tomorrows for the second year running. This internationally published rating aims to evaluate the transparency with which companies communicate and report to their stakeholders.

EDP considered "Best in Class" by Storebrand

EDP has been singled out for excellence in environmental and social performance by leading Scandinavian financial services company STOREBRAND, for the third time running.

EDP included in "The Sustainability yearbook 2010"

EDP was included in the top 15% of companies in terms of sustainability for its third consecutive year, receiving a Gold Class ranking in 2010 from SAM (Sustainable Asset Management), which evaluates companies across 58 sectors. EDP had ranked in the Silver Class in previous years.

EDP considered "Prime" by oekom Research AG

EDP obtained a B rating (B+ in environment and B in social responsibility) and was considered "Best Practice" in terms of social and environmental responsibility and one of the best practices in the world in the utilities sector.

Citizenship Award from companies and organisations

EDP took 1st place in the Industrial and Consumer Products category in January 2010, for the implementation of its social responsibility and sustainability policies in the economic, social and environmental arenas. These awards are an AESE initiative, in partnership with PricewaterhouseCoopers.

HC Energía – highest quality index in its history

HC Energía recorded the highest supply quality index in its history in 2009. This index is measured according to Installed Capacity Equivalent Interruption Time (TIEPI) – an indicator that measures supply quality in electricity distribution companies.

EDP Energias do Brasil Group listed on Corporate Sustainability Index

The EDP Energias do Brasil Group was listed on the Bovespa Corporate Sustainability Index (ISE) for the fourth consecutive year.

António Mexia – Personality of the Year 2008

Award presented by the Luso-Brazilian Chamber of Commerce (CCILB) in 2009.

António Mexia – Best Leader Award 2009

In the Corporate Management category, for his consistency in obtaining results, international expansion strategy and implementation of sustainability values.

Ana Maria Fernandes – Best Portuguese Female Executive

Awarded by the European Women's Management Development International Network (EWMD).

EDP Renováveis wins IPO of the Year

EDP Renováveis, the third largest wind energy company in the world, and the third largest in Europe and Spain, won the "IPO of the Year" award upon becoming a listed company in June 2008. This operation resulted in proceeds of EUR 1.576 billion in a difficult economic climate.

Procurement Leaders Awards 2009

EDP won a Special Commendation Award for Best Use of Technology for their Sinergie project – Supply Integration for Energy.

Abrinq Certification

For the tenth consecutive year, EDP Escelsa obtained "Child Friendly Company" certification from Abrinq, a foundation that seeks to mobilise society on issues related to the rights of children and adolescents.

Boca Livre wins "Mogi News" social award

EDP Brasil's "Boca Livre" project won the Mogi News/ Chevrolet Alto Tiête Corporate Social Responsibility Award in the internal public relations category.

Investor Relations & Governance Awards 2009

EDP won the Special Stock Market Award at the Deloitte Investor Relations & Governance Awards 2009. These awards are presented each year in recognition of best practices and professionals in investor relations.

Marketeer Award

Awarded to EDP by Marketeer magazine, for their overall marketing and communication strategy and positioning during 2008.

IASC 2009 – Aneel Consumer Satisfaction Index

EDP Bandeirante placed third in the Southwest Region for companies with over 400,000 consumers.

FEIEA Grand Prix 2009

The "sou edp" and ClickIdea projects received awards at this annual competition to recognise best practices in the area of corporate communication.

HC Energía receives Customer Service Centre award

For the 5th year running, HC Energía won the award for Best Customer Service Centre in the energy and utilities sector.

Best Companies for Leaders

EDP was singled out by the Hay Group for a Best Companies for Leaders award. This award recognises companies that set the market standard for talent management and leadership development.

Merit award for good practices in risk prevention

Awarded to EDP Distribuição – Energia, SA, by the Working Conditions Authority (ACT), for their Awareness Raising Campaign on Isolating Electrical Installations, under the theme "Connected to Life".

EDP in Brazil is Model Company for Sustainability

EDP Brasil was singled out by the Exame Sustainability Guide as one of the 20 best companies in the arena of corporate responsibility, for the second consecutive year.

EXAME 500 Biggest & Best

Award presented to EDP Produção by EXAME magazine in the Water, Electricity and Gas category.

Best Contact Centre

Award presented to EDP in the utilities category by the Portuguese Contact Centre Association (APCC), for the second year running.

Energy Business Awards

EDP won an Energy Business Award in the "Excellence in Energy Risk Management" category.

Energy Business
Awards 2009

Gold Espírito Santo Quality Award (PQES)

EDP Escelsa was awarded a Gold award for Quality under the Programme to Increase Systemic Competitiveness in Espírito Santo (Compete).

EDP Bandeirante awarded Transparency Trophy

This prize was awarded by Anefac - the National Association of Finance, Administration and Accountancy Executives, for the transparency and clarity of the financial information presented in their 2008 Annual Report.

Época Climate Change Award 2009

Awarded to EDP Energias do Brasil for being a Corporate Climate Policy Leader, for the second consecutive year.

HC Energía and Naturgas most valued companies by Spanish customers

Leaders in terms of overall satisfaction, loyalty and intention to recommend, according to a study conducted by the Stiga Spanish Consumer Satisfaction Institute (ISSCE).

contribution to sustainability

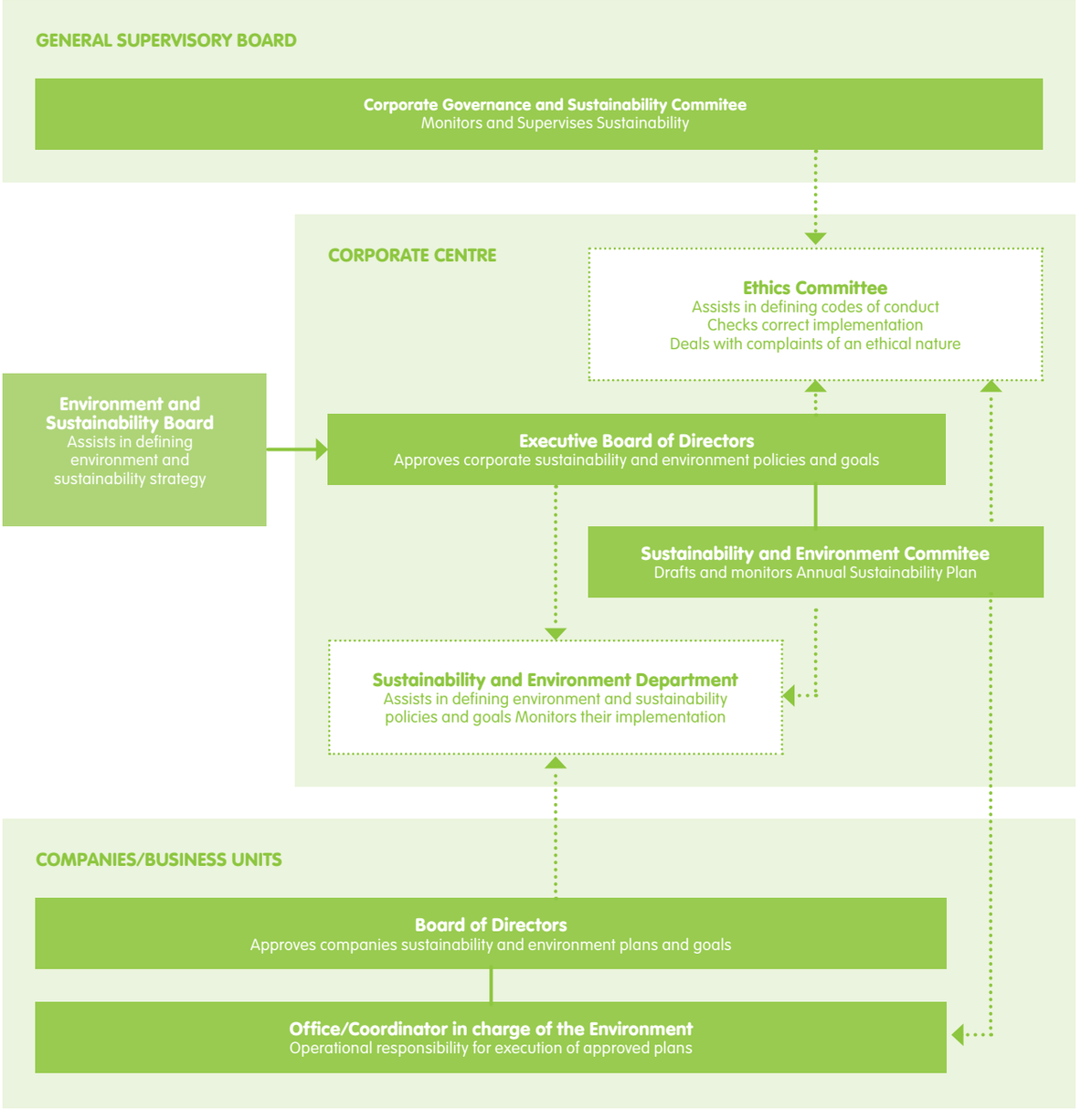
2. CORPORATE APPROACH

EDP's commitment to integrating sustainability at the highest level of management now finds expression in a new Vision based on dialogue, responsibility and innovation. While encompassing the core aspects of the business, this approach also seeks to encourage proactivity in building a future based on shared values in societies that are becoming increasingly demanding, dynamic and socially aware, an approach that ensures we do not forget the well-being and quality of life of future generations.

EDP has assumed commitments in areas where the company can genuinely make a difference, based on the Sustainable Development Principles it published in 2004. These will be reviewed and updated during 2010 to blend into the corporate Vision and Strategy.

These principles are implemented at the various levels of management, from strategic planning to application in the different business areas.

ORGANISATION OF SUSTAINABILITY



Note: For detailed information on the functions of each body, refer to the chapter on Corporate Governance.

Five management guidelines have been defined in accordance with EDP's Strategic Agenda until 2012:

- Improve the integration of sustainability and environmental management into the Group's management and control systems;
- Identify best practices and promote internal and external partnerships;
- Build skills in environmental responsibility and risk management;
- Develop a corporate culture of excellence in sustainability performance;
- Expand the use of instruments to gather information on expectations and assess the Group's performance to the various stakeholders.

These guidelines are implemented through a Sustainability and Environment Action Plan that is reviewed each year, using the Dow Jones Sustainability Indexes (DJSI) as a benchmark.

In 2009, EDP was again recognised for its improvement in sustainability performance. For the second year running, it was listed on the DJSI World and Stoxx, ranking only 2 points below the leader in the electricity sector.

Also in 2009, EDP was singled out in the worldwide "Sustainability Yearbook 2010" published by SAM (Sustainable Asset Management). This is the third consecutive time that EDP has received this distinction, improving its performance from "Silver Class" in 2009 to "Gold Class" in 2010.

The company's responsibility and determination in maintaining the highest levels of sustainability performance have been reinforced by a series of initiatives and objectives, summarised below:

SUSTAINABILITY COMMITMENTS

2009	Status	Goals/Future Targets
Corporate Commitments		
Achieve the SAM Gold Class	**100%**	Maintaine the same level of recognition
Inventory significant environmental risks for the different activities	**90%**	Conclusion planned for 2010
Implement new Code of Ethics Regulations	**100%**	Awareness of all employees by 2011
Implement the Sustainability Balance Scorecard	**100%**	Extend methodology to Business Units
Governance		
Ensure that the rules for handling, disclosing and acting upon the conflicts of interest described in the "Reference Framework for Handling Conflicts of Interest" and applicable to members of the EBD and GSB also apply to the Board Members and Directors of EDP Group companies	**Ongoing**	
Biodiversity		
Conduct a pilot study to enhance ecosystem services in a hydroelectric system in Portugal	**New**	
Follow the development of the new EDP Chair in Biodiversity	**New**	
Start plans for monitoring the biological quality of water downstream from hydroelectric plants in Portugal	**New**	
Develop and implement a Best Practices Manual for managing transmission corridors in protected areas in Portugal	**30%**	Conclusion in 2011
Harmonise biodiversity monitoring plans for new hydroelectric projects in Portugal	**20%**	Started in 2009, for the Sabor hydroelectric project, is expected to extend to new projects under construction
Climate change		
Improving the position achieved in Carbon Diclosure Project	**New**	
Measure EDP's carbon footprint in Portugal	**New**	
Assess the EDP Group's exposure ti climate risk	**80%**	Conclusion planned for 2010, with the evaluation of scenarios.
Strengthening Dialogue with Stakeholders		
Improve communication on sustainability during the planning phase of new projects	**80%**	In 2010, raise awareness among staff of ways to improve communication with local communities on new infrastructure projects
Promote sustainability reporting practices along the value chain	**70%**	Complete objective of the previous year and extend over 5 suppliers in 2010
Implement an LBG management system for assessing the social return on EDP projects	**100%**	Test pilot cases in 2010 in the different regions where the EDP operates
Improve dialogue with stakeholders	**New**	Implement na Action Plan based on the framework of AA1000 APS
Human Capital Management	**100%**	
Design and launch the Corporate Leadership Schools and EDP School (for training needs shared across the Group), as part of the EDP University	**New**	
Reduce work accidents involving EDP staff and service providers by 10%	**New**	
Implement a Corporate Safety Management System	**New**	
Environmental Management		
Establish mechanisms for analysing life cycle of EDP plans (pilot study: Baixo Sabor)	**20%**	Conclusion in 2011
Increase the installed capacity and number of distribution facilities with Environmental Certification according to ISO 14001:2004	**New**	Certification is planned for over 1,500 MW, with over 650MW from wind farms.
Obtain EMAS registration at over 11 facilities of the Iberian Peninsula		It is planned the registration of 2,276 MW of installed capacity.
R&D and Innovation		
Install 1,300 slow charging points and 50 fast charging points for electric cars by 2012	**New**	

contribution to sustainability

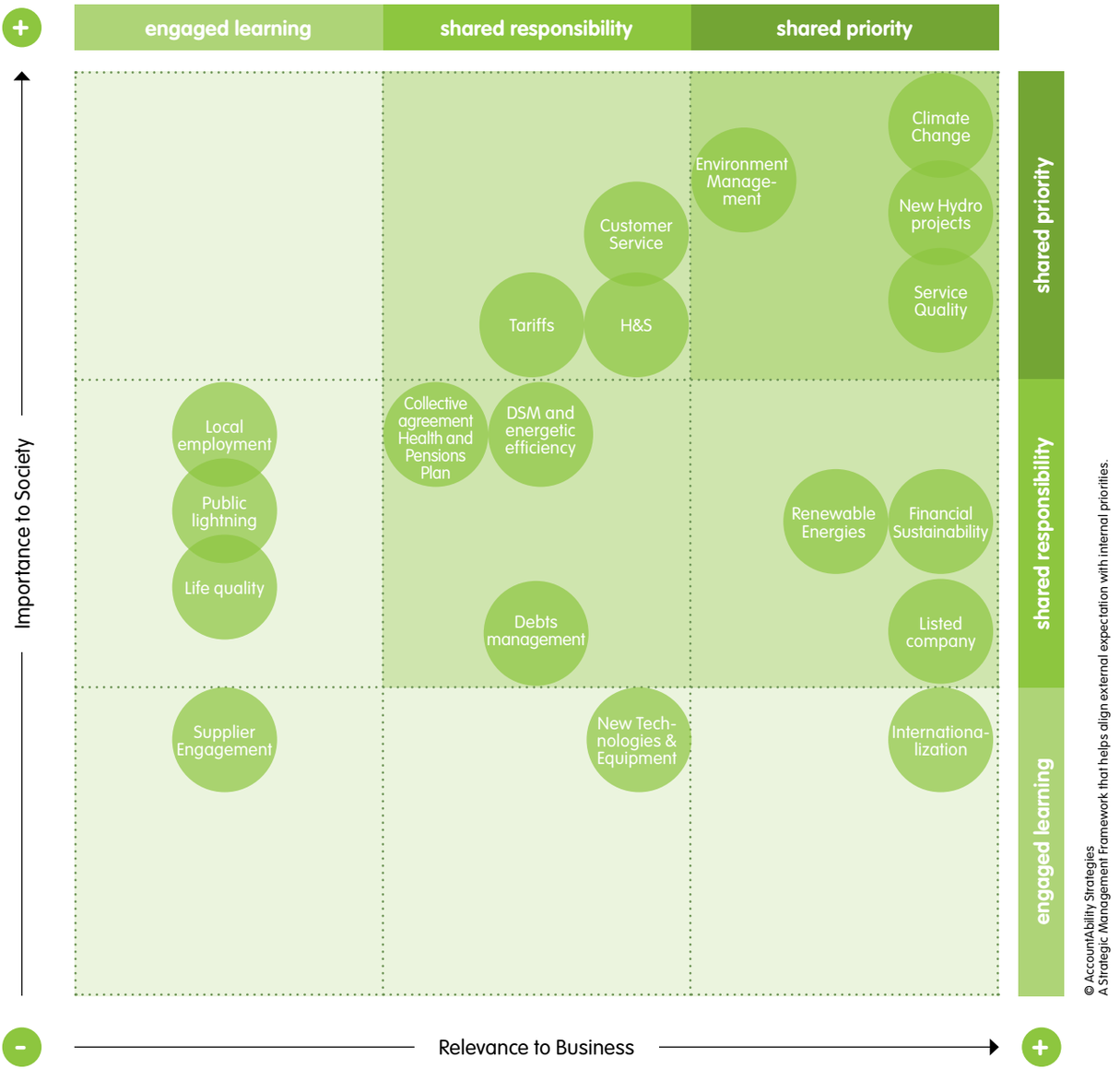
2.1. DIALOGUE WITH STAKEHOLDERS

As set forth explicitly in its Sustainable Development Principles, the company has committed to maintaining relations based on openness, transparency and trust with its stakeholders, by:

- Strengthening channels of communication;
- Integrating stakeholder expectations into its decision-making processes;
- Reporting objectively and credibly on its performance vis-à-vis the three pillars of sustainability.

In 2009, a systematic analysis was undertaken to assess EDP's degree of compliance with international standard AA1000 APS (2008), taking into account the strategy, principles and processes of its involvement with its major stakeholders. An Action Plan to improve the effectiveness of this involvement was drawn up based on the results obtained, to commence in 2010.

As part of a continuous process, a range of environmental, social and economic issues were identified, taking into account their importance to society and relevance to the business, and are described in this annual report. Detailed information on the process of identifying these issues and EDP's major stakeholders can be found at www.edp.pt> Sustainability> Stakeholders.



© AccountAbility Strategies
A Strategic Management Framework that helps align external expectation with internal priorities.

3. R&D AND INNOVATION

The R&D and Innovation policy followed by EDP is aligned with its strategic pillars:

- Focused Growth – implementing projects that contribute to EDP's sustainable growth plans;
- Greater Efficiency – seeking solutions that increase the efficiency of productive processes;
- Controlled Risk – implementing projects that mitigate EDP's exposure to risks, in particular regulatory, environmental and business risks.

EDP has restated its commitment to the following areas of strategic innovation:

- Renewable energies (offshore; wind and wave; solar);
- Electrical Mobility;
- Energy Efficiency;
- New electricity distribution technologies (smart grids and micro grids);
- Energy production (clean generation and CO_2 capture and storage);
- Added Value Markets and Services – marketing;
- Information Technologies – business "webization".

In 2009, the Group's companies were involved in a wide range of Research, Development and Technological Innovation (R&D+i) projects, in partnership with technology companies, industry, universities and scientific institutions, both in Portugal and internationally. In order to facilitate the financing of these projects, particular attention was focused on national and European incentive systems, with a number of successes in this regard.

A detailed description of these projects will appear in a specific publication that is currently in its final stage of editing. Notwithstanding the importance of the all various projects for the businesses involved and for the Group's overall innovation objectives, the following projects/initiatives in the strategic areas listed below are worth highlighting. See full details on www.edp.pt> Sustainability> R&D + Innovation.

Renewable Energies

- **Windfloat** – demonstration of deep-sea offshore wind technology, using floating platforms. This project is backed by the Innovation Support Fund (EUR 3 million).
- **Acquisition of the Aguçadoura site (Portugal)** – licensed site composed of a 4MVA substation and a 5km underwater electric cable, for offshore wave energy technology demonstration projects.
- **Photovoltaic energy demonstration projects** – participation in two demonstration projects in Portugal:

  1. Using dye sensitized solar cells;
  2. Using high concentration photovoltaics in a more centralised approach.

An agreement was also signed with Estradas de Portugal, with a view to taking advantage of the road infrastructure to integrate renewable energy solutions, in particular photovoltaic energy.

Electrical Mobility

- **Wattdrive Project** – development of a pilot project for recharging electric vehicles in Lisbon, opening the first network of 6 recharging points for use by the public.
- **CITYELEC Project** – one of the most important initiatives in the field of electrical mobility in Spain, seeking sustainable solutions in the urban environment (supported by the Ministry of Science and Innovation).
- **Living Car Project** – obtaining data for the Asturias region on the behaviour of electric vehicles under real driving conditions, as well as on the infra-structure required for recharging (supported by PCTI - the Science, Technology and Innovation Plan).

EDP has also taken part in international working groups (such as Grid 4 Vehicle) and the working group organised by the Portuguese government to help develop sustainable electric mobility in Portugal.

Energy Efficiency

- **EDIFI Project** – installation of a pilot system to manage energy efficiency in the EDP Valor building in Lisbon, with information available on the intranet.
- **Project to Improve Cogeneration Efficiency** – development of a system to monitor the performance of cogeneration groups, integrating diagnostic and supervision functions. Project completed successfully in partnership with the University of Oviedo and with support from the PCTI - Science, Technology and Innovation Plan for Asturias 2006-2009.
- **Ecofamilies Project** – analysis of electricity consumption data for a group of Asturian families using fuzzy clustering techniques and statistical tools, to provide personalised recommendations on how to improve energy efficiency. Project run in association with the European Centre for Soft Computing and subsidised by the PCTI.

Clean Generation and CO_2 Capture and Storage

- **Co-combustion Project** – combined coal and biomass generation, tests conducted at Aboño 1 power station in Spain.

contribution to sustainability

- **Desulphurisation Gypsum Project** – researching the potential for using this material from thermoelectric power stations as a remediation agent for contaminated soil. Project run by HC Energía in cooperation with BEFESA and research institutes (University of Barcelona and two Institutes in Seville belonging to the Higher Council for Scientific Research) and subsidised by the Ministry for the Environment and Rural and Marine Affairs.

Microgeneration and Electricity Grids of the Future

- **InovGrid** – project to transform the existing electricity distribution system into an intelligent system, based on telemanagement of energy and supported by an infrastructure that can respond to the needs arising from energy efficiency, telemanagement, distributed generation and microgeneration.

- **REDES 2025 Project** – major Spanish smart grids project forming part of the FUTURED platform (Spanish Technology Platform for Electricity Grids of the Future). EDP leads the subproject on storing electrical energy using redox flow battery technology (supported by the Ministry of Science and Innovation).

- **CENIT-DENISE Project** – HC Energía is participating in the Preventative Maintenance working group. In 2009, laboratory tests were performed to locate partial discharges from underground cables (supported by CDTI).

- **Micro-cogeneration Project** – launch of a project on micro-cogeneration systems in houses, using gas boilers with Stirling and internal combustion engines (supported by PCTI).

- **CTEYE Project** – development of a telecontrol device for transformer stations, with an algorithm to detect faults in low tension grids. Project run by HC Energía in cooperation with AC&A (ISASTUR Group) and the University of Oviedo, and subsidised by PCTI.

Information Technologies

- **Openspace** – platform for a new concept in team work, based on permanent sharing of information and knowledge and designed especially for geographically dispersed work teams.

- There was a focus in on consolidating relations with the two investments made through EDP VENTURES in clean energy technology funds in the USA and the UK in order to gain access to a portfolio of innovative technologies and create growth options for EDP. EDP Ventures is a Venture Capital Fund created in 2008 to focus on investments in clean technologies for solar and offshore (wind and wave) generation, intelligent grids, energy efficiency and electrical mobility. In parallel, efforts began on generating a deal flow conducive to the fund's first direct investments, scheduled for 2010.

In terms of partnerships, the following are of note:

- **EIT Energy KIC** – The EU has been promoting the creation of the EIT (European Institute of Innovation and Technology) and corresponding regional skills centres, the KIC (Knowledge and Innovation Communities), which shall be opened to tenders and operate around themed areas. EDP will join a consortium to bid for the Sustainable Energy KIC and is an associated partner of the KIC InnoEnergy Consortium.

- **MIT-Portugal Programme** – EDP is involved as an affiliate in the strategic management of the programme and may benefit from this support by hiring new talent from the doctoral students trained through the MIT-Portugal Programme.

- **Energy Competitiveness and Technology Centre (PCTE)** – aims to develop a Collective Efficiency Strategy in the Portuguese energy sector. The centre commenced activity in September 2009. The Founding Members of the PCTE are EDP, EFACEC, GALP, MARTIFER and MIT Portugal. The project focuses especially on renewable energies and energy efficiency.

- **Offshore Energy Institute** – aims to develop a scientific skills centre in Portugal to support the implementation of offshore energy projects. Partners in the Institute include EDP, Efacec, Galp, Martifer, the Wave Energy Centre and the University of Aveiro.

- **Innovation Utilities Alliance** – alliance between the major European electricity companies (RWE, Endesa, EDF, Enel, EDP), with a view to sharing different visions on R&D+i initiatives.

- **Portuguese Association of Business Angels (APBA)** – founded in 2006 with the aim of stimulating investment, monitoring the development of innovative corporate projects and thus contributing to a new type of entrepreneurship in Portugal. EDP renewed is participation in APBA in 2009 as an Honorary Member, benefiting from access to the deal flow for all the projects submitted to the APBA for appraisal.

- **CO_2 Platform** – EDP, through HC Energía, was on the Advisory Committee and Management Board of the Spanish Technology Platform for CO_2, and is a member of the Spanish CO_2 Association.

- **EURELECTRIC** – EDP is involved in various Working Groups (WG) and Task Forces (TF), including the Research & Development WG, the Energy Efficiency WG and the Carbon Capture and Storage TF.

- **Efficiency Platform** – HC leads the Working Group on Efficiency in the Use and Management of Energy, part of the Spanish Technology Platform for Energy Efficiency (PTE-EE).

- **Futured Plataform** – HC Energía is on the Management Board of the Spanish Technology Platform for Electricity Grids of the Future and is a member of the Measurement, Efficiency and Management of Demand Working Group.

EDP has promoted and sponsored various innovation awards, including:

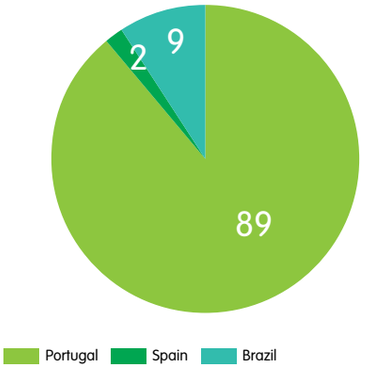
- **EDP Richard Branson Innovation Award** – EDP, Visão and Exame launched an innovation award with Richard Branson to promote entrepreneurship in the field of clean energy technologies.

  The Innovation Award is a cash prize of EUR 50,000 awarded to an innovative clean energies project that has yet to be implemented, to form a company to get it off the ground.

- **MIT Clean Energy Prize** – EDP sponsored the Renewables track of the MIT Clean Energy Prize, which forms part of the 100K Competition (the world's largest university entrepreneurship competition).

In 2009, the EDP Group spent around EUR 31 million on R&D+i activities (estimated values for Portugal).

Research and Development 2009 (%)



4. EDP COMMUNICATION

4.1. INSTITUTIONAL COMMUNICATION

The mission of the EDP Group's Brand and Communication Department is to plan, develop and control the Group's communication strategy, both internally and externally, in order to maximise the value of its brands among the company's various stakeholders.

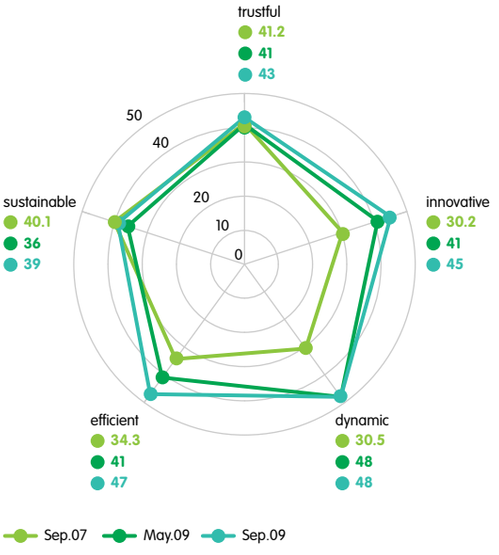
In the area of communication, the objectives for 2009 remained: to maximise the impact of the company's activity on the media; to build the value of the EDP brand among its stakeholders; and to standardise the EDP brand across all the companies in the Group.

4.2. THE EDP BRAND

The EDP brand enjoys 100% recognition in Portugal and is also the most recognised Portuguese brand abroad, holding a clear advantage over other brands, including those in the energy sector.

The value of the EDP brand has grown by 53.6% since 2005 to reach EUR 616 million in 2008. The percentage of customers who are aware of the brand's key values as presented through its communication has been increasing steadily over time, with particularly positive developments in areas such as innovation, dynamism and efficiency.

EDP's Values According to its Customers (%)



2009 was marked by greater standardisation in the architecture of an increasingly global brand (see Chapter 6.Customers). In particular, we can highlight the change of the Naturgas Energia brand in Spain; in Brazil, the parent brand

contribution to sustainability

evolved into EDP; and in the USA, the EDP Renewables brand has replaced Horizon Wind Energy.

The EDP brand was target of a minor repositioning by adopting the new signature: "Viva a nossa energia", evoking an even closer and more interactive relationship with the consumer and a strong degree of optimism and humanism.

4.3. EDP IN THE MEDIA

At EDP, disclosing information externally in a transparent and accurate manner is a daily task and concern, to ensure that the Group's activity, values, mission and strategy are fully communicated.

An analysis of Portuguese media coverage of the EDP Group was again conducted in 2009. 9,238 news items were analysed as part of this study.

Positive and balanced news accounted for 63% of the total, with gas distribution - the increase in customers and the purchase of assets from Gas Natural in Spain – providing the main focus, along with renewable energies.

July witnessed the largest number of positive news items, partly due to the disclosure of the 2009 1st half results and the investment plan. The purchase of assets from Gas Natural, the Cycling Tour of Portugal and the distribution of energy-saving light bulbs around Portugal also contributed to the positive coverage.

A total of 35,333 news items referring to the EDP Group appeared in the entire national media during 2009.

4.4. INSTITUTIONAL CAMPAIGNS

During 2009, EDP focused its institutional campaigns on promoting the values that it believes form the basis for more sustainable operations and long-term value creation.

- New dams – the objective was to inform the general public of how important hydroelectric power is to the country's economic development. The focus on environmental protection strengthened the company's public commitment to minimising and compensating the environmental and social impacts of this type of hydroelectric plant.

- Dow Jones 09-10 – we sought to highlight our listing on the Dow Jones sustainability indices for the second year running in 2009/10, a reflection of the company's efficient and judicious use of human and financial resources, social responsibility and environmental protection.

- Gift Collection Campaign – Under the motto "Este Natal dê o que tem a mais a quem tem a menos" (This Christmas, give what you have too much of to those who have too little), the EDP group mobilised the public through a campaign to collect non-perishable goods, which were distributed by a wide range of charitable institutions. (see Chapter 8. Community)

5. EMPLOYEES

HUMAN RESOURCES	2009					2008				
	group	portugal	spain	brazil	usa	group	portugal	spain	brazil	usa
Employment										
Employees (no.) [1]	12,009	7,331	2,041	2,339	298	12,166	7,652	1,922	2,322	270
Permanent	11,932	7,265	2,030	2,339	298	12,003	7,504	1,911	2,322	266
Fixed-term contract	77	66	11	0	0	155	144	11	0	0
Part-time	7	2	5	0	0	15	4	7	0	4
Male employees (%)	79	81	78	76	60	80	82	79	77	57
Directors	85	85	90	80	79	85	85	91	80	71
Senior management	73	72	76	78	71	74	74	76	86	69
Middle management	82	92	80	82	69	83	90	82	79	72
Supervisors	79	82	78	76	n/k	82	83	80	88	89
Qualified and highly qualified professionals	81	84	78	66	56	82	84	78	67	52
Semi-qualified professionals	78	85	48	79	4	78	87	63	79	12
Employees with special needs (no.)	124	98	8	17	1	197	n/k	n/k	n/k	n/k
Turnover [2] (%)	5.5	4.2	5.4	8.1	19.7	6.0	4.0	7.0	8.0	40.0
Employees leaving (no.)	787	475	88	182	42	843	496	117	161	69
Employees' average age (years)	44	46	43	39	39	45	48	43	40	39
Average age of new admissions (years)	31	29	31	29	37	32.22	28.57	32.87	29.29	37.65
M/F ratio of new admissions	1.93	1.92	2.07	2.25	1.69	2.04	2.85	1.44	2.23	2.22
Absentee rate (%)	3.61	3.55	3.24	4.41	1.14	3.44	3.46	3.35	3.45	n/k
EDP minimum wage/national minimum wage	n/a	1.56	1.88	1.30	2.22	n/a	1.50	2.07	1.59	n/k
Pay ratio by gender (M/F)	1.03	0.96	1.21	1.01	1.35	1.17	0.96	1.54	1.56	1.37
Training										
Total hours of training	353,205	126,212	63,210	157,900	5,882	487,111	204,428	68,836	209,295	4,552
Environment	3,289	1,966	1,293	30	0	5,512	3,890	1,030	0	592
Sustainable development	697	140	110	447	0	277	229	0	32	16
Ethics	876	876	0	0	0	2,660	2,660	0	0	0
Quality	4,658	3,545	385	728	0	8,418	8,045	373	0	0
Languages	16,826	370	16,422	34	0	19,731	5,527	14,096	28	80
Health and Safety	58,349	9,657	14,636	34,056	0	51,405	26,643	11,658	12,695	410
Information systems	53,444	43,760	5,914	3,771	0	53,748	42,678	6,917	3,657	496
Other	215,066	65,899	24,452	118,834	5,882	345,361	114,758	34,763	192,883	2,958
Employees trained (%)	75	72	79	78	80	82	83	97	77	n/k
Average training per employee (hrs)	29.41	17.22	30.97	67.51	19.74	40.04	26.72	35.81	90.14	16.86
Directors	37.82	35.84	50.99	48.30	18.15	41.02	38.42	48.74	220.22	18.46
Senior management	34.72	31.03	56.46	34.80	14.46	44.72	41.42	55.65	105.03	7.06
Middle management	26.73	15.58	33.03	31.63	23.80	39.21	36.82	29.86	105.62	16.56
Supervisors	22.89	8.95	24.24	35.38	15.47	43.90	21.76	29.42	140.28	25.50
Qualified and highly qualified professionals	19.53	11.74	22.02	84.55	18.11	32.29	21.50	33.26	142.49	16.85
Semi-qualified professionals	57.17	2.55	20.25	65.84	15.84	57.99	12.13	38.77	66.83	13.87
Labour relations										
Collective employment agreements (%)	87	89	76	100	0	88	90	89	90	0
Trade union membership (%)	58	72	22	53	0	61	73	31	50	0
Union Structures (no.)	37	26	7	4	0	33	26	5	2	0
Hours lost due to strikes (no.)	231	231.15	0	0	0	550	550	0	0	0
Staff engaged in further study (no.)	29	24	5	0	0	22	21	1	0	0
Professional Internships (no.)	320	145	0	175	0	190	76	0	114	0
Academic internships (no.)	274	69	179	0	26	303	102	183	0	18
Health and Safety										
OSHAS 18 001 (% installed capacity)	55	85	32	23	0	46	89	0	0	0
On-duty accidents (no.)	47	32	7	8	0	76	40	18	18	0
Fatal on-duty accidents (no.)	1	0	1	0	0	0	0	0	0	0
EDP frequency rate (Tf)	2.26	2.60	2.15	1.74	0.00	3.43	3.11	5.50	3.30	0.00
EDP severity rate (Tg)	144	175	225	23	0	176	173	146	219	0
Total days lost due to accidents (no.)	2,984	2,150	730	104	0	3,894	2,224	477	1,193	0
Occupational health rate	0.05	0.08	0.00	0.00	0.00	0.19	0.16	n/k	0.37	n/k
Fatal accidents of contracted workers (no.)	10	6	0	4	0	6	2	1	3	0
Contractors working hours (no.)	3,350,285	1,745,924	393,685	934,911	275,765	n/k	n/k	n/k	n/k	n/k
EDP and contracters frequency rate (Tf_total)	5.00	5.10	7.66	4.06	2.13	6.18	4.89	8.99	7.64	6.26
Fatal accidents involving non-workers (no.)	9	3	0	6	0	17	3	0	14	0

(1) The number of employees does not include corporate bodies (87) for the purposes of this breakdown analysis; This figure includes the new company Gás Natural
(2) Low turnover figures do not warrant a breakdown of employees by gender and age group

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5.1. HUMAN RESOURCE POLICIES

The EDP Group has been implementing an Organisational Model that standardises the criteria used in personnel management and ensures that a common strategy is applied across all the companies in the Group. The objective is based on the universal nature of the values and strategy, where the EDP culture is the common denominator and the commitments are to:

- Attract and Recruit;
- Value and Develop;
- Recognise with Fairness;
- Reconcile;
- Innovate and Manage Change;
- Create Opportunities;
- Prevent;
- Motivate.

5.2. HR GOVERNANCE MODEL

The three corporate HR departments in the Corporate Centre have been merged into a single body: The Human Resources Department.

The new model has a matrix-like structure comprising eight skills centres that put the human resources value chain into practice: Communication and Management of Change; Selection and Integration; Performance Management; Training Management; Management of Potential; Career, Mobility and Succession Management; Remuneration and Benefits; and Information Technology to support HR Management.

This model also incorporates the so-called Relationship Manager, who is responsible for coordinating the Human Resource Department in the Corporate Centre with its internal customers, namely the Human Resource Departments or support structures in the Group's companies, which are structured in their own particular manner.

5.3. PROFILE

There was no great change from 2008 in the total number of employees, which dropped from 12,166 to 12,009.

As for gender differences, the majority of employees are male (79%), while women represent around 21% of the total workforce. Albeit small, worth noting is the slight rise of 1% in female representation compared to 2008.

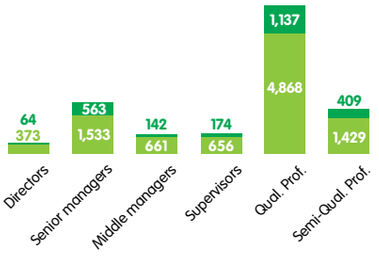
EDP does not discriminate between genders on pay, but rather is guided by practices that promote equal opportunities. Upon analysis of the male/female ratio, we found that pay is weighted slightly in favour of men (1.03), although in Portugal (where 61% of employees work) this indicator actually favours women (0.96).

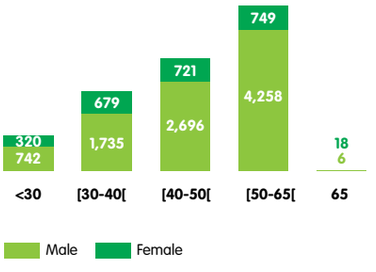
There was a total volume of 352,205 hours of training in 2009, with particular focus on professionals with lower qualifications.

Although there are no company procedures explicitly encouraging local recruitment, a high percentage of employees originate from the regions in which the company operates (96%), thereby reinforcing its important role in their development.

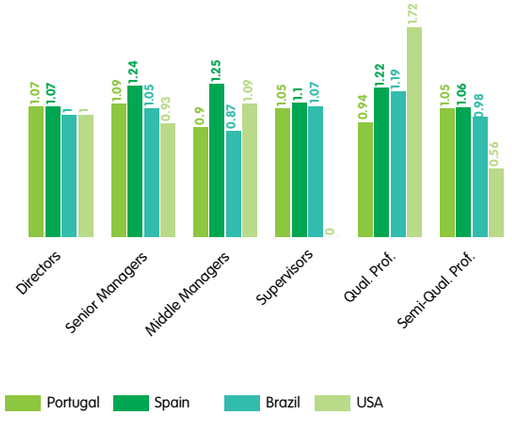
The company's international expansion strategy has resulted in an increase in the number of employees working outside of their home country, this figure rising from 62 to 86 in 2009.

Distribution of Employees by Professional Category and Age Group

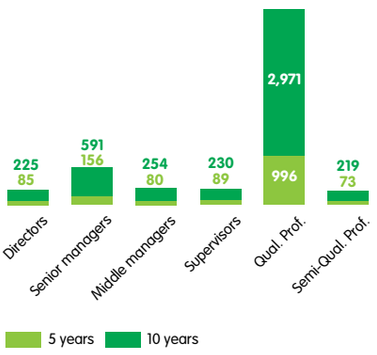




Salary Ratio (M/F) by Pay Category



Employees Eligible for Retirement



5.3.1. HEALTH SCHEMES AND OTHER SOCIAL BENEFITS

EDP Group employees are covered by illness protection schemes to complement the public health services in each country and, in their old age, by supplementary retirement pension plans and personal accident insurance policies. Most employees are also covered by specific study subsidies for employees and their children.

Through the Conciliar programme, the company also offers a range of benefits to help employees achieve a healthy work-life balance (see point 8 in this chapter).

5.3.2. REJUVENATION

The Group has continued to implement its rejuvenation policy, with 545 new staff entrants, a similar number to 2008 (556), evidence of the company's investment in a new generation of professionals and of its role as a top employer. The average age of these employees is 31.

5.4. ATTRACT AND RECRUIT

EDP's priority for 2009 was to reinforce its image as an attractive company to work for with universities and students in higher, vocational and technological education.

EDP has invested in the growth and evolution of its business areas in the various countries in which it operates, which has involved a strong focus on staff development and acquiring new skills for the Group through its rejuvenation programme. For this reason, we created the ON TOP – EDP Recruitment Program brand, an identity that hopes to attract young people with growth potential from the educational institutions that comprise our main sources of recruitment. The main objectives of this programme are:

- To attract young people with the right profile who can contribute to the Group's growth;
- To introduce students to the EDP Group's strategy, culture and people;
- To promote closer relations between EDP and the school community, by interacting and sharing expertise.

A set of initiatives of a pedagogical nature has been launched in the academic arena, with the aim of attracting youth with the right profile for the EDP Group.

2009 was marked by the consolidation of partnerships with national and international associations and communities, such as the Board of European Students of Technology (BEST) and the Community of European Management Schools (CEMS).

5.4.1. PROMOTING PLACEMENTS AND INTERNSHIPS

EDP has continued to pursue is Citizenship and Corporate Responsibility Policy by granting placements of various types:

- School and academic placements;
- Work experience placements;
- Professional internships;
- Internships offered under specific protocol agreements, including the International Association for the Exchange of Students for Technical Experience (IAESTE Portugal) and the Corporate Internship Programme for Young Students (PEJENE).

In 2009, the EDP Group hosted a total of 594 internships, of which 320 were vocational in nature and 274 academic. Compared to last year, EDP recorded growth of over 20% in the number of placements and internships granted.

5.5. WELCOME AND INDUCTION

The introduction and integration process for new employees was improved and consolidated during 2009. In addition to the welcome kit used in companies in the various different countries, a trilingual guide was also published on how EDP would like to welcome its employees and contribute to their adaptation process and job satisfaction.

2009 was also marked by the first Induction Meeting for New Employees, an event that brought together hundreds of professionals who had joined the company's workforce the previous year. It provided an opportunity to visit several electricity generation and distribution facilities and all those invited were welcomed by the Chairman of the EDP Group's Executive Board of Directors (CEBD).

5.6. VALUE AND DEVELOP

Staff training and personal and professional development constitute one of the Group's strategic priorities.

The EDP Group's Training Plan is aligned with the company's Vision, Values and Strategy and is structured around four main, global objectives:

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- Providing incentives for employees to update their professional skills;
- Promoting staff motivation;
- Encouraging the sharing of knowledge and experience;
- Building capacity and developing skills, knowledge and performance in line with the Group's strategy.

5.6.1. YOUNG EMPLOYEES WITH HIGH POTENTION (JEP)

The development programme aimed at the company's young professionals provides an example of how the EDP Group's development strategy is being implemented and an opportunity for putting these employees' potential to the test. Through this initiative, employees can implement their individual development plan while at the same time participating in a range of Group-wide initiatives to share and exchange their knowledge with young employees of other nationalities who also work in the electricity sector.

2009 saw the start of a project that aims to introduce new development programmes for other age groups and functional segments deemed critical to the Group's strategy.

EDP UNIVERSITY

The EDP Group holds an important knowledge asset, accumulated over the years from the individual and collective experience it has acquired during the course of its activity and through its employees' exercise of their intrinsic skills.

Proper management of this knowledge poses an important challenge for EDP in its quest to stand out on quality, customer service excellence and encouraging innovation and sustainability in the field in which it operates.

2009 saw the creation of a new department in the Corporate Centre called the EDP University, to develop staff knowledge and talent by launching specific Functional Schools for the different areas of its business and Generalist Schools that will work together to coordinate training, career development, knowledge management and change management in line with the EDP Group's current and future needs.

The Generation School was launched in 2009, delivering 5 programmes, 5 courses and a pilot training seminar for its upper middle, senior and top management in the 1st semester of the 2009/2010 academic year (September 2009 to February 2010).

5.7. POTENTIAL AND PERFORMANCE ASSESSMENT

Conscious that the company's success depends directly on how people are managed, EDP has been implementing a human asset management system guided by the following values:

- Developing people and organisations;
- Objectively identifying individual achievements;
- Recognising and rewarding with fairness and transparency;
- Promoting dialogue between management and team;
- Strengthening a culture of feedback and improvement;
- Aligning the organisation with international best practices.

The processes involved in managing potential and performance have emerged as fundamental tools in the management of people. In light of this, the Potential and Performance Assessment Process (PPA) has been implemented gradually across the Group, seeking opportunities to catalyse value creation through the integration of skills management and performance management. PPA aims to stimulate behaviours that maximise the productivity, responsibility, participation and development of staff, assigning each employee an indispensable role in the achievement of overall targets and valuing their individual contribution.

In Portugal, where the majority of our employees are based, there are still two potential and performance management systems operating side by side: PPA and A2D. Both seek to:

Provide	Promote	Reward
Feedback	Achievement	Results

5.8. RECONCILE

EDP believes that whole, fulfilled people are more creative, energetic and positive. EDP knows that successful organisations are made of such people.

It was for this reason that Conciliar ("Reconcile") was born, a programme that offers a range of solutions in the areas of health and well-being, family and education, work-life balance and citizenship. This programme will take the form of a growing number of measures aimed at raising the organization's awareness of this issue.

5.9. EMPLOYEE SATISFACTION

In 2009, the employee satisfaction questionnaire went digital and had a participation rate of 86.4% (an increase of 11 percentage points compared to the previous year). The overall satisfaction index increased by 6 points compared to 2008, reaching 81 points. This result reflects the

improvements introduced into the Group's management of its human potential.

5.10. COMMUNICATION AND MANAGEMENT OF CHANGE

Communication and Mobilisation are strategic priorities for the three-year term 2009-2012. Through communication, we have managed to disclose information on the company and its business, organisation, strategy and internal processes and initiatives. Mobilisation makes that sharing possible, supports change management and ensures that everyone is more aligned to face the strategic road ahead:

- Commitment to EDP's values;
- Sharing of information;
- Guaranteeing that knowledge is passed from one generation to the next;
- Innovation;
- Sustained growth;
- Trust in the organisation;
- Motivation to do;
- Be+edp.

Creation of the sou+edp/soy+edp/i'm+edp and ON TOP identities

With the aim of strengthening, clarifying and communicating its policies, processes, projects and initiatives more effectively, two images were created to identify internal and external communication, i'm+edp and ON TOP - Recruitment Program, respectively (see point 5.4.Attract and Recruit).

The i'm+edp programme got off the ground in December 2009, an initiative that seeks to mobilise all employees in the EDP Group towards implementing a common culture, vision, commitments and strategy of the new strategic cycle of 2009-2012.

This mobilisation started in Portugal and will extend to the companies in other countries during 2010, involving around 420 "energisers", employees in all countries who have been prepared to deliver a range of sessions throughout the corporate structure.

i'm+edp Learning Maps

5.11. LABOUR RELATIONS

EDP maintains a steady relationship with the structures representing its employees - Unions and Workers' Committees - providing clarifications/information on the company's creation, modification or termination of procedures, as well as participating in the negotiation processes to review and update the collective agreements in place. This relationship was consummated in 20 plenary meetings (with the participation of all the unions), 94 meetings with individual unions and 20 meetings with workers' committees at various levels (coordination committee and company committees).

The company also maintains regular supervision and support for workers' organisations of a recreational, cultural and social nature, the EDP Staff Club, the Association of Blood Donors and the Retirees' Association.

The rate of unionisation, calculated according to the union fees deducted from salaries, stands at 58% (72% in Portugal).

There were no labour disputes of any kind for reasons internal to the EDP Group, fruit of the atmosphere created through dialogue and close relations with employees and their representatives.

We would highlight that operational changes in the company that impact on employees are communicated to the unions, workers' committees and workers with prior notice of never less than 30 days, depending on their complexity.

5.12. HEALTH AND SAFETY AT WORK

Occupational health and safety is an essential element of the EDP Group's sustainable development. The importance placed on this theme is reflected in the strategic objective of "Zero accidents, no personal injuries".

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In order to better manage this strategic objective, an Occupational Health and Safety Management System has been adopted, based on standard OHSAS 18001:2007 and following the directives of the International Labour Organisation as set forth in ILO-OSH 2001 and Convention no. 155 on Occupational Health and Safety.

5.12.1. EDP'S RESPONSIBILITIES

The EDP Safety Policy demonstrates its commitment to managing safety in the workplace and implementing continuous improvements, in the belief that working in a safe and healthy environment is a determining factor in employee satisfaction and contributes significantly to achieving successful results.

Responsibility for preventing and controlling occupational risks lies with the management of the business units and is integrated into the hierarchical chain.

Responsibility for preventing and controlling occupational risks lies with the responsible management of the business units and is integrated into the hierarchical chain.

Where occupational health is concerned, the in-house occupational medicine services are responsible for monitoring employees' health, by performing medical checkups, promoting health education and checking workplace conditions and first aid supplies.

The organisational structure for occupational safety management can be seen at www.edp.pt> Sustainability.

5.12.2. CORPORATE SAFETY MANAGEMENT SYSTEM

EDP's Corporate Safety Management System follows ILO recommendation ILO-OSH 2001 and the model provided by benchmark standard OHSAS 18001:2007, reinforcing the principle that occupational health and safety issues should be managed across the EDP Group companies according to common and standardised criteria.

Locally, each company/organisational unit adopts the Corporate Management System directly or uses it as a reference to develop its own specific safety management system, or one that is integrated into the areas of environment and/or quality, depending on its activity.

5.13 SIGNIFICANT ACTIVITIES IN 2009

EDP's 2009 safety programme was implemented on the ground through a vast range of initiatives to eliminate accidents and occupational illnesses. These included training and ongoing risk evaluation and management, with the participation and contribution of employees, as well as a programme of internal and external inspections and audits.

TRAINING OF EMPLOYEES AND SERVICE PROVIDERS

Providing employees and service providers with the proper conditions in terms of occupational safety is one of the commitments expressed in the company's Safety Policy and Code of Ethics.

Its implementation involves an extensive occupational health and safety training and awareness raising programme delivered to employees and service providers, which involved 237,296 training hours and 4,571 people in 2009.

In addition to the training mentioned above, 89 first aid training courses were delivered to 1,002 employees across the EDP Group.

EMERGENCY RESPONSE

EDP has Internal Emergency Plans (IEP) for its facilities in the various countries in which it operates. These include compulsory regular drills and in some cases these plans are being updated to comply with changes in legislation.

In terms of emergency response management, 96 drills were carried out in response to accident scenarios at various industrial and administrative facilities across the EDP Group. These were designed to test the effectiveness of their internal plans, which also involved external entities such as civil protection units, the fire department and police and public safety authorities. Of these 96 drills, 31 were performed in Portugal, 43 in Spain, 11 in Brazil and 11 in the USA.

External Emergency Plans are managed by the authorities in the countries concerned, who are responsible for their publication.

SAFETY CERTIFICATIONS

EDP has a total installed capacity of 9,018 MW in the Portuguese electricity sector, a figure that is certified in accordance with Safety Management Systems that are recognised by international standards. This figure stands at 1,658 MW in Spain and 452 MW in Brazil.

In the gas sector, Naturgas is certified for occupational health and safety in all its workplaces and facilities according to standard OHSAS 18001:2007.

EMPLOYEE PARTICIPATION

The Occupational Health and Safety (OHS) Regulations stipulate the formation of Occupational Health and Safety Committees and Subcommittees at the companies and their larger business units.

These committees and subcommittees are joint, including both company representatives and workers' representatives for occupational health and safety issues, elected according to established legal requirements, and they meet as often as deemed necessary.

Elections for workers' representatives for OHS issues for the three-year term 2009-2012 were held in 2009 across the various companies forming the EDP Group. 90 workers were elected, representing around 93% of EDP's workforce.

Structures were also formed to represent workers on OHS issues in Spain, the United States and Brazil, ensuring that 100% of workers in all three countries are represented.

ALCOHOL PREVENTION AND CONTROL POLICY

EDP's Alcohol Prevention and Control Policy was approved in 2009, together with the regulations governing its application.

This Policy was discussed with workers' representatives for occupational health and safety in the various companies and approved according to EDP's Internal Regulations.

Training and awareness raising on Alcohol and Drug Dependency Prevention will be delivered in 2010 as part of the implementation of this policy.

PANDEMIC FLU: CONTINGENCY PLAN

EDP's Contingency Plan for the influenza A pandemic was activated in response to the pandemic declaration issued by national and international health organisations.

The plan's implementation involved providing further information and raising staff awareness, employing stricter cleaning and disinfection procedures in the workplace and putting in place a vaccination plan to ensure the continuity of services essential to the community and business.

EDP's Contingency Plan was implemented with the participation and inclusion of service providers' employees.

Information for the public on EDP's Contingency Plan is available at www.edp.pt.

SAFETY AND CITIZENSHIP

As a responsible company, EDP shows constant concern for health and safety issues and works together with the community to address them, in particular those arising during the course of the normal business activities of the Group's companies, or those that may affect the provision of essential community services.

In cooperation with fire departments, vocational and secondary schools, business associations and unions, 136 information initiatives were run across the EDP Group on the precautions and procedures to follow in fire-fighting situations in electricity installations, or locations nearby, and in gas networks and installations.

WORKSHOP ON "OCCUPATIONAL SAFETY MANAGEMENT AT EDP"

With a view to improving the Group's safety practices, a workshop was held in Lisbon on occupational safety management, under the motto "more safety, more quality of life". Around 300 people attended, including employees of the EDP Group and service providers.

INTERNAL INCENTIVES

EDP awards an Annual Award for Accident Prevention and Occupational Safety to strengthen their culture of accident prevention and safety and distinguish EDP employees and service providers with good practices in this regard. The EDP Sports and Physical Fitness Award, now in its fifth year, singles out employees who have distinguished themselves in amateur sports, including participation in competitions or tournaments, or other physical fitness programmes and healthy lifestyle activities.

NEAR-MISSES

For EDP, the discovery and analysis of near-miss situations comprises an essential tool in helping to achieve its objectives and targets in terms of reducing risks and personal injuries during Group company operations. In this regard, EDP has developed a specific procedure as part of its Corporate Safety Management System, implemented in accordance with OHSAS 18001:2007.

37 near-misses were reported in EDP Group companies in Portugal during the course of 2009, which have resulted in the same number of correction procedures/reports to the relevant authorities.

OCCUPATIONAL ILLNESSES

In Portugal in 2009, 3 cases of occupational illness were diagnosed, with only 1 resulting in incapacity.

The occupational illness rate is 0.08 in Portugal and 0.05 across the entire EDP Group.

ACCIDENT RATE IN 2009

There were 47 work accidents resulting in absences of one or more days in the EDP Group in 2009.

The improvements recorded in accident rate indicators (see social indicators at the beginning of the chapter) reflect the action taken over the course of the year to improve safety conditions at work, in the form of training and awareness raising sessions, risk assessment and control, preventative action with service providers and stepping up the audit and inspection programme.

Notwithstanding the efforts made, we regret to report the occurrence of 1 fatal accident involving an EDP employee in Spain and 10 fatal accidents involving employees of service providers.

6. CUSTOMERS

6.1. OVERVIEW

EDP is focused on providing high quality services to its customers in all the countries in which it operates, implementing projects and initiatives that seek to continuously improve and expand dialogue while also taking into account their cultural and linguistic differences.

EDP has around 1 million gas customers, of whom 21% are in the regulated market, 59% in the free market and 20% are customers of last resort.

In the electricity sector, EDP has around 10 million customers, of whom 92% are in the regulated market and 8% in the free market (see table). In terms of distribution by type of electricity usage, most customers belong to the domestic sector. For more details, refer to the chapter "Regulatory Framework".

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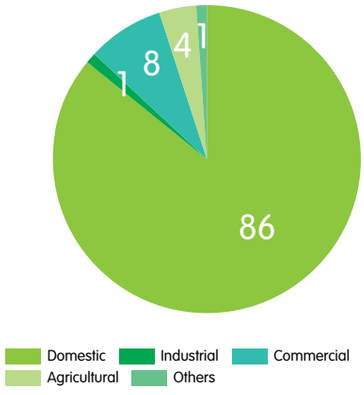
DISTRIBUTION OF EDP CUSTOMERS BY TYPE OF MARKET

2009	Portugal	Spain	Brazil	Total
Regulated Market	5,842,797	422,252	2,667,611	8,932,660
Free Market	259,698	530,778	120	790,596
Total	**6,102,495**	**953,030**	**2,667,731**	**9,723,256**

Breakdown of customers by type of usage (%)



For more information see: "Summary of Activity" and "Electricity Business in Brazil".

6.1.1. SAFETY, ACCESS TO SERVICES PROVIDED AND COMMUNICATION

The use of electricity and gas products, by their nature, requires special care. In response to this demand, instructions are provided on the EDP website under the title "Safety Tips", including sections on Wires and Sockets, Safety for Children, Electrical Devices, and Water and Electricity. These same instructions are also provided in the Customer Care Guide. On the EDP Gás website, safety is addressed under the sections dealing with Prevention, Emergencies and Periodic Inspections. Similar instructions are published on the internet in Spain and Brazil.

In Brazil, the Good Energy in the Community Programme was aimed at customers, presenting talks on safe consumption and the risks of improper use of electricity. EDP has also created a special channel to help hearing-impaired customers in Brazil overcome communication barriers.

In Portugal, with a view to improving relations with a unique segment of customers, two guides in Braille have been published in partnership with the Portuguese Association for the Blind and Partially Sighted: a Customer Care Guide and an Energy Efficiency Guide.

In Spain, leaflets on safe energy usage have been published in Basque and Catalan. The Naturgas Energia website is bilingual, allowing customers to access content in Spanish and Basque.

Under the theme of safety, customers in Portugal are invited to inform the company through a freephone number of situations of potential electrical danger, such as fallen lines, tree branches close to lines and open electric cabinets or street lamp circuit boxes.

A line is available in Brazil for reporting illegalities, alerting people to the damage that improper connection can cause to their own electric installations and those of third parties, as well as the accidents that may occur. The informer's identity is treated with total and absolute confidentiality and the company commits to inspecting reported situations as a matter of urgency. Customers are also invited to provide information on cases where trees are close to electricity lines, either through an online form or a freephone number in case of emergency.

Similarly to what has been implemented in Spain and in accordance with European legislation, as of June 2009 electricity bills in Portugal have included monthly information on the mix of technologies used to generate the energy supplied, and the amount CO_2 emissions resulting from the consumption in question. This information is also available in www.edp.pt.

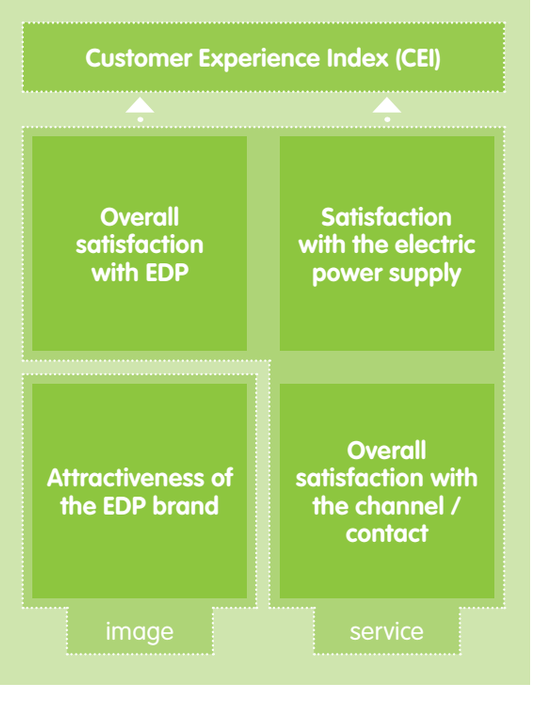
With a view to further developing a customer-focused culture, an internal channel called Cliente OK was launched in 2009 in Portugal and Brazil. Through this channel, any employee can participate in a structured manner by answering questions or problems submitted by friends, family or relations. Over a hundred solutions have now been presented by employees in Portugal.

6.2. CUSTOMER EXPERIENCE

EDP customers are viewed in a holistic manner, in the sense that the company wants them to have a positive experience.

The customer's experience results from all their direct and indirect contacts with the company. In this light, and because EDP wants to interact positively with its customers, a whole range of opportunities has opened up to develop and implement initiatives to improve that experience.

Once the goal is defined, one must evaluate whether, in fact, it delivers. From here stems the importance of devising a Customer Experience Evaluation Model.



Customer Experience Index

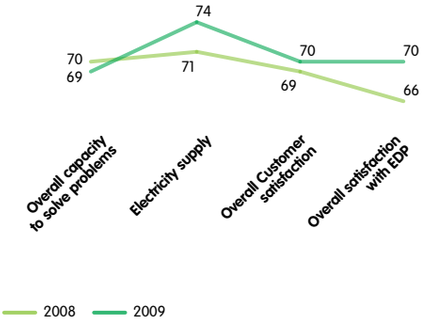
A broad-ranging survey of residential electricity customers' experiences was conducted in Portugal in 2009. This survey allowed us to determine exactly how customers felt each time they contacted the company, as well as their needs and expectations.

The Customer Experience Index (CEI) provides a measure of customers' relations with EDP and what they feel when they hear someone mention the EDP brand. It combines two major factors, with equal weighting: Image and Service.

Image is evaluated using the GFK (BPI) international index, which includes a rational element (product/service), an emotional element (brand affinity) and a behavioural element (consumption/use). In 2009, the EDP brand's BPI stood at a very positive 70 points, on a scale from 0 to 100.

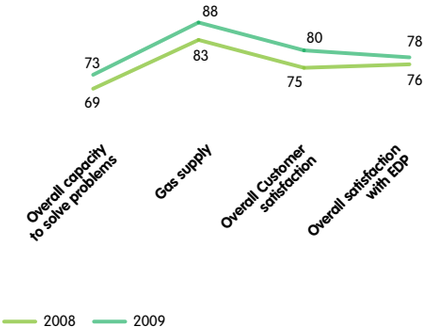
Service is evaluated using independent satisfaction indicators, which have also shown improvement.

Satisfaction with the Service - Trend of main indicators



With regard to natural gas in Portugal, satisfaction indicators have also evolved in a positive manner:

Natural Gas Satisfaction - Trend of main indicators



The EDP Group consolidates figures for overall customer satisfaction with electricity and gas suppliers in the various countries in which it operates.

BAROMETER OF ATTITUDES AND BEHAVIOURS OF DOMESTIC CONSUMERS TOWARDS ENERGY EFFICIENCY IN PORTUGAL

EDP measured the Barometer of Attitudes and Behaviours of Domestic Consumers towards Energy Efficiency in Portugal for the third consecutive year in 2009. The Barometer's objectives include measuring the change in behaviours and attitudes towards energy use in the home and obtaining an energy efficiency index.

We are able to confirm that the Overall Energy Efficiency Index has improved, revealing that Portuguese consumers are increasingly efficient in terms of home energy consumption.

Ideal Energy Efficiency Index 100%

6.3. SERVICE QUALITY

6.3.1. TECHNICAL SERVICE QUALITY

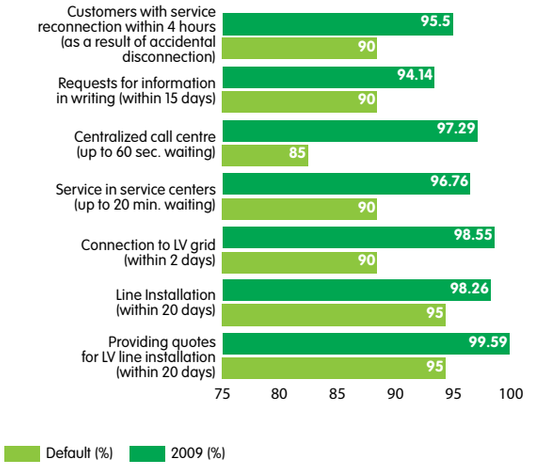
In 2009, Installed Capacity Equivalent Interruption Time (TIEPI) was an average of 2.5 hours in the Iberian market and 12 hours in Brazil. These values correspond to an availability of 99.86%. For more information on technical service quality results, refer to the chapters "Summary of Activity" and "Electricity Business in Brazil".

6.3.2. SUPPLY SERVICE QUALITY

EDP has continued its efforts to listen to its customers and communicate transparently using simple language.

In Portugal, high levels of quality were maintained in the service provided to customers by the distribution grid operator, as shown by the clear compliance with the General Standards for Supply Service Quality set forth in the Service Quality Regulations (RQS).

General Service Quality Indicators



6.3.3. PRIVACY PRACTICES AND COMPLIANCE

The privacy of customer data in Portugal is protected through the registration of the Customer Database with the National Commission for Personal Data Protection (CNPD). In the general terms and conditions of the electricity and gas supply contract, there is a specific clause which states explicitly that "personal data (…) is processed automatically and used for the commercial and administrative management of the supply contract(s) (...) and related services. Duly identified interested parties may have access to the information held on them, directly at customer services centres or by written request, and may amend this information pursuant to the personal data protection law."

For the purposes of market research and direct marketing, the customer's authorisation is sought to record and use their personal data, as well as pass it to third parties.

In Spain, the supply contract contains specific clauses on the handling of personal data pursuant to Organic Law no. 15/1999 and Royal Decree no. 1720/2007, whereby the customer may refuse for their data to be used for advertising and informational campaigns on products and services. During the validity period of the contract, the customer may revoke the implicit consent provided to handle their personal data and request that it be destroyed if the contract is terminated.

In Brazil, the privacy of information contained in the customer database is guaranteed by means of processes, procedures and tools in line with corporate security systems and technology.

As of 2009, electricity and gas customers, in Portugal, may seek assistance from the Customer Ombudsman, through a dedicated website – provedordocliente.edp.pt. The Customer Ombudsman is an external and independent entity whose mission is to "help build trust in the relations between EDP Group companies and their customers". Its activities are guided by the principles of rigour, impartiality and fairness.

The following key activities were identified in order for it to fulfil its mission: receiving and examining complaints filed by customers and directly related to actions or omissions by EDP Group companies; entering into dialogue with customers who complain; arbitrating disputes and conflicts between customers and EDP Group companies; issuing opinions on matters relating to the activity of EDP Group companies, if requested to do so by any of their governing bodies; proposing the adoption of measures to help improve levels of service quality and customer satisfaction; establishing contacts with third parties to obtain specialist information and knowledge so recommendations can be made to the EDP Group companies on the adoption of measures to improve their customer relations.

Customers submit their requests for examination via the internet and may check the status of their application at any time. At the end of 2009, 461 requests for examination had been submitted, 96% of which related to electricity complaints. Most of these requests (57%) were regarding issues related to supply and readings/billing/payment. Of the 461 requests submitted, 423 (91.8%) were replied to by the end of the year. Of these 423 requests, the Ombudsman's opinion agreed with the applicant in 49% of cases and disagreed in 23% of cases.

6.4. SPECIAL, SOCIAL AND UNIVERSAL SERVICE CUSTOMERS

EDP has 415,028 customers to whom it supplies electricity at a social tariff, in accordance with the regulations in force in the countries where it operates. Most of these are in Brazil (86%), while in Spain 49,617 customers can take advantage of frozen tariffs from June 2009 until 2012, a "social benefit" applicable to certain domestic customers entitled to the tariff of last resort in specific circumstances. For more details, refer to the chapter "Regulatory Framework".

In 2009, EDP had 11,352 customers with special needs, most of whom are in Spain (around 93%), 5% in Portugal and 2% in Brazil.

EDP has launched a number of initiatives to promote access to electricity in Brazil, under the "Light for All" Programme. This programme, which is promoted by the Ministry of Mines and Energy in coordination with concessionaire electricity distribution companies, seeks to provide the entire rural population of Brazil with access to electricity by 2010. Since the first contract signed in 2004 by EDP's distributors in Brazil and the aforementioned Ministry, around BRL 264.5 million have been invested and 60,515 customers connected to the grid.

6.5. NEW SERVICES

6.5.1. ENERGY EFFICIENCY

EDP has implemented a number of projects in various countries under its Energy Efficiency Programme, in order ensure its customers make the best use of the product it sells.

Good Energy in the Community

In Brazil, we should highlight the Good Energy in the Community Programme, which aimed to supply good quality, safe energy to low-income residential customers, as well

as promoting its efficient use. Internal installation kits and energy-saving light bulbs were provided, in addition to electric meter cabinets, fuse boxes and connection lines where grid connections were non-existent. Educational talks were held in local communities to promote efficient energy use. A community customer service centre was also provided.

136,000 families in various municipalities in the concession area have benefited since 2006 from educational and guidance initiatives, and 527,000 energy-saving light bulbs have been distributed.

Low-Income Housing Estates

This programme included the substitution of electric showers in 1,680 family homes in Mogi das Cruzes municipality, in Brazil, with a solar heating alternative. There are also plans to replace all residential and communal area light bulbs as part of the project.

Hospitals Programme

This programme covers 4 hospitals in Brazil. 2,107 lighting points, 155 air conditioning units and 111 refrigerators were replaced and improved in 2009.

Efficient Community

There are plans to increase the energy efficiency of low-income communities in 33 neighbourhoods in Grande Vitória, in Brazil. As part of this project, training sessions were delivered on the safe and efficient use of electricity. During the sessions, 103,765 compact fluorescent light bulbs bearing the PROCEL/INMETRO performance seal were distributed to replace incandescent bulbs, 78 inefficient refrigerators were replaced with others bearing the PROCEL energy economy seal, and 9,097 residential electric meter cabinets* and 3,045 kits containing electrical materials for internal installations were handed out.

"Reluz"

The Reluz Programme was launched in Brazil in 2007, for implementation over a five-year period. Its main objective is to modernise public lighting points and thus provide greater security to communities. 69,000 lamps have already been replaced and the programme is due finish in 2012, by which time around 98,000 more lamps will have been replaced.

ECO Programme

eco edp
energia mais eficiente

The ECO Programme went ahead in 2009, its main objectives being to ensure that EDP continued to set the standard for energy efficiency in Portugal, to mobilise Portuguese consumers to take concrete action to improve energy efficiency, and to guarantee the plan's impact and changes in behaviour through an integrated approach.

The initiatives run in 2009 included:

- Mass media campaigns and other awareness raising initiatives at specific events;
- Activities conducted as part of the Plan for Promoting Consumption Efficiency (PPEC) coordinated by ERSE and including projects that started in 2008 and others approved for 2009;
- Cooperating in the government campaign to distribute 1.7 million energy efficient light bulbs through schools (The National Action Plan for Energy Efficiency – PNAEE);
- ECO Bills – offsetting the environmental impact of EDP bills throughout their life cycle;
- Refreshing and restructuring the ECO website with new activities and information on energy efficiency;
- Econnosco internal programme – initiative that extends beyond Portugal and aims to reduce internal consumption (electricity, water and waste). Reductions in consumption of 22% were achieved in Brazil and 13% in Portugal.

As part of the ECO programme, EUR 10 million were invested in initiatives to promote sustainability and energy efficiency in 2009.

We should highlight the continued distribution of energy-saving CFL light bulbs in historical neighbourhoods (108,306 in 2008 and 2009), social housing estates (335,764 in 2008 and 2009), on the Cycling Tour of Portugal (51,724), through a freephone number in Visão magazine (100,000) and in areas where dams are situated (59,296).

EDP also participated in the Green Fest, a key event in the field of sustainable development.

At the SPOT Youth Fair, EDP distributed energy-saving light bulbs and recruited young volunteers to help distribute CFLs in historical neighbourhoods and social housing estates.

We should also make special mention of EDP's active participation in the new PPEC tender competition for 2009-2010, against other companies and institutions linked to the energy sector. As a result of the quality and innovative character of the projects it put forward, EDP was awarded around 80% of the total funds put up for tender. This corresponds to an figure of EUR 14.33 million to launch 17 initiatives to improve energy efficiency, targeted at various sectors of the economy and specific target audiences.

* Physical structure in the consumer's home which connects to the electricity pole on the street. It is the cabinet that houses the residential power meter.

contribution to sustainability

EXPECTED ENVIRONMENTAL IMPACT OF ACTIONS PPEC 2009-2010*

PPEC 2009-10	PPEC Budget (€ thousand)	No. Interventions	Total energy avoided (MWh)	Total CO_2 avoided (t)
Intangible Measures				
Eco-IPSS	228	n/k	n/a	n/a
EcoFamílias II	397	n/k	n/a	n/a
EnergyBus II	222	n/k	n/a	n/a
TWIST (Generation 3E)	625	n/k	n/a	n/a
Tangible - Residential				
Solar Hot Water	92.5	500	18,700	6,919
CFL Exchanges in Social Housing Estates	1,576	800,000	173,014	64,015
CFL Exchanges in Super/Hypermarkets	1,696	850,000	183,828	68,016
CFL Campaign Exchange	1,431	700,000	151,388	56,013
Tangible - Trade and Services				
T5 lamps in Schools	238.3	45,000	47,169	17,452
CFLs	1,290	800,000	179,892	66,560
eCube Refrigeration Units for Super/ Hypermarkets	1,457	10,000	190,365	70,435
Astronomical Clocks	1,026.5	1,600	114,685	42,434
eCube for Companies with refrigeration Needs	96	198	9,483	3,509
Tangible - Agriculture and Industry				
eCube Refrigeration Units for the Food Industry	1,860	10,800	1,140,502	421,986
CFLs	261	160,000	37,338	13,815
eCube Refrigeration Units for Food Processing	347	2,000	63,992	23,677
T5 Discharge Lamps	1,495	13,485	197,418	73,045
Total	**14,338.3**	**3,393,583**	**2,507,773**	**927,876**

*Taking into account the equipment's lifespan.

The energy efficiency programmes implemented in Brazil in 2009 were certified in accordance with standard NBR ISO 9001:2008.

6.5.2. SERVICES

In order to meet the growing needs of energy services customers, the EDP Group created EDP Serviços in 2009. This company provides energy services for a whole range of customers, developing, implementing and financing projects in the areas of energy efficiency, renewable energies and decentralised generation, with or without performance guarantees.

edp
serviços e consultoria

Some of the most important projects implemented in 2009 by this company included:

- Installation of a Thermal Solar Plant at the Alcochete Shooting Range;
- Energy audits for the Auchan chain of supermarkets;
- Increase in the voltage level at around 40 Pingo Doce facilities from NLV to MV;
- Innovative product for the management of energy for public lighting, consisting of a consumption management system , EWebReport@, to monitor and oversee the energy performance of the new solutions installed;
- Development of a network of agents to allow a personalised service approach that meets the needs of SMEs;
- Start-up of energy services supply to small businesses, through the "edp5D negócios" brand. In 2009, 400 lighting audits were carried out.

6.5.3. PRODUCTS

During 2009, under the electricity commercial activity of the EDP's companies, several initiatives with potential positive impact on the Client Experience Index were implemented:

- Simplicity and clarity in billing – The bill for low voltage customers was redesigned in 2009. A space was created with information on meter readings and when they should be sent. The new bill also includes a space for advertising new products/services and another for useful information.
- Electronic Billing – In 2009, 538,781 EDP customers in Portugal received electronic bills (162% increase against 2008).

  EDP has 83,521 contracts in Spain. This figure is the result of an electronic billing campaign launched in 2009 ("one customer, one tree") to inform customers of the main benefits of this free service, which led to the planting of 6,677 trees.
- EDP ON – EDP distributed this internal TV channel across their network of EDP stores, creating another channel of communication/information for all customers in different markets and businesses. The aim of this service is to promote products and services, energy efficiency, create other points of contact with EDP, disseminate information on structural themes and publicise the company's social responsibility initiatives.

- New website – EDP launched a new, more interactive and easy-to-use website. Intimacy, simplicity and clarity were the factors informing the redesign of the EDP website, improving its image, structure, language and ease of use. Through this new EDP website, customers have access to the new EDP Serviço Universal and EDP Distribuição websites, the EDP website and a new addition called Our Energy, on renewable energies in general and new hydroelectric projects in particular.

  The EDP website includes new means of disclosing information, by providing access to videos and edp On live.

- Easier access to EDP ONLINE – In 2009, the sign-up process for edpOnline was simplified to make it quicker and more convenient. Customers immediately receive an e-mail to activate the service and edpOnline now offers a range of services including current balance checks, recent bills, consumption history and meter readings.

- More intimacy and simplicity in written communication – As part of the response to customer complaints and queries, a review was made of the company's written communication in order to make the language used less formal, clearer and simpler.

- Insurance extended for edp5D customers – In 2009, residential, business and condominium edp5D customers saw their insurance broadened to include more benefits, including cover for the cost of lost or stolen keys. The policy also sends security technicians to provide advice on adequate anti-theft, fire and emergency medical protection.

- edp5D Community – As part of its customer loyalty programme, edp5D created a new project called the edp5D Community. This project aims to help customers understand the product as an integrated offer that comes with a series of real advantages that go beyond just energy supply, and that create an emotional attachment to the edp5D brand. A number of deals have been arranged with customers in the small business segment, through which they may offer a discount or benefit to other edp5D customers on the product or service they sell. 1,000 establishments had signed up by December 2009.

- "Mude o seu Mundo que o Mundo muda" (Change your world to change the world) – efficiency campaign and programme on Portuguese television (RTP), in which public figures provide examples of how to be more efficient and consumers get the chance to win a EUR 1,000 voucher to purchase energy-efficient appliances.

- WattDrive – In May, EDP opened a free network of recharging points for electrical vehicles.

To mark this opening, a small event was held at which each user was given a kit containing a sticker, keys to access the recharging points, an instruction manual and a keyring.

- "Casa Eficiente" (Efficient home) – To celebrate 29 May, Energy Day, EDP took part in the construction of an Efficient Home in partnership with National Geographic. The two-bedroom house with an area of around 100m^2 was situated next to the Knowledge Pavilion in Parque das Nações until 5 July.

- HC points programme – For more details on this initiative launched in Spain to attract new customers to the electronic billing service, see www.hcenergia.com/puntoshc.

- MYENERGY – EDP ran several initiatives to encourage microgeneration. As part of this effort, the company launched a campaign advertising microgeneration solutions, focusing on two electricity generation technologies: photovoltaic solar panels and micro wind turbines. With emphasis on the former, "I'm already creating my own energy" made a comeback in the media.

- Green Electricity – EDP has started supplying green electricity, under the EDP5D Green Tariff. There were 4,108 customers for this service in Portugal in 2009, with a total of 9 GWh supplied. In Spain, the company had around 189,000 customers,

corresponding to an annual consumption of 3,577 GWh. In Portugal, EDP supplied around 13,400 GWh from renewable energy sources on the regulated and free markets (this figure was calculated according to the methodology recommended by ERSE for compliance with Directive no. 2003/43/EC). In the USA, a total of 5,905 GWh of renewable energy was generated and certified through the issue of carbon credits.

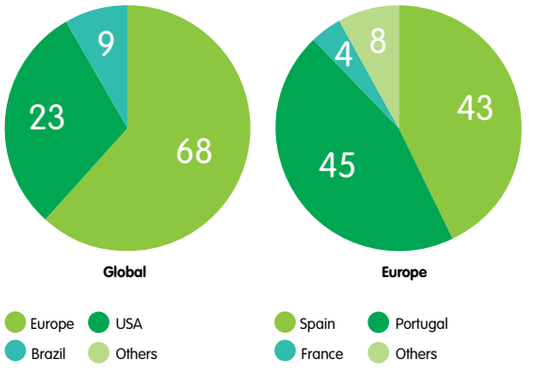
7. SUPPLIERS

7.1. PROFILE

EDP forms relationships with its suppliers based on the principles of partnership and promoting sustainable development. The company has developed active information practices with its suppliers with regard to the values in its Code of Ethics, in order to highlight the importance of integrity in business strategy.

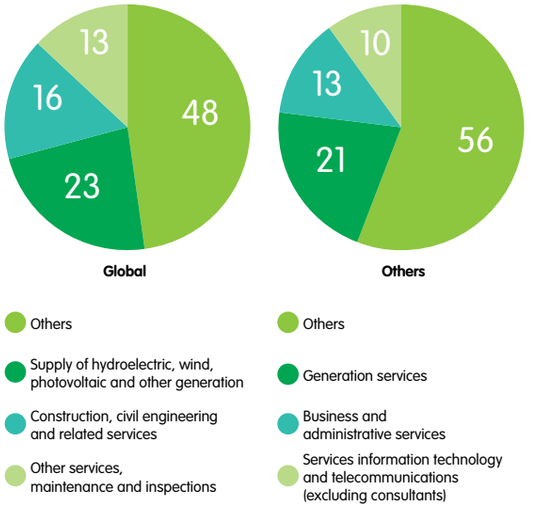
During 2009, procurement activity in the EDP Group (not including energy) totalled EUR 3.282 billion, distributed geographically as follows:

Geographical Distribution of Procurement Activity (not including energy) in the EDP Group



The main categories of supply were as follows:

Main Categories of Supply (%)



EDP has a positive influence on local economies, promoting the growth of local businesses. Procurement from foreign suppliers represents around 2% of total procurement.

7.2. DIALOGUE

EDP seeks to stimulate corporate capacity and optimise suppliers' procedures by:

- Promoting technical competence and a competitive market;
- Ensuring integration and cooperation in relations;
- Fostering permanent, open dialogue to enable us to ascertain the expectations of this important group of stakeholders;
- Sharing knowledge.

EDP's objective is to "Respond to challenges and establish, control and develop relations with suppliers" through Supplier Relationship Management (SRM) solutions.

In this regard, a risk analysis programme for strategic suppliers is currently being implemented, which will enable the early identification of critical situations or breaks in the supply chain and guarantee the continuity of contracted supplies.

This programme is based on an early-warning management model that allows EDP to obtain a wide range of information on its suppliers in a consolidated manner and monitor the "aptitude" of companies to become qualified as EDP Group suppliers. SRM solutions facilitate communication between the different partners and the sharing of methodologies, fostering closer relations between both parties.

SRM also helps suppliers to get to know the company's business and its real needs, leading to better terms of purchase and optimisation of the entire procurement process.

7.3. GOOD PRACTICES

EDP employs a system of researching, selecting and classifying its suppliers - the EDP Group Supplier Registration System (SRF) – which allows it to act in a clear, transparent and efficient manner and build mutually beneficial partnerships.

The system is supported by a database that is shared across all the Group's companies, with registration currently an essential prerequisite for any company wishing to become qualified, be consulted or present a tender for supply. Through this platform, suppliers can also familiarise themselves with the EDP Code of Ethics and declare their acceptance of its values and principles. 10,950 suppliers were registered with the EDP Group in 2009, 19% more than in 2008.

To appear in the database, a supplier should enter the suppliers' section of the EDP website www.edp.pt and complete a pre-registration questionnaire that asks for information on quality, environmental and safety systems and corporate social responsibility policies, among other things.

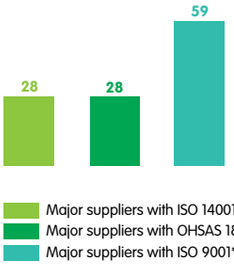
One of EDP's objectives for 2010 is to increase the amount of information requested from suppliers, to cover their social performance as measured using the Global Reporting Initiative indicators.

For their part, registered companies also enjoy a range of advantages, including:

- Equal opportunities for equivalent/separate business areas;
- Increased business opportunities;
- Guarantee that customers have quick and reliable access to their information;
- Single registration visible to several companies;
- No need to present lots of documentation when applying for contracts or pre-tender qualification.

In 2009, 46% of the suppliers in Portugal, Spain and Brazil delivering over EUR 75,000 in goods and services were registered on the EDP Group SRF. Of these, 59% employ quality management systems that have been certified by third parties. 28% possess environmental certification and 28% occupational health and safety certification.

Certified Suppliers (%)



* Number of suppliers registered in the Corporate Registration System Supplier of the EDP.

EDP has implemented a sourcing tool supported by a web environment that allows sharing of market and supplier information - Sinergie - Supply Integration for Energy. This system is in use in across all the Group's companies, acting as a basis for all consultation and negotiation processes over EUR 75,000 in Europe and EUR 150,000 elsewhere in the world. Its main objective is to enable the sharing of information on consultation and negotiation processes across the EDP Group, independently of the business unit or the market in which it operates, employing the internet as the engine for all procurement processes on a global level.

The resulting solutions and practices enable the company to significantly reduce the associated environmental costs and administrative burden.

EDP was one of the first two companies in the world to join the GRI Global Action Network for Transparency in the Supply Chain project, which aims to support corporate initiatives to encourage the publication of sustainability reports in line with GRI directives throughout their value chains. As such, EDP is a GRI Organisational Partner and conscious of the fact that voluntary and regular reporting by an organisation on its sustainability performance is an extraordinarily powerful means of improving its performance and communicating its results. In 2009, EDP secured support from GRI and their partners for 5 of its suppliers in Portugal to receive free training and consultancy support to develop the skills they need to prepare sustainability reports in line with GRI directives (www.globalreporting.org).

Also as part of its activity as a GRI Organisational Partner, EDP has joined the Multi-Stakeholder Supply Chain Disclosure Working Group, whose objectives are to: provide recommendations to the GRI Technical Consultation Committee, with a view to improving the contents of the report in terms of performance throughout the value chain; and preparing, where required, supplementary guides to support the interpretation and application of the supply chain reporting requirements.

Suppliers Meeting 2009

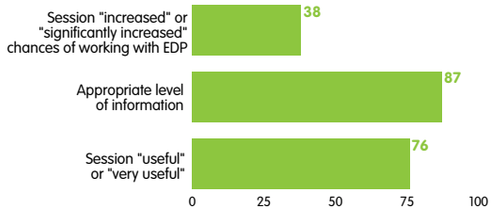
Given that suppliers are understood to be fundamental partners in the EDP Group's development and growth, one of its objectives is to maintain and strengthen their contribution.

In this regard, a meeting of around 90 companies was organised, including the EDP Group's main suppliers. A detailed presentation was made on the EDP Group's Investment Plan, allowing them to anticipate and prepare for the various business opportunities that will arise over the next few years.

contribution to sustainability

To help it better respond to its partners' expectations, EDP asked them to express their opinion on the meeting held:

Suppliers' Opinion on the Meeting Held (%)



Environment and Safety

Regardless of the type and size of the work to be performed, using third-party suppliers necessarily involves strict controls on service quality at every stage, as part of a strategy based on the following principles:

- Integration of Environment and Safety into the Pre-Qualification System for service providers (including a questionnaire on environmental matters);
- Compliance with EDP's Environmental Policy and Health and Safety Policy, as well as with all other legal requirements incumbent upon the service provider;
- Application of new accident prevention and control instruments, in particular the requirement for basic safety training for all employees;
- Monitoring and evaluation of environmental and safety performance during the execution of work, by means of scheduled audits;
- Conducting service provider questionnaires and assessments and allocating an annual bonus to recognise those who perform exceptionally well and contribute to safety in the workplace.

For further information on suppliers' accident prevention and safety practices, see chapter 5.Employees, section 5.12.2.Corporate Safety Management System.

Contractors and Subcontractors

Pre-qualification systems designed exclusively for subcontractors are currently being developed and implemented, especially for more critical tasks such as the construction and maintenance of HV, MV and LV electricity grids and work on live HV, MV and LV installations.

The volume of subcontracting was used in 2009 as one of the assessment criteria for awarding contracts, whereby excessive subcontracting was penalised.

Criteria were introduced in pre-qualification schedules/ contract specifications to force subcontracted companies to assume certain commitments, such as not using illegal labour, implementing quality guarantee systems and following environmental protection policies.

As part of the training programme on "live electrical work" (TET) and safety for teams of external service providers, 2009 saw the start of a process to define the requirements and qualifications of trainers employed in the accreditation process for contractors and subcontractors. This project aims to improve and standardise the requirements of the training delivered to employees of contracted and subcontracted companies.

8. COMMUNITY

In 2009, the EDP Group gave great impetus to its strategy of dialogue and work with the communities in which it operates. We stepped up some existing programmes and implemented some new actions in order to create value for society.

Communicating with the community assumes different expressions and approaches within the Group and is spearheaded by the different Foundations.

- EDP Foundation in Portugal
- Hidrocantábrico Foundation in Spain
- EDP Institute in Brazil

They play an important role in the consolidation of our commitment to provide the community with support in social, environmental, educative, cultural and recreational areas.

The Group's companies and its Brand and Communication Department are also directly involved in creating a closer relationship with society.

EDP has been a member of the London Benchmarking Group (LBG) since 2007. Since the 1990s, this working group has been developing a model for assessing the social performance of voluntary contributions by its members, the LBG Model. This enables EDP:

- To demonstrate the work that it does with the community;
- To engage with its various stakeholders to ascertain benefits to the company and the community;
- To determine the social return of resources invested in harmony with the SROI methodology.

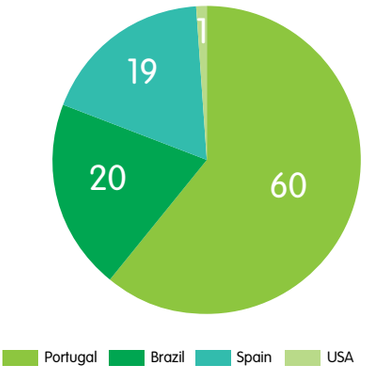
In 2009 there were significant improvements in terms of implementing a social accounting system for the EDP Group, which resulted in the launch of pilot schemes to assess the social return of the resources invested in several of the Group companies, to be developed in 2010.

CONTRIBUTIONS[a] TO THE COMMUNITY IN 2008 AND 2009

Total value of contributions (€)[b]		2009	2008
Category			
	Nonstrategic Investment	1,625,551	3,246,873
	Strategic Investment	12,263,973	7,428,572
	Commercial initiative	3,088,798	1,751,134
	Not applicable	71,783	
Nature			
	Education	2,623,431	1,888,646
	Health	353,650	1,276,468
	Economic development	329,332	312,316
	Environment	982,160	518,208
	Art and culture	6,489,601	4,373,713
	Social welfare	2,178,595	1,180,297
	Emergency response		19,282
	Others	4,093,337	2,857,649
Cash contributions			
	Value	15,226,586	11,606,722
Volunteer "Staff" (c)			
	No. employees involved in volunteering during working hours	248	
	No. volunteering hours during working hours	5,817	1,511
	Value of volunteer time	149,762	5,891
Contributions in kind			
	Value of contributions in kind	1,673,757	495,702
Management costs		n/k	163,169
Total value of contributions (including management costs)		**17,050,104**	**12,589,747**

(a) Values of 2009 are provisional: not yet validated by the Corporate Citizenship.
(b) Excluding management costs.
(c) At the time of this publication, values for Brazil were still not available.

Contributions by Region in 2009 (%)



Provisional values: not yet validated by the Corporate Citizenship.

8.1. SUPPORT FOR ECONOMIC DEVELOPMENT

8.1.1. LOCAL COMMUNITIES

For many years now, EDP has focused on its relationship with the community in all the geographical areas in which it operates and devotes special attention to people living in the vicinity of its facilities.

2009 witnessed the start of construction on new facilities, especially in Portugal, and dialogue with communities (organisations, representatives). This dialogue is seen as part of an ongoing process of interaction and there is a highly diversified programme of initiatives involving local partners.

Portugal

- Supporting the development of Trás-os-Montes – In order to foster entrepreneurship and cultural activities in the region, EDP signed three agreements, one with Glocal to create jobs, which will also include the pilot project known as the Premium EDP Sustainable Entrepreneur Programme; one with the Learn to Learn Association to improve the skills of upper secondary school students and the other with the Calouste Gulbenkian Foundation and Music School of the National Conservatory to promote culture and expand the Generation Youth Orchestras model. (www.a-nossa-energia.edp.pt)

- Lares, Figueira da Foz – EDP delivered a multi-sports park to the local community, one of the facilities in the parish support plan. In addition to the park, a children's playground and repaving work around these facilities will soon be completed.

- Energy Bus in Trás-os-Montes – The energy efficiency bus travelled the regions where EDP is building new hydroelectric power stations, particularly the municipalities of Miranda do Douro, Mogadouro, Torre de Moncorvo, Alfandega da Fé and Macedo de Cavaleiros and received 2,945 visitors. This mobile project uses equipment for demonstrating new technologies, interactive experiences, information panels, leaflets and useful advice to encourage more efficient, environmentally-friendly behaviour. (www.eco.edp.pt)

contribution to sustainability

- "EDP Solidária Barragens" – This programme sponsors charitable projects run by institutions in Trás-os-Montes and Alto Douro, the areas of influence of the new dams. In its first edition, EUR 100,000 was distributed to the winning projects: CERCIMAC – Coorperative for the Education and Rehabilitation of Handicapped Citizens/graphic arts workshop, Portuguese Red Cross – Alijó Branch / Smile – a support scheme for children and young people, Cerejais Community Centre / Mobility and Health – assistance for the elderly, Picote Parish Council / Youth Centre – volunteer scheme for EDP employees and suppliers. (www.a-nossa-energia.edp.pt)

- Visits to power stations – this is of special interest to the school community to complement their syllabus and in 2009 EDP received some 40,000 primary and secondary school visitors.

Communication plans and procedures for major projects (COMPRO) – definition of major project communication methods and procedures in order to involve all stakeholders in the early stages of preliminary studies. A methodological test was conducted for the new Fridão and Alvito hydroelectric plants.

Main goals: to guarantee an open, transparent, trusting relationship with different stakeholders; to bring forward "public adaptation" to projects through appropriate involvement of EDP stakeholders; to train staff in communication management in order to minimise exposure to risk; to standardise a manual of guidelines for major project communication.

In 2009, the phases completed were: identification of stakeholders, surveys of communities' expectations, wishes and concerns, Landscape Outcome Assessment Methodology (LOAM) sessions and evaluations of results – whenever possible the information collected was considered in the planning of Environmental Impact Assessments (EIA).

Goals for 2010: drafting and approving the training manual and planning training and in-house training courses.

Brazil

EDP sponsored projects for children and young people in the different states in which it operates and was considered a "child-friendly company" by Abrinq. Examples:

- Humanisation of care given to underweight newborns – Cassiano Antonio Moraes University Hospital Support Foundation (FAHUCAM), Vitória, Espírito Santo

- Music with Energy, Educanto Choir – Secretariat for Education, Aparecida, São Paulo

- Growing Citizen Project - Dona Durvalina Rosa Teixeira Social Project NGO, Itaquaquecetuba, São Paulo

- Dra. Heloísa Lotufo Manzano Children's Centre - Municipal Council for the Rights of the Child and Adolescent, Porto Nacional, Tocantins

In addition to all these projects, there are also energy efficiency programmes not only for EDP customers but also for the community as a whole. For further information, see Chapter 6.Customers, section 6.5.1.Energy Efficiency.

8.1.2. DEVELOPING COUNTRIES

- Through EDP Internacional, EDP is involved in projects to expand and repair Angola's electricity systems, which have a high impact on the quality of life of large sectors of the local population. We would like to highlight the following figures: In the Lobito/Benguela region, 100,000 people benefited from new electricity infrastructures, as well as 90,000 in Malange, 60,000 in Namibe, 20,000 in Caxito/Bengo and 120,000 in Cabinda.

EDP is also conducting planning studies to schedule over 20 years of investments in expanding electricity distribution grids by 50% in its main cities and towns.

- No-Man's Land - EDP joined the United Nations High Commission for Refugees (UNHCR) to bring renewable energy to the Kakuma Refugee Camp in Kenya. The project was presented at the 5th Annual Meeting of the Clinton Global Initiative in New York and will generate power for more than 50,000 people, along with a technical training programme for 100 to 150 local people and the distribution solar light bulbs for domestic use.

- Community Schools - EDP, in partnership with Doctors of the World – Portugal (NGO) and EFACEC, is sponsoring the construction of two open access centres in the Cocomela and Impaputo neighbourhoods in the Namaacha district in Maputo, as part of an Integrated HIV/AIDS and Malaria Programme in Mozambique. This project will enable the generation of renewable energy for a health centre equipped with a refrigeration system for vaccines, a kindergarten and a water pump. The Mozambican Humanitarian Association (AHMO) is providing support at a local level.

8.2. PATRONAGE AND SPONSORSHIP POLICY

EDP's patronage policy is implemented by its various foundations. It gives preference to activities that are geographically decentralised, credible institutions that perform well and initiatives that focus on the long term.

The following are examples of initiatives in the different areas of intervention in the countries in which we operate:

EDUCATION AND SUPPORT FOR YOUNG PEOPLE

Portugal

- University Challenge 09 – this is a competition for university students seeks to activate their academic knowledge through a project on strategy and marketing. This year's theme was "EDP and Renewable Energies: a future side by side". The winners were a group of students from the Higher Institute of New Professions (INP), who won a EUR 10,000 study grant and three-month internships at EDP (Portugal, Spain or Brazil). The lecturer who supervised the project was awarded a prize of EUR 3,500.

- 14th Physics Olympiads – this competition organised by Portuguese Physics Society and the Electricity Museum challenges 9th and 11th grade students from around the country to demonstrate their knowledge of physics through a series of theory and practical tests.

- Live Science: Summer Engineering – this programme in August and September offered the public the chance to come into contact with engineering works, particularly in the arena of energy generation. Visits were made to the Alto Lindoso, Carrapatelo and Castelo do Bode plants and Ribatejo and Sines power stations.

- European Days of Sun: 2nd Solar Festival – this programme was developed in partnership with APISOLAR and sought to promote knowledge of and contact with solar solutions: seeing how they work, measuring and experimenting.

Brazil

- EDP in Schools – The EDP Institute distributed 19,000 school kits to 62 schools in the States of São Paulo, Espírito Santo, Santa Catarina, Tocanstins and Mato Grosso Sul, involving around 1,000 teachers.

- "Letras de Luz" (Letters of Light) - The Brazil Institute donated 2,880 books in nine cities in the State of São Paulo.

- 1st class of female electricians – ten women were trained in a 32-person class on the Grid, Distribution, Inspection and Metering Electrician Training Programme, the first to train female technicians.

Spain

- 150 study grants – The Hidrocantábrico Foundation awarded a group of 150 science students at Oviedo University a grant to complete their final course assignment or a post-graduate course. In addition to this grant, they will have a six-month, four-hour-a-day internship on a prearranged schedule.

ENVIRONMENT

Portugal

- Mora River Aquarium – EDP is sponsoring the largest aquarium to be built in Europe since 2007. This scientific, cultural and leisure facility is unique in Portugal and the live, dynamic models in its exhibitions help visitors to acquire a broad knowledge of the importance of biodiversity and the ecological wealth associated with nature conservation programmes.

  As a centre of local development, the River Aquarium has contributed to the municipality by creating new direct and indirect employment, helping to reduce regional asymmetries and stimulating the local economy.

Spain

- "Un Cliente, un Árbol" (One Customer, One Tree) - The Hidrocantábrico Foundation planted 6,677 trees in 2009 as part of this campaign, as a result of 62,323 customers subscribing to its electronic billing service (see Chapter 6.Customers).

- Planting of native species in public areas – An agreement between the Hidrocantábrico Foundation and Gijón Municipal Council, with the participation of the Municipal Parks and Gardens Service, in collaboration with the Fund for the Protection of Wild Animals (FAPAS). The HC Foundation is responsible for planting and preserving the species. The project, which includes environmental education initiatives, will be implemented in the Monte Deva Nature Park and is the first of several agreements to be signed with a number of municipalities.

HEALTH AND SOLIDARITY

Brazil

- "Dentistas do Bem" (Pro Bono Dentists) – volunteer dentists treated low-income children and adolescents up to the age of 18, free of charge. They were selected based on need by a triage performed on 5th to 8th grade pupils at state schools. The poorest children and those with serious dental problems and young people about to enter employment were given priority treatment.

- EDP Solidária – in 2009 this programme was extended to Brazil, where 15 projects were selected in the areas of education (literacy, environmental education, school integration, promotion of reading and robotics), health and social support (early cancer diagnosis in children, entrepreneurism and vocational and social qualifications) in the States of São Paulo, Espírito Santo, Mato Grosso do Sul and Tocantins.

ART AND CULTURE

Portugal

- Remade in Portugal - Eco-Design Exhibition – Promotion of cultural and social awareness initiatives related to recycling, encouraging the design and development of products made of at least 50% recycled materials and promoting the reuse of household and industrial waste.

- Generation Orchestra – Project in partnership with the Gulbenkian Foundation to set up a youth symphony orchestra that will make an innovative contribution

contribution to sustainability

towards the integration and development of children from disadvantaged social backgrounds.

- Portugal Art Biennial 2010 – Displays of international contemporary art in different locations to encourage the active participation of the public. Its aims to celebrate the social and cultural importance of public places and art and encourage visitors to come to the cities and regions where it is held - Lisbon, Cascais, Grândola and the Algarve. This model allows the work of Portuguese artists to be displayed abroad and foreign artists to show their work in Portugal.

- Summer Mornings and the Electricity Museum – Bringing different generations together in August and September. Sunday mornings were devoted to the whole family, offering an educational and recreational introduction to the study of electricity for children and a varied music programme for adults.

Brazil

- The Art of Photography - The Little Things in Life - the EDP Institute and EDP Bandeirante chose 40 photographers from the 998 contestants who entered 3,642 photos. In addition to enabling access to and promoting art, an exhibition travelled to 28 municipalities.

- Opening Doors that Never Existed – this travelling play was sponsored by the Brazil Institute, in partnership with the company Abaréteatro. A truck taking culture and education to the people visited seven cities in Tocantins.

Spain

- Chapel of Nuestra Señora de los Dolores, in Grado - artistic illumination of the exterior of the chapel as part of the restoration programme for the historical and cultural heritage of the Principality of Asturias.

- Revillagigedo Chamber Orchestra Christmas Concerts – series of concerts in four venues in Asturias sponsored by the HC Foundation in partnership with the Revillagigedo Palace International Centre for Contemporary Art in Gijón.

SOCIAL WELLBEING

Portugal

- "Partilhar um sorriso" (Sharing a Smile) – Temporary programme to give out meal tickets to EDP pensioners with a monthly income of less than EUR 450.

- EDP Solidária – Series of projects sponsored by the EDP Foundation and aimed at improving the quality of life of socially disadvantaged people and integrating people or communities at risk of social exclusion. In the 2009 edition, EDP selected 12 institutions from around the country that work in the areas of local and social entrepreneurism, help for the elderly, reducing school dropouts, environmental education, time bank, exclusion, social promotion and integration and help for people with special needs. www.edp.pt> Sustainability> Foundations> EDP Foundation> EDP Solidária 2009.

- Casa das Cores – EDP donated EUR 25,000 to this temporary shelter for children aged 3 to 12 at risk of or victims of abuse, as part of the 19th Lisbon Half Marathon. EDP gave one euro for each phone call.

- País Solidário Campaign – In response to the financial crisis, the EDP Foundation and the Calouste Gulbenkian Foundation organised a campaign aimed at minimising new risks of poverty in Portugal. The donations were distributed through Cáritas, the Portuguese Red Cross and the Federation of Food Banks Against Hunger.

- Mentally disabled athletes received special attention from EDP, which sponsored the National Sports Association for People with Mental Disabilities (ANDDI) and athletes in different sports by contributing to the cost of national training camps and international travel.

Share your holiday spirit with a smile

The EDP Group's paper Christmas cards were replaced by an electronic version and the saving on printing and postage was converted into donations to charitable non-governmental organisations, in all the countries where the company operates.

SPORT

Portugal

- Lisbon, Porto and Setúbal Marathons, the Cycling Tour of Portugal and the Lisboa Bike Tour: highly successful events that attracted thousands of participants.

Spain

- 11th Asturias Sailing Week – Held in July and sponsored by the Hidrocantábrico Foundation and Cajastur.

- San Silvestre Run – The Hidrocantabrico Foundation sponsored the races held on 31 December 2009 in Gijón and Oviedo. For each participant aged under 12 and over 60, the foundation donated one euro to charitable institutions: the Red Cross, Nuevo Futuro and Energía sin Fronteras.

8.3. VOLUNTEER CAMPAIGNS

Portugal

- "Aprender a Apreender" (Learning to Learn) – educational volunteering under the agreement with Junior Achievement Portugal, which aims to nurture entrepreneurship, creativity and innovation in future generations by encouraging proactivity among schools and companies. In the previous school year, EDP had 83 volunteers working in programmes focused on families (primary school), community (primary school), economics for success (lower secondary) and companies (upper secondary).

Gift Collection Campaign

This Christmas, give what you have too much of to those who have too little – a campaign run by EDP employees in Portugal to collect non-perishable goods. All it took to improve the quality of life of the disadvantaged was a little time, a gesture and a donation.

- Collection points around the country: 40
- EDP volunteers: 110
- Non-perishable goods collected: 11 tonnes
- Beneficiaries: 14 institutions reaching 300,000 people

EDP had many partners that supported the campaign free of charge, without which it would not have been possible. They included Ativism, TSF, Jornal de Negócios, Jornal I, Media Edge:cia, APS Media, MOP, Urbanos and Lógica.

Brazil

- Volunteering policy – through its Brazil Institute, EDP Brasil approved its volunteering policy to encourage and support this activity among its employees.

- Oral Hygiene Campaign - EDP volunteers, in partnership with Colgate and dentists, visited schools in Espírito Santo, Mato Grosso do Sul, São Paulo, Santa Catarina and Tocantins to tell the students about the importance of brushing their teeth properly in order to stay healthy. They were also given a kit containing a toothbrush, toothpaste and a leaflet on oral health.

8.4. PARTNERSHIPS AND ORGANISATIONS

As the largest Portuguese company, EDP has always played a role in encouraging international best practices. It has joined and actively collaborated with a number of organisations along its path to continuous improvement.

A list of its current partners, with particular focus on the environment, citizenship and culture can be found on its website at www.edp.pt> Sustainability> Approach to Sustainability> Participations and at www.edp.pt> Sustainability> Foundations> EDP Foundation> Partnerships.

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9. ENVIRONMENTAL PERFORMANCE

ENVIRONMENTAL INDICATORS

	2009					2008				
	Group	**Portugal**	**Spain**	**Brazil**	**USA**	**Group**	**Portugal**	**Spain**	**Brazil**	**USA**
Primary Energy Consumption (TJ)	242,878	114,472	98,341	64	n/a	237,259	141,842	95,329	88	n/a
Coal	132,628	81,675	50,952	n/a	n/a	121,423	65,442	55,981	n/a	n/a
Fuel Oil	6,105	5,909	196	n/a	n/a	11,292	11,076	217	n/a	n/a
Natural Gas (1)	89,051	52,472	36,579	n/a	n/a	90,180	64,463	25,716	n/a	n/a
Blast furnace gas	7,996	0	7,996	n/a	n/a	9,673	0	9,673	n/a	n/a
Coke Gas	1,483	0	1,483	n/a	n/a	2,496	0	2,496	n/a	n/a
Diesel Oil	109	16	93	n/a	n/a	86	11	75	n/a	n/a
Forest waste	4,227	4,227	0	n/a	n/a	676	676	0	n/a	n/a
Iron and Steel industry gas	1,030	0	1,030	n/a	n/a	1,156	0	1,156	n/a	n/a
Fuel for vehicle fleet	249	172	13	64	n/a	277	174	15	88	n/k
Electricity Consumption (MWh)										
Generation internal consumption	2,429,843	1,800,337	629,506	n/k	n/k	2,244,466	1,572,290	672,175	n/k	n/k
Administrative services	33,256	18,590	942	7,463	6,261	31,138	21,373	851	11,914	n/k
Grid losses (%)	8.32	6.84	4.97	12.68	n/a	8.39	7.50	3.63	11.99	n/a
Environmental Certification										
ISO 14001 Environmental Certification (MW)	12,633	8,835	3,347	452	0	11,424	8,491	2,933	0	0
Net maximum installed capacity certified (%)	62	84	63	26	0	61	88	60	0	0
Gas distribution certified (%)	100	100	100	0	0	100	100	100	0	0
Atmospheric Emissions										
Total Emissions (kt)										
CO_2 (2)	20,007	11,075	8,932	n/a	n/a	19,783	10,110	9,673	n/a	n/a
SO_2	17.07	8.24	8.84	n/a	n/a	33.99	21.68	12.31	n/a	n/a
NOx	33.31	21.49	11.83	n/a	n/a	33.26	20.15	13.11	n/a	n/a
Particles	1.05	0.55	0.50	n/a	n/a	1.68	0.83	0.85	n/a	n/a
Mercury (kg)	142	100	42	n/a	n/a	145	69	76	n/a	n/a
SF6 (kg)	280	227	5	48	n/a	333	234	42	57	
Overall specific CO_2 Emissions (g/kWh)	362.3 (2)	411 (2)	594 (2)	n/a	n/a	387	388	613	n/a	n/a
Specific emissions from thermal facilities (g/kWh)										
CO_2	704.7 (2)	632 (2)	821 (2)	n/a	n/a	647	552	790	n/a	n/a
SO_2	0.60 (2)	0.47 (2)	0.74 (2)	n/a	n/a	1.13	1.18	1.05	0	n/a
NOx	1.17 (2)	1.23 (2)	0.99 (2)	n/a	n/a	1.11	1.10	1.12	0	n/a
Particles	0.04 (2)	0.03 (2)	0.04 (2)	n/a	n/a	0.06	0.05	0.07	0	n/a
Water collected by source(10^3x m^3)										
Ocean	1,606,412	1,166,003	440,409	n/a	n/a	1,495,630	1,001,546	494,084	0	n/a
River or stream	119,170	104,887	14,283	n/a	n/a	205,097	188,321	16,776	0	n/a
Reservoir	316	316	0	n/a	n/a	2,078	2,078	0	0	n/a
Artesian well	1,086	745	341	n/a	n/a	884	884	0	0	n/a
Well	40	12	0	28	n/a	33	15	0	18	n/a
Use of water (10^3x m^3)										
Cooling water	1,726,053	1,271,032	455,021	n/a	n/a	1,700,122	1,189,836	510,287	0	0
Raw water	6,577	4,013	2,564	n/a	n/a	6,688	3,898	2,790	n/k	0
Drinking water	245	134	24	86	n/a	253	159	12	80	2
Wastewater (m^3)										
Wastewater treated during generation	3,624,412	1,368,573	2,255,839	n/a	n/a	4,323,869	2,034,430	2,289,439	0	0
Discharge into sea	1,608,305,923	1,166,689,787	441,616,136	n/a	n/a	1,497,569,009	1,002,326,244	495,242,765	0	0
Discharge into inland and estuary water	112,435,382	100,952,408	11,482,974	n/a	n/a	195,436,820	184,037,335	11,399,485	0	0
Waste sent to final disposal										
Total waste (t)	929,642	587,289	333,287	8,931	136	835,922	390,267	438,206	7,363	86
Total hazardous waste (t)	3,012	1,776	1,129	91	22	3,328	1,914	1,287	98	29
Recoverd waste (%)	94	98	86	99	98	85	88	83	99	100
Main waste categories (t)										
Fly ash recovered	580,062	333,303	246,759	n/a	n/a	583,352	248,408	334,944	0	0
Used oils	959	600	222	58	79	672	470	169	20	12
PCB	314	0	314	0	0	64	3	61	0	0
Metals	3,072	799	685	1,525	63	5,553	3,979	722	554	298
Gypsum	129,179	86,736	42,443	n/a	n/a	85,247	64,779	20,648	0	0
Biodiversity										
High voltage lines in protected areas (km)	948	844	39	65	n/a	931	850	39	42	n/a
Medium voltage lines in protected areas (km)	12,930	8,383	613	3,934	n/a	12,700	8,247	610	3,843	n/a
Substations in protected areas (no.)	42	19	11	12	n/a	41	19	10	20	n/a
Environmental Costs (EUR thousands)	**118,898**	**73,693**	**27,793**	**11,428**	**5,984**	**163,783**	**91,338**	**52,239**	**20,206**	**n/k**
Investment cost	86,670	62,889	11,079	9,495	3,207	131,512	84,064	30,233	17,215	n/k
Current cost	32,228	10,804	16,714	1,933	2,777	32,270	7,274	22,006	2,991	n/k
Compliance										
Environmental fines and penalties (EUR thousands)	29	0	29	0	0	132	0	132	0	0
Environmental Complaints (no.)	101	89	n/k	12	n/k	90	90	n/k	n/k	n/k

(1) Not including vehicle flee

(2) Based on the net generation following the new GRI guidelines sector specific

9.1. MANAGING ENVIRONMENTAL CONCERNS

EDP's environment policy expresses the company's ambition to be a role model in the environmental management of its activities, considering stakeholders in the decision-making process and promoting good practices in this area. Additional information on EDP's environment policy and internal organisation with regard to environmental matters is available on www.edp.pt> Sustainability> Environment.

The maintenance of EDP's Corporate Environmental Management System in accordance with ISO 14001:2004 frames and reinforces EDP's commitment to integrating environmental concerns into planning and decision-making at every level, in particular the evaluation, monitoring and minimisation of significant impacts that may arise from its activities.

Continuous improvement in environmental management is also ensured through the maintenance and extension of ISO 14001:2004 certification of environmental management systems. Today, 62% of EDP's installed generation, all of its gas distribution and its substation maintenance activity, managed by the Coimbra Substation Department for electricity distribution in Portugal, are certified according to ISO 14001:2004. By the end of 2009, EDP had also registered de 19% of its installed capacity with EMAS.

The company's approach to each of its most important environmental concerns is described at www.edp.pt.

Every year targets are set for a series of key environmental indicators, as shown in the table below. Significant changes are duly explained throughout the course of this chapter.

EDP has a (15.5%) shareholding in the Trillo nuclear power station in Spain, but does not consolidate environmental information from this plant. Information on its performance is available at www.cnat.es.

EDP ENVIRONMENTAL KEY INDICATORS

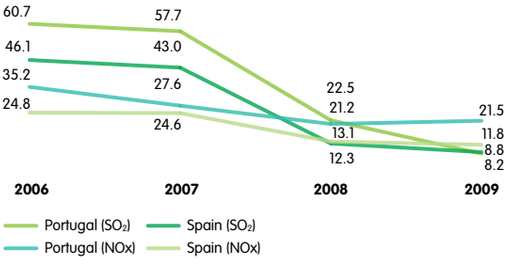
	2009	Targets set	Difference	
Primary Energy Consumption (TJ)				
Total for generation	242,878	225,395	1,7483	⊕ ↓
ISO 14 001 Environmental Certification				
Net maximum installed capacity certified (%)	62	67	-5	
Gas distribution certified (%)	100	100	0	⊕ ↑
Atmospheric Emissions				
Overall specific CO_2 emissions (g CO_2/kWh)	362	341	22	⊕ ↓
CO_2 emissions intensity (g/€)	1,640	1,566	74	
Water				**0**
Use of water (10^3xm^3)	1,732,875	1,767,929	-35,054	⊖ ↑
Waste				**0**
Total waste (10^3x ton)	930	500	430	⊕ ↓
Environmental Costs				
Current costs (million €)	119	71	48	⊖ ↑
Investment costs (million €)	87	40	47	⊕ ↓
Environmental investment as % of total investment	3.67	1.14	3	⊕ ↓

↑ Better than or as predicted ↓ Worse than predicted
⊕ Above target ⊖ Below target

9.1.1. ATMOSPHERIC EMISSIONS

Desulphurisation systems, which are now fully operational at our coal-burning plants, have substantially reduced overall SO_2 emissions. The reinforcement of primary NOx reduction measures was completed with the installation of the BOFA system at the Sines Power Station. A catalytic denitrification system for combustion gases is currently being installed at this plant and offers efficiency of around 70% of current emission levels. The system is already under construction in Group 2 and will be installed in Groups 1, 3 and 4 in turn in 2011.

Atmospheric Emissions (kt)



9.1.2. WATER USAGE

Most of the water collected is for use in cooling circuits. Only a small amount is lost in closed circuits and it is all returned to water sources in the case of open circuits.

The thermal impact of cooling water from EDP's thermoelectric power stations is monitored through spot checks, in accordance with the specific characteristics of each plant and their environmental licences. The company uses aerial thermal imaging and regular sampling to ensure compliance with the stipulated temperature limits. The use of cooling towers in all new projects has substantially reduced this impact, as it significantly reduces the amounts of water released into water resources.

contribution to sustainability

9.1.3. WASTE

EDP's generation activities produce large quantities of fly ash and slag from burning coal and fuel oil at thermal power stations. Coal fly ash has a high recovery potential and has been used for several years as a by-product in the cement and concrete industry. 333,303 tonnes of fly ash from the Sines plant has been recovered for use in the cement and ready-mix concrete industries. In pursuit of our goal to close down the landfill for ash and other fuel oil waste on Sines plant land, 4,645 tonnes were sent for recovery.

Gypsum is collected in desulphurisation processes and we are now studying the feasibility of selling it on the market.

Other waste is also produced during operation and maintenance. The waste produced in largest quantities is concrete posts and used oils.

Pursuant to the Basel Convention, EDP limits cross-border movement of its waste. It only allows the export of PCBs or waste from accidents for which Portugal does not have the technical capacity and necessary facilities for its disposal.

EDP has a PCB disposal plan ending in 2010. Only a residual quantity will be exported from Portugal and Spain this year.

In Spain, EDP reported a spill of PCB-contaminated oil from a transformer leak in Carrió Substation. In Portugal, it reported a number of small oil spills with a total volume of 24 m^3. A transformer also ruptured due to a lightening strike and emergency procedures were implemented to recover 5 m^3 of oil and 10 m^3 of oil/water mixture, thus preventing any environmental damage.

In this regard, EDP implements measures to prevent and minimize incidents and their impact, hiring licensed waste managers to treat contaminated soils.

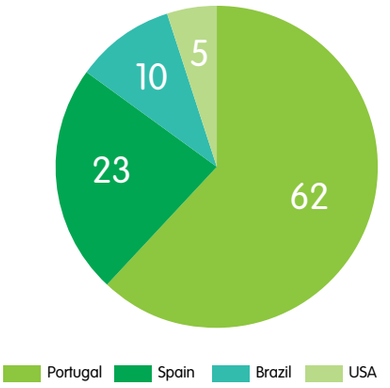
9.1.4. ENVIRONMENTAL EXPENSES

In 2009, EDP incurred environmental costs of around EUR 119 million to prevent, repair or minimise environmental damage. Environmental investment was EUR 87 million, accounting for 3.67% of the EDP Group's total investment. Of particular important were the amounts spent on minimising the effects of atmospheric pollution (around EUR 68 million) and reducing impacts on biodiversity and landscape (around EUR 19 million). The sale of waste and by-products generated EUR 10 million in environmental income.

For full details on our environmental financial information, please see the Financial Report, note 50.

Also of note was the environmental provision of EUR 21,466,000 for decommissioning the Trillo nuclear power station, and EUR 63,956,000 for decommissioning wind farms.

Environmental Costs in 2009 (%)



9.1.5. ELECTRIC AND MAGNETIC FIELDS

EDP has monitored scientific developments in studies of the potential risks of long-term exposure to the electric and magnetic fields generated along electricity lines.

Following a number publications and awareness campaigns in 2008, a new project began in 2009 to study ways of improving present levels of electromagnetic fields from standard electricity distribution facilities.

Educational information on health effects resulting from prolonged exposure to electric and magnetic fields is available at www.edp.pt.

9.1.6. NEW PROJECTS

EDP's growth strategy has given priority to the expansion of its renewable electricity facilities, especially wind and hydroelectric generation.

The inclusion of an environmental component in the planning and design phase is common practice throughout the Group and special concern is now shown for maintaining and improving local residents' quality of life. For more details, refer to the chapter on Community.

In 2009, EDP made its full environmental impact studies available online to encourage public participation, and created a portal for monitoring its new hydroelectric plants, where visitors can view the progress of each project under way in Portugal (www.a-nossa-energia.edp.pt).

9.2. CLIMATE CHANGE

EDP made a commitment to reduce its specific CO_2 emissions by 56% by 2012, as measured against 2005 levels. More recently, on the occasion of the Copenhagen Climate Change Conference, EDP extended this commitment by setting itself the target of reducing its specific CO_2 emissions by 70% by 2020, as measured against 2008 levels.

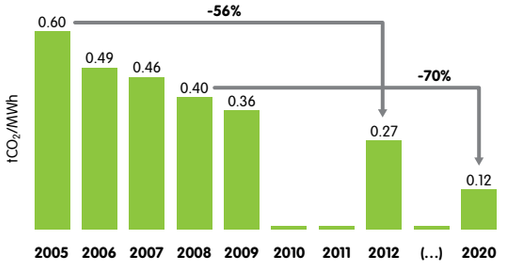
This ambitious target is in line with EDP's sustainable development policy, which makes it one of the leading companies in this field worldwide. Its main strategic guidelines are:

- To focus the expansion of the electricity generating system on renewable energy sources (RES), especially wind and hydroelectric power;
- To invest in cleaner, more efficient generation technologies, e.g. CCGT;
- To promote energy efficiency through both technology and behaviour.

In 2009, the renewable component of EDP's generation assets, in terms of installed capacity, was 60.7% (slightly higher than in 2008) and electricity generated from RES represented 50.5% of the total (42% in 2008).

With this generation structure, EDP's overall emission factor has gone down to 0.362 tCO_2 /MWh (0.400 in 2008), continuing the downward trend of recent years and on course for its 2012 and 2020 targets.

Specific CO_2 Emission Reduction Targets



In Portugal, 2009 was not as dry as 2008 – with a hydrological index of 0.77 (0.56 in 2008) - which allowed hydroelectric energy to make a larger contribution to the overall mix. Even so, it was necessary to make intensive use of thermoelectric power to meet the needs of the national generation system. This affected CO_2 management in the EU Emissions Trading Scheme (ETS) and EDP exceeded its allocated credits by around 1.8 Mt.

It was therefore necessary to offset this excess by the using credits in our portfolio, which is managed centrally by UNGE, and purchasing allowances on the market.

CO_2 EMISSIONS (KT)

	Licenses allocated in 2009	Real emissions in 2009
Portugal		
Sines	5,833.30	7,706.30
Setúbal	1,119.00	166.6
Carregado	377.2	13.9
Barreiro	139	248.2
Tunes	4.5	0.9
Ribatejo	1,423.10	2,131.20
Energin	226	194.9
Soporgen	239.3	240.8
Mortágua	1.2	1.3
Lares	381.5	364.4
Total PORTUGAL	**9,744.10**	**11,068.30**
Espanha		
Aboño	5,362.20	5,718.90
Soto de Ribera	1,640.60	1,319.00
Soto 4	328.3	543.9
Castejón	627.4	800.8
H. Central Oviedo	27.7	29.6
EITO Cogeneración	20.3	24.2
Tercia	52.9	65.3
Intever	29.8	63.1
Sinova	52.9	57.6
Biogas y Energía	28.4	37.9
Sidergás Energía	271.9	271.9
Total SPAIN	**8,442.40**	**8,932.20**
TOTAL EDP	**18,186.50**	**20,000.50**

Notes:

1 - CO_2 emissions in Portugal do not include Rodão (1,1kt), Figueira da Foz (4,4kt), and Constância (0,5kt) power stations.

2- For comparison purposes, CO_2 emissions from Mortágua represent the total amount of emissions.

3- Includes CO_2 emissions from Sidergás, Aboño 1 and 2 power stations, which burn gas from iron and steel works. These are different from those presented in the financial information, note 46.

In Brazil, we strengthened our portfolio of CDM (Clean Development Mechanism) projects through the acquisition of the Água Doce and Horizonte wind farms, the plans for which had already been approved (see table below). In addition to these, the plans for the Santa Fé mini-hydroelectric plant are being prepared and a package of other mini-hydroelectric plants consisting of turbines 1, 2 and 3 at Mascarenhas, Suíça and Rio Bonito is in the approval stage.

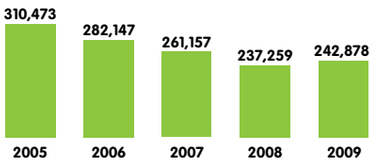
Project	Type	Annual reductions (tCO_2e/year)	Validity	Total reductions (tCO_2e)
Mascarenhas	Mini-hydro	50,466	2015 (renewable)	353,262
Paraíso	Mini-hydro	30,310	2018	303,095
S. João	Mini-hydro	32,344	2015 (renewable)	226,408
Água Doce	Wind	13,704	2013 (renewable)	95,928
Horizonte	Wind	6,227	2011 (renewable)	43,587

In 2009, 32,588 VERs (Verified Emission Reductions) from these CDMs were sold on the European market.

Overall primary energy consumption, including fleet, was approximately 243,000 TJ in 2009, up slightly (2.4%) compared to 2008 due to the increased use of coal and biomass plants in the Iberian Peninsula.

contribution to sustainability

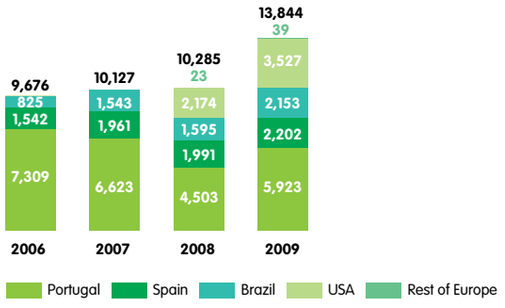
Primary Energy Consumption (TJ)



In 2009 the efficiency of coal and combined cycle power stations, defined as the ratio of net energy produced to primary energy, was 37.3% and 53.9% respectively.

Our strategy of investing strongly in renewables in all the countries in which EDP operates continues to have a substantial impact on the CO_2 emissions avoided from conventional thermoelectric power stations. This figure rose 35% between 2008 and 2009.

Emissions Avoided (kt CO_2)



In terms of the strategic aspect of demand - efficient final energy use - EDP stepped up its ECO Programme in 2009. These activities and other initiatives in 2009 are described in the chapter Customers.

9.3. BIODIVERSITY

EDP MANAGEMENT IN PROTECTED AREAS IN 2009

Distribution Grids (km)		Portugal	Spain	Brazil	USA
HV	Overhead	834	39	64	n/a
	Underground	11	0.5	0.1	n/a
MV	Overhead*	7,640	587	3,924	n/a
	Underground	743	26	10.3	n/a
No. of substations		**19**	**11**	**12**	**n/a**
Generation activity (ha)					
Area flooded by reservoirs(*)		3,426	260	0	n/a
Area assigned to wind generation		792	n/k	0	0
Wind farms in sensitive areas (%)		17	11	n/k	0

*Not including Alqueva and Pedrógão

EDP published its biodiversity policy in 2007. In 2009 a brochure was produced to provide more detail on the work carried out in this area, which is of strategic importance to the Group due to recognition of the significant environmental impacts of its new projects. The brochure will be published in 2010, the International Year of Biodiversity.

In terms of generation activities, the environmental certification of power plants takes into account the most important environmental concerns, which include, where applicable, impacts on surrounding ecosystems.

We also evaluated the effectiveness of ecological flows at certain hydroelectric plants in Portugal and Spain and surveyed the situation downstream of the other plants in Portugal for reference purposes. This will allow the effectiveness of any future ecological flows to be assessed.

FISH ELEVATOR AT PROAZA HYDROELECTRIC PLANT

HC Energía began building work on an elevator to minimise the impacts of the Proaza hydroelectric plant on fish communities. It is designed to:

- Allow the passage of different species, including salmon, shad, trout, eels and possibly sturgeon, although addition measures may have to be considered for this species;
- Ensure correct operation during all the phases of migration (all year round);
- Respect the physical integrity of migrating fish.

With regard to wind generation, particular emphasis was placed on the monitoring of new wind farms. In 2009, monitoring studies were under way at 66% of these, corresponding to a total of 218 studies.

In terms of distribution, the impact on birdlife is the most important environmental concern and management of vegetation in transmission corridors has recently warranted special attention.

So far, approximately 126 km of electricity grid lines have been protected against the effects of collision and electrocution of birdlife in Portugal, and corrections are planned for around 247km of lines until 2010. Most of this work has been carried out under an existing agreement between EDP, the Institute for Nature Conservation and Biodiversity and two non-governmental organisations: The Portuguese Society for the Study of Birds and Quercus, which together have been identifying the areas of highest risk to birds. This work is recognised by the energy sector regulator.

In terms of corridor management, Portugal currently has two different programmes that will significantly improve processes:

- A project approved by ERSE to draft a manual of good practices in the management of transmission corridors for high and medium-voltage lines, with particular focus on environmental protection areas and developing their potential as ecological corridors.
- Sflinet Project to implement a "Good Practice Management System for Fire Barriers along Transmission Corridors" to identify the corridors, plan cycles of intervention and minimise the impacts on biodiversity caused by this mandatory intervention, among other activities.