

**Annual General  
Shareholders' Meeting**

April 14<sup>th</sup>, 2011

**ITEM 3 OF THE AGENDA**

**Opinion of the General and Supervisory Board on the vote of confidence to the  
Executive Board of Directors for their work in 2010**

Dear shareholders,

1. As established on the article 22º nº 1 h) of the Articles of Association of EDP, the General and Supervisory Board (GSB) must:

*'Issue an opinion, by its own initiative, or when so requested by the Chairman of the Executive Board of Directors, on the annual vote of confidence which is referred in the article 455º of the Portuguese Code of Commercial Societies'.*

2. Based on the In 2010, based on a methodology applied by the Corporate Governance and Sustainability Committee (CGSC), the GSB carried out an assessment of the work and performance of the Executive Board of Directors (EBD) in 2009, marking a distinctive practice of EDP in its quest for excellence and as a sign of the transparency that this Board has endeavoured to follow in its operations. Accordingly, the process was repeated for the work and performance in 2010.

The evaluation process is based on individual assessment questionnaires that are filled out in confidentiality by the GSB members. At a subsequent meeting, the GSB debates the main conclusions drawn from the responses to the questionnaire and issues its opinion report.

Given that it guarantees objectivity and independence in assessing the EBD's work and performance, the process implemented by the GSB is a consolidation of the corporate governance practices at EDP, whereby the Dow Jones Sustainability Index is one of the rating parameters.

One should highlight the fact that all the GSB members answered the questionnaire in the EBD assessment process, which of course enhances the quality of the assessment. **Thus, in accordance with the respective rules, at its meeting on January 27<sup>th</sup> 2011, the GSB recorded the following conclusions for the assessment of the work and performance of the EBD in 2010:**

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- a) The composition and organisation of the EBD, namely in terms of the distribution of responsibilities, were considered to be fully adequate for its tasks.
- b) In terms of the quality of the EBD's work, positive scores were awarded for the following areas: i) strategy; ii) financing; iii) cost control; iv) investment; v) risk management; vi) human resource management.
- c) With respect to assessment of the focus given by the EBD to critical aspects of its work:
- excellent scores were awarded in matters of: i) sustainability and the environment; ii) organisational culture; iii) communication and image;
  - very positive ratings were given in relation to: i) preparation of financial and accounting information; ii) management control; iii) corporate governance practices; iv) conflicts of interests; v) compliance with provisions on independence of the statutory auditor and external auditor.
- d) As far as the relations between the EBD and the GSB are concerned:
- excellent ratings were given for: i) the type of relations implemented; ii) the adequacy of the technical and material resources the EBD makes available to the GSB; iii) satisfaction of requests for information submitted by the GSB, the quality of the information provided and the presentations made at meetings; iv) the EBD's availability for participating and becoming involved in actions initiated by the GSB;
  - very positive marks were awarded for: i) the speed with which the EBD provided information to the GSB on EDP activities; ii) compliance with the rules laid down by the GSB with respect to issuing and foregoing prior opinion reports and on the information to be provided on human resource management and succession planning; iii) how relevant conflicts of interests were dealt with.
- e) in terms of projection of the EDP image and the relations with the relevant economic agents:
- grades of excellence were given to: i) the reputation of the EBD and EDP in the relevant markets; ii) the effectiveness of the EBD's communication policy; iii) investor relations;
  - positive marks were given to the relations with the shareholders, EDP workers and other stakeholders.

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**3. Conclusion**

On the basis of this analysis, at the aforementioned meeting the GSB decided to classify the overall work of the EBD during the business year 2010 as excellent.

Therefore, the GSB unanimously decided to issue its favorable opinion on the activity and performance of the EBD during 2010 and to transmit to the shareholders its support to the vote of confidence and praise to the EBD, to its Chairman, Dr. António Mexia, and to each of its Members.

Lisbon, 3rd March 2011

**António de Almeida  
Chairman of the General and Supervisory Board**