



smart **energy** world

A smart and efficient world, where the energy from nature is our energy. Where sustainability and competitiveness are the essence of our autonomy and energy production. Where leadership in innovation and technology respects the future of the planet. This is our world. The EDP world.



ABOUT THIS REPORT	6
PRESENTATION	7
EDP in Brasil	8
The year in pictures	10
Principal indicators	13
Message from the Board	14
COMMITMENTS AND ENGAGEMENT	19
Global energy	19
Partnerships	20
Public Policy	21
Relevant issues	22
STRATEGY AND MANAGEMENT	27
Creating value	27
Objectives and targets	29
Ethics	30
Corporate governance	30
Advances in risk management	32
Competitive differentials	33
Highlighting innovation	35
OPERATIONAL PERFORMANCE	40
Growing market	40
Regulatory changes	40
Generation: increased capacity	42
Distribution: growth with efficiency	45
Trading: offering further services	49
ECONOMIC AND FINANCIAL PERFORMANCE	50
Increasing Returns	51
Investments to grow	54
Stock shares as investment	55
SOCIAL PERFORMANCE	59
Customers in the spotlight	59
People under development	61
Proximity to vendors	70
Attention to society	71
ENVIRONMENTAL PERFORMANCE	81
Commitment to biodiversity	81
Attention to climatic changes	83
Concern to natural resources	85
Management of environmental impacts	88
SCHEDULES	94
Balance Sheet Ibase	94
GRI (Global Reporting Initiative) Summary	96
NBCT-15 – Brazilian Accounting Rule	101
Assurance of the independent auditors	104
Statement GRI Application Level Check	105
Corporate Information	105
Credits	106
Content team	106



ABOUT THIS REPORT

EDP Brazil's Annual Sustainability Report follows the Global Reporting Initiative (GRI) guidelines for the fifth consecutive year. The previous edition, relating to activities in 2009, was published in June 2010.

The report covers social, environmental and economic indicators for companies controlled by EDP in Brazil in generation (Energest, Investco and Enerpeixe), distribution (EDP Bandeirante and EDP Escelsa) and energy trading. It includes information on the construction of Porto do Pecém I thermoelectric plant (State of Ceará) and Tramandaí wind farm (State of Rio Grande do Sul), which do not yet show operational results. Information relating to EDP Renováveis ("EDP Renewables") is consolidated in the financial indicators as equity participation in 45% of the company capital. All information refers to the period from January 1 to December 31, 2010.

In preparing this document EDP consulted interested parties in several regions of Brazil encompassing employees, shareholders, customers, suppliers, regulatory and government entities and local communities. The process, coordinated by an external consultant, included collective interviews in the cities of Peixe (State of Tocantins), São Paulo and São José dos Campos (State of São Paulo), as well as telephone interviews in other locations (States of Espírito Santo, Mato Grosso do Sul and Santa Catarina). The results of this interaction were analyzed by both Board nominated representatives and by EDP managers, who also took part in the consultation process. A Materiality Matrix was drawn up using data gathered from stakeholders (external view) and leaders (internal view), which indicates the relevance of issues to sustainability management in EDP and inclusion in this report. The matrix is presented in the Chapter on 'Commitments and Engagements' - Relationship with interested parties.

Evaluation of the indicators followed the guidelines defined by international accounting standards, noting the adoption of IFRS (International Financial Reporting Standards) for financial statements with effect from 2010. Other references are quality certification (ISO 9000, ISO 14001 and OHSAS 18001), models for measuring GHG Protocol atmospheric emissions and Brazilian regulations relevant to labor relations. Financial and socio-environmental information has been audited by KPMG.

Changes in EDP in Brazil asset base during the year refer to capacity upgrades at Rio Bonito small-scale hydro plant and Mascarenhas hydro plant (partially complete, with completion scheduled for 2012). Occasional changes in the database due to adjustments to information are explained within the body of the document.

Through its complete coverage of the items in the G3 reporting profile, including description of management methods and all essential and sector indicators, and in accord with external verification and auditing of indicators, this report has reached Level A in implementation of G3 guidelines, as detailed in the following table.

Further information regarding this report can be obtained at the company website (www.edpbr.com.br) or by email (sustentabilidade.edp@edpbr.com.br).

GRI application level

Report's Level of Application	C	C+	B	B+	A	A+
REPORT CONTENT						
G3 Profile	Response to items 1.1; 2.1 to 2.10; 3.1 to 3.8, 3.10 to 3.12; 4.1 to 4.4, 4.14 to 4.15;		Respond to all the criteria listed for Level C plus: 1.2; 3.9, 3.13; 4.5 to 4.13 4.16 to 4.17		Same as required for Level B	
Information on G3 Management	Not Required		Disclosure on Management methods for each Indicator Category		Management methods disclosed for each Indicator Category	
G3 Performance Indicators & Sector Supplement Performance Indicators	Respond to a minimum of 10 Performance Indicators, including at least one of each of the following performance areas: Social, Economic and Environmental		Respond to a minimum of 20 Performance Indicators, including at least one of each of the following performance areas: Financial, Environmental, Human Rights, Employment Practices, Society, Product Accountability.		Respond to each key G3 Indicator and the Sector Supplement* with due regard to the Principle of Materiality in one of the following ways: (a) respond to the Indicator or (b) explain the reason for the omission* final version of the Sector Supplement	

* final version of the Sector Supplement

GRI 3.2
GRI 3.1
3.6
3.7
3.8

GRI 3.5

GRI 3.9
GRI 2.9
3.10
3.11

GRI 3.4

PRESENTATION

EDP in Brasil

EDP in Brazil is a public holding company with headquarters in São Paulo which is owned by EDP Energias de Portugal, one of the largest energy sector companies in the world. In Brazil business is organized into generation, distribution and energy trading, with operations in eight States: São Paulo, Espírito Santo, Ceará, Tocantins, Mato Grosso, Mato Grosso do Sul, Santa Catarina and Rio Grande do Sul

Our generation assets have a total installed capacity of 1,741 MW. In hydroelectric generation the company operates through three companies: Energest, which operated small-scale hydroelectric plants in the States of Espírito Santo and Mato Grosso do Sul; Investco, controller of the Lajeado Hydroelectric Plant in the State of Tocantins; and Enerpeixe, which holds a 60% stake and operates the Peixe Angelical Hydroelectric Plant in the State of Tocantins. In the wind power sector the company has a 45% equity stake in EDP Renováveis Brasil, with operations in the States of Santa Catarina (Canaeel) and Rio Grande do Sul (Tramandaí Wind Farm, to be completed in 2011). In late 2010 EDP acquired two small-scale hydro ("PCH") power projects in Brazil (PCH Cabeça de Bio and PCH Fazenda) in the State of Mato Grosso. The plants have a total capacity of 49.5 MW and will be completed in 2013. Additionally a thermoelectric generation plant is in construction at Porto do Pecém in the State of Ceará in partnership with MPX Energia which should become operational in 2012.

In distribution, operations are concentrated in EDP Bandeirante and EDP Escelsa, whose concession areas cover 98 municipalities in the States of São Paulo and Espírito Santo serving 2.7 million residential, industrial, commercial, rural and public sector customers. In 2010 they distributed 23,749 GWh of energy, 11.4% above the previous year.

The EDP energy trading company operates as a service provider to the free energy market, with emphasis on development and installation of energy efficiency projects. During the year it commercialized 8,263 GWh, compared to 8,715 GWh in 2009.

EDP in Brazil closed 2010 with total assets in the order of R\$ 12.8 billion and a net income of R\$ 5.0 billion, with a cash flow of R\$ 1.6 billion and net profit of R\$ 583 million. At the year end the total direct workforce included 2,378 employees.

GRI
2.1
2.2
2.3
2.4
2.5
2.6
2.7
2.8

Key indicators, 2010

Total assets: R\$ 12.8 billion

Shareholders' equity: R\$ 4.5 billion

Net income: R\$ 5.0 billion

EBITDA: R\$ 1.6 billion

Net profit: R\$ 583 million

Installed generation capacity: 1,741 MW

Energy generated: 7,263 GWh

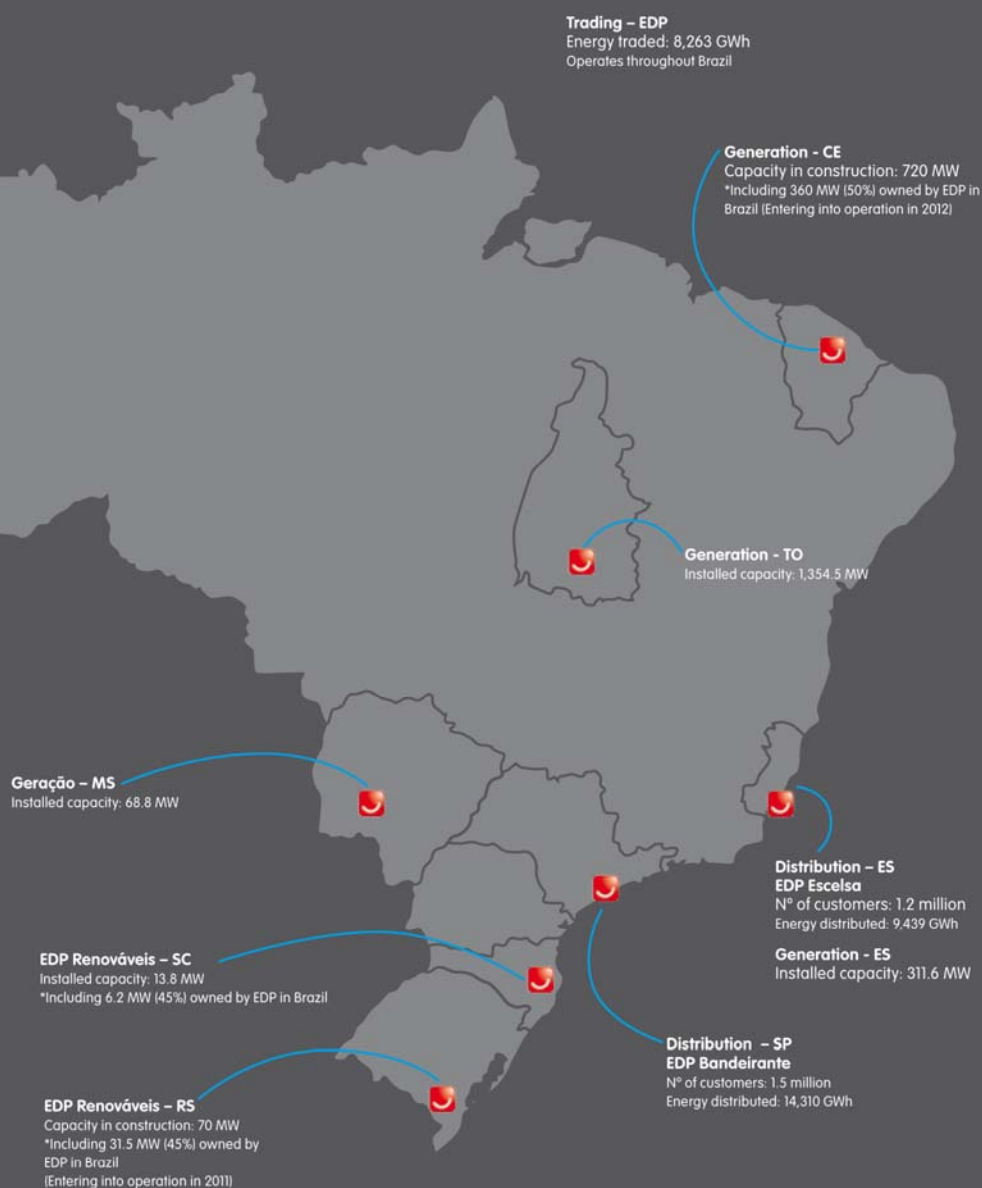
Energy distributed: 23,749 GWh

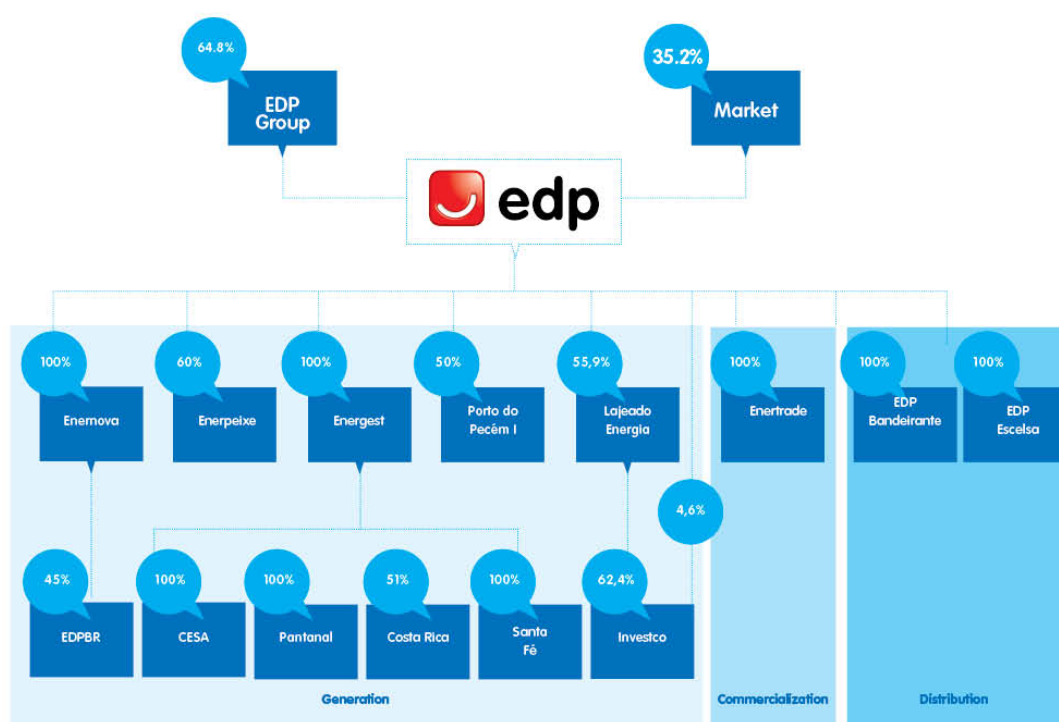
Energy traded: 8,263 GWh

Population served: 7.8 million

Number of employees: 2,378

PRESENCE IN EIGHT STATES





Awards and Recognition in 2010

Exame Sustainability Review: Recognized as one of 20 model companies in sustainability in the country for the third consecutive year. O review published by the *Exame* Magazine evaluates corporate activity in social, economic and environmental areas.

Ranking Capital Aberto: This *ranking*, sponsored by the magazine *Capital Aberto*, recognizes the Best Companies for Shareholders - EDP was among the nine winners in 2010, being placed second in the category for companies with a market value between R\$ 5 billion and R\$ 15 billion, in addition to receiving the maximum score for corporate governance.

Personality of the Year - The president of EDP in Brazil, Antonio Pita de Abreu, received the Personality of the Year award presented by the Portuguese Chamber of Commerce in Brazil-São Paulo. The selection was made through a vote among the 800 entrepreneurs and executives who are associates of the Chamber. On delivery of the award the entity paid tribute to the President of Brazil, Luis Inacio Lula da Silva, for his commitment to the country's economic growth.

Procel Award for Energy Efficient Cities: The energy efficiency project undertaken between EDP Bandeirante and the City of Guarulhos received a Recognition of Merit in the Municipal Energy Management category awarded by the Brazilian Institute of Municipal Administration and Eletrobras, through the National Program for Energy Conservation (PROCEL).

Road to Credibility 2010: Best placed among the electrical sector companies in the Top 10 of the ranking organized by the Brazilian Foundation for Sustainable Development (FBDS), together with strategy consultants SustainAbility, in recognition of excellence in the production of sustainability reports. The company occupied fourth position in the overall ranking.

ABT Award: The 'Letters of Light' project, a partnership between the Victor Civita Foundation and the EDP Institute, received the gold trophy in the Social Responsibility category in the tenth edition of the ABT Awards. The annual award aims to recognize and distinguish best practices in customer relationship.

Paulista Management Quality Award: This prize is organized by the São Paulo Institute of Excellence in Management (IPEG) and distinguishes the best management systems and practices. It was won by EDP Bandeirante in its first year of participation. EDP Bandeirante received a silver medal in the Large Company category, awarded for the degree of maturity of its management practices and achievement of results.

The Best 500 Companies in Brazil: First place in the electrical sector in Innovation and Quality, fourth place in Corporate Governance and fifth place in Financial Sustainability in the annual evaluation undertaken by the magazine *Isto é Dinheiro* in partnership with Trevisan Consulting.

Brazilian GHG Protocol Program: Recognized by a Gold Seal for greenhouse gas emission inventory in year 2009.

Friend of Sport Company Award: Highlighted by the Sports Ministry as the company that most contributed to sports projects through the Sports Incentive Law in the State of Tocantins - and was among the three largest investors in the State of Espírito Santo.

Espírito Santo Quality Award: EDP Escelsa was recognized with the PQES Gold Award in 2010 for the third consecutive year. This is one of the actions of the Program for Enhancing the Competitiveness of Espírito Santo ("Compete-ES").

Sodexo Professional Life Award: Our Conciliation Program received an award in the Quality of Life category. Focused on research and dissemination of best corporate practices in human resources, the judging process for the award was conducted by the Getulio Vargas Foundation.

Gazeta Business Award 2010: EDP Escelsa was the company most remembered by consumers, achieving first place and consolidating its position among private companies in the public utility sector. The survey is conducted by TV Gazeta Sul, in the municipality of Cachoeiro de Itapemirim (State of Espírito Santo).

EcoFrotas Award: Awarded in the category 'Excellence in Maintenance Management' through its results in relation to the distributors' vehicle fleet, which have the lowest cost per kilometer and highest availability.

Aberje Award 2010: ON TV, the EDP institutional channel, won the award for Audiovisual Media in the São Paulo region, at the ceremony sponsored by the Brazilian Association for Business Communication. The award recognizes initiatives in Communication and Relationship Management and Media in small and medium scale enterprises.

IEL-ES Award for Internship Best Practices: For the second consecutive year EDP Escelsa internship practices won recognition from the Federation of Industries Euvaldo Lodi Institute in the State of Espírito Santo. The initiative honors students and businesses and educational institutions.

The year in pictures

Electric mobility

The pioneering EDP in Brazil electric mobility is part of the group's innovation policy. Vehicle recharging stations were installed in the cities of Vitória, Vila Velha, Serra, and Guarapari Cariacica (State of Espírito Santo) and Guarulhos, São Jose dos Campos and Mogi das Cruzes (State of São Paulo). Another initiative involved the donation of electric bicycles to public safety agencies.

The Gathering

The EDP Live Meeting 2010 - the Gathering - took place in March in São Paulo and Vitória, with a football theme. The fourth edition of the Gathering presented company results to the employees, in conjunction with motivational and recreational activities.

Innovation Scholarship

The on-line Innovation Scholarship tool was launched in June, aiming to bring together innovative suggestions from employees for business process challenges posed by the organizers of the system.

Pecém

Construction work continues at the Porto do Pecém I thermoelectric site. In June 2010, the Community Energy program celebrated its first year of activities in Ceará, creating an ongoing dialog between EDP and the community.

5 years since the IPO

EDP in Brazil celebrated five years since going public at a meeting with investors and analysts. In this period the company has met the growth targets promised at the time of the share sale on the Stock Exchange.

Art with Energy

The Art with Energy contest, sponsored by the EDP Institute within the EDP in Schools program, has mobilized more than 1,600 children and has awarded prizes for work produced by students on the theme "Biodiversity, how much different life!".

Tramandaí

During the construction of the Tramandaí wind farm (State of Rio Grande do Sul), the EDP Institute brought information, security, culture and education to the local community.

Knowledge in Focus

The series of lectures EDP 2020 - Knowledge in Focus promoted debates on various topics related to innovation, strategic thinking and the energy sector.

Mascarenhas Hydroelectric Plant

The third generating unit at Mascarenhas hydro plant, located in Espírito Santo, is in the process of a capacity upgrade, and will enter commercial operation in 2011. The two other turbines will undergo the same process and will be modernized by the end of 2012. The plant capacity will then total 198 MW.

Generation Operations Center

The Generation Operations Center (GOC), located in Serra, Espírito Santo, was inaugurated in October. Using advanced technology, the COG centralizes the command and control operations of 14 small to medium scale hydroelectric plants which together account for 199.30 MW of installed capacity.

Small-scale hydro in Mato Grosso

The EDP Group in Brazil has acquired two small-scale hydro projects in the State of Mato Grosso. Together, they account for 49.5 MW of installed capacity and 27.5 MW of assured energy. With an investment of R\$ 304 million, the transaction is in line with the growth strategy for the generation segment.

EDP History Project

Launched in October, the project aims to mark a milestone in the history of EDP in Brazil. It is divided into three parts: oral history - through the testimony of employees; visual history - photos, documents, old bills, etc., and material history - equipment, furniture and trophies. Held in São Paulo and Espírito Santo, the opening events of the project honored approximately 240 employees with 25 or more years service with the company.

5 years of the BM&FBovespa Sustainability Index

For the fifth consecutive year retaining a place on the BM&FBOVESPA Corporate Sustainability Index (ISE).

Key indicators

**GRI
2.8**

	2008	2009	2010	Variation 2010/2009
RESULTS (R\$ million)¹				
Gross Revenue	6,953.0	7,013.6	7,738.0	10.3%
Net income	4,610.5	4,621.7	5,034.3	8.9%
Manageable and unmanageable expenditure	3,693.7	3,459.5	3,842.2	11.1%
Service result (EBIT)	916.8	1,162.2	1,192.0	2.6%
EBITDA ⁽²⁾	1,363.4	1,496.2	1,549.9	3.5%
Financial results	-320.9	-82.0	-177.0	115.9%
Net income before minority interest	498.2	858.3	736.6	-14.2%
Net income	388.8	695.7	582.6	-16.3%
MARGINS (%)				
EBITDA margin (EBITDA/net revenue)	29.6	32.4	30.8	-1.6 p.p.
Net margin (net income/net revenue)	8.4	15.0	11.5	-3.5 p.p.
FINANCIALS				
Total assets (R\$ million)	10,469.9	11,916.4	12,810.1	7.5%
Shareholders' equity (R\$ million)	3,542.9	4,362.9	4,554.5	4.4%
Minority interest (R\$ million)	1,613.3	1,858.9	1,900.6	2.2%
Net debt (R\$ million) ⁽³⁾	2,442.1	2,091.2	2,259.4	8.0%
Net debt/shareholders' equity (times)	0.7	0.5	0.5	0.0
Net debt/EBITDA (times)	1.8	1.3	1.5	15.3%
Investment (R\$ million)	1,076.4	785.8	1,054.7	34.2%
SHARES				
Total number of shares (thousand)	158,805	158,805	158,805	0.0
No. of treasury shares (thousand)	15,780	280.2	280.2	0.0
Net income per share (R\$)	2.72	4.38	3.71	-15.3%
Closing share price – ON (R\$) ⁽⁴⁾	19.58	31.15	38.71	24.3%
Appreciation in the year (%)	-18.2	60.2	23.9	-60.3%
Market capitalization (R\$ million)	3,589.0	5,327.9	6,147.3	15.4%
OPERATIONAL				
Distribution				
Energy distributed (GWh)	22,206	21,313	23,749	11.4%
Electricity sold to end customers (GWh)	13,226	13,426	14,211	5.8%
Residential	4,402	4,704	4,893.6	4.0%
Industrial	4,156	3,906	4,290.5	9.8%
Commercial	2,642	2,781	2,897.9	4.2%
Rural	625	609	660.8	8.5%
Others	1,399	1,425	1,468.5	3.1%
Conventional supply (GWh)	404	417	455.6	9.3%
Supply		32.8	34	3.7%
Energy in transit (GWh)	8,563	7,423	9,034	21.7%
Own consumption (GWh)	12.8	13.7	13.8	0.7%
Average price of electricity sold to final customers (R\$/MWh) ⁽⁵⁾	305.08	280.42	357.11	27.3%
Energy purchased (GWh)	19,916	17,691	19,323	9.2%
Technical and commercial losses (GWh)	3,026	3,149	3,323	5.5%
Technical and commercial losses (%)	12.0	12.9	12.3	-4.7%
Number of customers (thousand)	2,583	2,668	2,740	2.7%
Energy distributed per customer (MWh)	7.4	8.0	8.7	8.7%
Productivity (MWh distributed /employee)	10,996	10,614	11,687	10.1%
No. of customers/employee	1,276	1,329	1,343	1.1%
Generation				
Energy generated (GWh)	5,473	6,892	7,263	5.4%
Installed capacity (MW)	1,702.9	1,738.6	1,741.1	0.1%
Average price of energy sold (R\$/MWh) ⁽⁶⁾	115.97	122.84	117.88	-4.0%
Sales				
Energy sales (GWh)	7,282	8,715	8,263	-5.2%
SOCIAL				
Number of direct employees	2,322	2,331	2,378	2.0%

Number of 3rd party employees	4,265	3,259	3,886	19.2%
Internal social investment (R\$ million)	148.1	156.5	133.7	-14.5%
External social investment (R\$ million)	8.5	8.5	4.0	-52.9%
Taxes paid (R\$ million)	2,587.0	2,606.7	2,708.2	3.9%
ENVIRONMENTAL				
Environmental investments (R\$ million)	27.3	29.2	28.8	-1.4%
Direct energy consumption (GJ)	57,388	55,833	57,479	2.9%
Indirect energy consumption (GJ)	53,327	68,335	71,678	4.9%
Water consumption (m ³)	76,105	91,247	116,190	27.3%
Greenhouse Gas Emissions (tCO ₂ e)	6,187	45,807	97,054	111.9%

(1) The 2008 results follow the BR GAAP standard. The 2009 and 2010 results adopted IFRS for financial statements.

(2) EBITDA = Earnings before interest, taxes, depreciation, amortization and non operational results

(3) Net Debt = Gross debt - cash and securities - net balance of regulatory assets

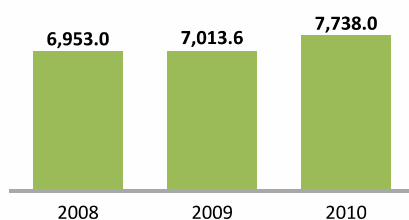
(4) Share value excludes dividends paid in Dec/2008

(5) Average price of electricity sold to end customers = revenue billed to end customers/amount of electricity sold to end customers.

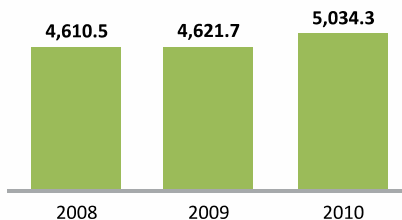
(6) Average price of electricity sold = revenue from energy supply/amount of generated energy sold

The information presented here is in accordance with the criteria of Brazilian Corporate Law, based on audited financial statements. Operational information was not examined by independent auditors.

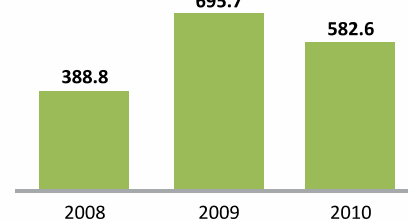
Gross revenue (R\$ million)



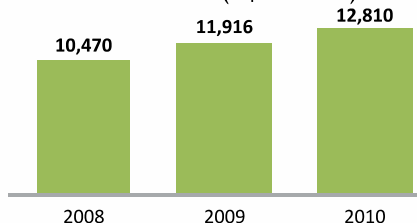
Net revenue (R\$ million)



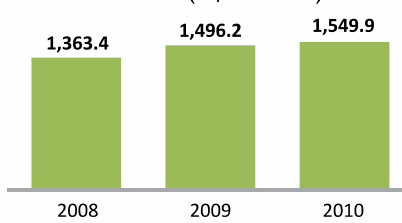
Net income (R\$ million)



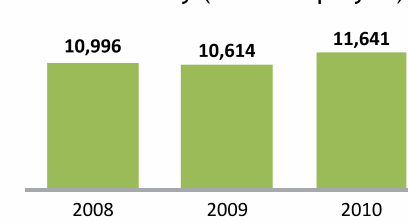
Total assets (R\$ million)



EBITDA (R\$ million)

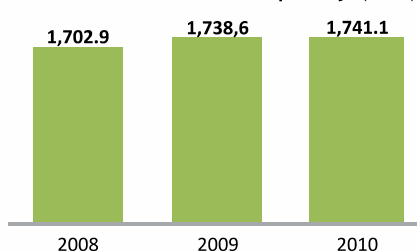


Productivity (MWh/employee)

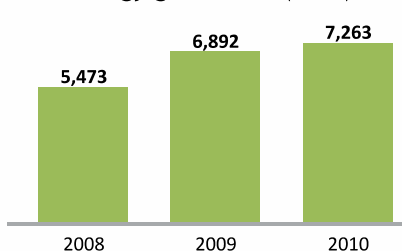


data from distributors, third parties not included

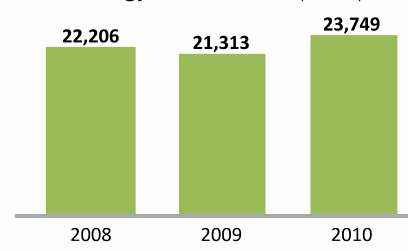
Growth in installed capacity (MW)



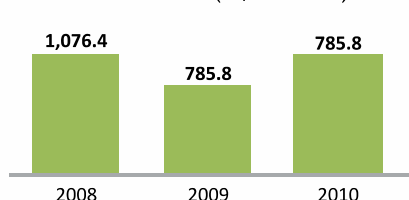
Energy generated (Gwh)



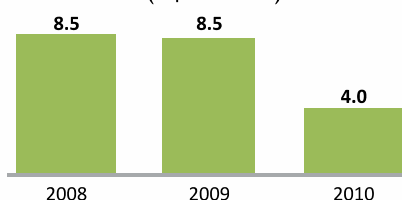
Energy distributed (Gwh)



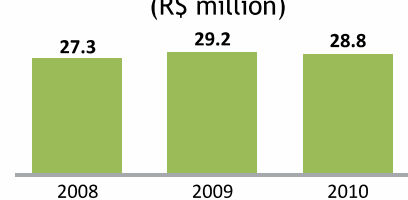
Investment (R\$ million)



External social investment (R\$ million)



Environmental investments (R\$ million)





António Mexia

Message from the Board

GRI
1.1

2010 was the first year in a new cycle of innovation for EDP in Brazil.

We are maintaining a strategic path of oriented growth over a ten year horizon, superior efficiency and controlled risk, investing in activities to promote development of new practices in the company and in society.

We understand that it is no longer possible to ensure the *sustainability* of the business without *innovation*. We must seek new perspectives, new processes and new approaches that enable us to maximize efficient use of resources, doing better with lower costs, greater efficiency, less environmental impact and a better balanced delivery of value to all stakeholders.

After decades without major changes, it has become imperative for the electrical sector to seek new structural responses. We live in a time of readjustment in man's relationship with energy. The structure we now know today, with generation, transmission and energy distribution activities is becoming less and less appropriate to emerging social, economic, geopolitical and environmental realities.

There is an ongoing paradigm shift based on intensive electrification of the economy, low carbon energy, efficient and customized energy use and, increasingly, the application of distributed micro-generation, new forms of energy storage and intelligent, bidirectional, energy distribution networks.

In this scenario, adhering to the principals laid down by the UN *Global Compact* as a guide for our actions and initiatives is essential in the search for results that will translate into benefits and the creation of value which can be shared with all society, building the path to overcoming the challenges that arise.

The future is near

To prepare for this new reality we launched the program 'EDP 2020 - On the Path to a New Energy Era', which stimulates the development of new operational models, a critical reflection to maintaining our competitive edge. One of the initiatives is 'EDP 2020 - Award for Innovation and Entrepreneurship', which has the largest prize in the electrical sector in Brazil, with a value of R\$ 1 million over the next ten years. It provides a stimulus to our scientific and technical community to develop economically viable solutions in the fields of clean energy and energy efficiency.

As would be expected, the program also involves actions in the field of electric mobility. Pollution caused by means of transport powered by petroleum products is one of the major contributors to global warming, particularly in cities. It is therefore inevitable that this will be of the areas where the penetration of new forms of energy will be more expressive.

With this vision, we established the first electric vehicles charging network in our distribution concession areas in the States of Espírito Santo and São Paulo. We have already installed 20 charging stations and in addition we have donated 90 electric bicycles for the use of public officials in the two States.

Intelligent networks for energy distribution are another of our areas of activity. In addition to the progressive roll-out of remote meter reading for our customers, December saw the launch of the 'ClimaGrid' project, in conjunction with the National Institute for Space Research (INPE). This is an innovative project that effectively combines electricity network control systems with weather forecasting systems in order to prevent, or reduce as far as possible, disruptions to the electricity network (and consequently the service we provide) caused to by storms and lightning.

In partnership with the Urban Housing Development Company in the State of São Paulo (CDHU) we initiated a flagship project aimed at the low-income population, which brings together energy efficiency, renewable energy, social inclusion and fraud prevention. In CDHU apartment blocks in Pindamonhangaba and Mogi das Cruzes we installed solar panels for heating bath water, in addition we sponsored the exchange of light bulbs and electrical equipment for more efficient units and optimized electrical installations, significantly reducing household energy consumption.

We confirmed in practice what we believe in theory: sustainability can no longer be assured without innovation.



"Joining the Global Compact reinforces EDP's support for these principles and our intention to pursue the path towards sustainability, not only acting according to the principles but also promoting their implementation." *Antonio Mexio, Chairman of the Board of EDP in Brazil.* "Our presence at the meeting of leaders of the 2010 Global Compact is more than part of a strategy for development of our business, is also a tribute to citizenship." *Antônio Pita de Abreu, President of EDP, at the Global Compact Leaders Summit in 2010 in New York during September, an event that gathered some 1,500 leaders from governments and large companies.*



António Pita de Abreu

Solidity and reliability

Our vision of the future is based on a solid present. As we celebrate five years of opening our capital on the New Market (Bovespa), we can affirm that we have developed all our sectors of operation. Our shares have appreciated 177% since that time. Gross revenue has grown 32% in the last five years, reaching R\$ 7.7 billion in 2010, 10.3% above the previous year. EBITDA reached R\$ 1.6 billion, an increase of 3.5% compared to 2009, accumulating 69.8% over five years. Net profit reached R\$ 582.6 million, compared to R\$ 695.7 million in 2009 or R\$ 574.7 million excluding the non-recurring transfer of ESC 90. The Group's good performance, combined with efficient and sustainable management practices, explains its success in the "The Best Companies for Shareholders 2010" awards sponsored by the publication *Capital Aberto*.

In line with our strategic objectives, installed generation capacity continued to grow last year through repowering projects and the construction of new plants, such as the Porto do Pecém I Thermoelectric plant and Tramandai Wind Farm. A contract signed with the European Investment Bank (EIB) provided € 90 million for the Group's distribution companies, and the financing operation for Pecém was recognized by the publication *Euromoney* as *Latin Power Deal of the Year*.

We know that 2011 will represent a period of new challenges, especially relating to regulatory issues. We will maintain our focus on efficiency, in order to deliver results for customers, shareholders, employees, suppliers and communities whom we thank for their cooperation, support and encouragement over this last year during the year.

Ahead of our time

We try to be ahead of our time, ready for a transformation in our industry. The next ten years will be critical. Companies will need to quickly define and implement changes if they are not to lose their position in the market.

Each and every one of the operational processes that constitute "the business", whether economic or technical, should be reviewed to ensure the sustainability of the company and to ensure that they incorporate sustainable mechanisms.

More than good "moral" practice and therefore a "cost" incurred in the name of "good intentions", the pursuit of sustainability is an essential condition for economic betterment. It is no longer an option, it has become indispensable.

We know we are not alone. We are part of a large global system driven by very strong interdependencies. Working with others for the good of all is an obligation we assume naturally.





COMMITMENTS AND ENGAGEMENT

Global energy

The performance of EDP in Brazil is guided by its Vision, Values, and Commitments and by the eight Principles of Sustainable Development, which include aspects which are fundamental to the sustainability of the business. These guide the relationship with stakeholders and are considered in all business decisions, aligning behavior and setting our strategic positioning that sustainability is managed as a question that permeates across all activities and areas of the organization.

GRI
4.8

Vision

A global energy company, leader in value creation, innovation and sustainability.

Values

- Workplace safety for all our employees and business partners.
- Confidence of our shareholders, customers, suppliers and other stakeholders.
- Excellence in the way operate.
- Initiative demonstrated by the behavior and attitudes of our people.
- Innovation in order to create value in the areas in which we operate.
- Sustainability aimed at improving the quality of life for present and future generations.

Commitments

Customers

- We put ourselves in the customer's position whenever we take a decision.
- We listen to our customers and respond in a simple and transparent manner.
- We surprise our customers, anticipating their needs.

People

- We combine ethical conduct and professional rigor, enthusiasm and initiative, valuing teamwork.
- We promote the development of skills and merit.
- We believe that a balance between personal and professional life is essential for us to be successful.

Sustainability

- We assume the financial, social and environmental responsibilities that result from our operations, contributing to the development of the regions where we are present and ensuring sustainable growth of the company.
- We make sustainable reductions in the specific emissions of greenhouse gases from the energy we produce .
- We actively promote energy efficiency.

Results

- We fulfill our commitments towards our shareholders.
- We lead through our capacity for foresight and execution.
- We demand excellence in everything we do.

Principles of Sustainable Development

Since 2004, the Sustainable Development Principles provide the reference for companies in the EDP Group in addressing sustainability strategy and the distribution of shared value to its stakeholders. Each principle has its commitments and objectives, which can be accessed at the website www.edpbr.com.br/.

Development initiatives

External commitments voluntarily assumed by EDP in Brazil are related to equitable, sustainable and conscious development, and are in addition to participation in projects sponsored by institutions who promote sustainability.

Global Compact- The Global Compact is a United Nations (UN) business sector initiative, with voluntary membership, which establishes guidelines for the promotion of sustainable growth and good citizenship. The ten universal principles defined by the Global Compact refer to corporate attitudes to human rights, labor, environment and the fight against corruption. EDP in Brazil is a signatory since 2007.

GRI
4.12
4.13

Millennium Development Goals- On joining the Global Compact in 2007, EDP in Brazil further committed itself to the Millennium Development Goals, which is a series of eight goals, 18 targets and over 40 indicators developed by the UN aimed at reducing poverty and achieving sustainable development by the year 2015. These include reducing poverty, combating hunger, reducing child and maternal mortality, gender equality, the reversal of the advancement of AIDS/HIV and environmental sustainability. Local communities, civil and private sector organizations, technical and public officials are considered to be the target public for implementation of the goals.

Business Pact for Integrity and Anti-Corruption- Launched in 2006 by the Ethos Institute for Business and Social Responsibility in partnership with other entities, the Pact was drawn up from discussions with companies on issues related to corruption and has undergone public consultation. It contains suggestions, guidelines and procedures for governmental relations. EDP in Brazil has participated in the Pact since 2007, and is a member of the Working Group that coordinates initiatives throughout the country.

National Pact for Eradication of Slave Labor in Brazil – In 2009 EDP in Brazil formally assumed the commitment to avoid the risk of forced or labor, or the equivalent of slavery, in our supply chain. The Committee for Coordination and Monitoring the Pact (which

has around 150 signatories from companies and civil societies) is composed of the Ethos Institute, the Social Observatory Institute, Reporter Brazil N.G.O. and the International Labor Organization.

GRI Team- From 2010, EDP in Brazil became the Organizational Stakeholder for the Global Reporting Initiative (GRI), a nonprofit organization that develops globally accepted guidelines for sustainability reporting. This is implemented through a collaborative process, involving representatives from interested parties across the globe.

The Brazilian GHG Protocol – This encourages the voluntary management of atmospheric emissions, with production of emission inventories. EDP is a participant since 2008. The GHG Protocol (Greenhouse Gas Protocol) is a tool used by companies and governments to understand, quantify and manage atmospheric emissions.

Carbon Disclosure Project (CDP) -This project brings together international investors and is currently the largest global database on company greenhouse gas emissions. The position of large corporations in relation to climate change is analyzed based on a questionnaire which is completed voluntarily by around 2,500 companies. Since 2008 information for EDP in Brazil is published in the EDP Portugal report.

Companies for the Climate - EDP has actively participated in the "Companies for the Climate" (EPC) program headed by the Getulio Vargas Foundation since 2009. The goal is to bring together companies willing to operate in a low carbon economy and propose initiatives to establish a common platform that integrates the business sector with the government agenda in support of a regulatory framework for a low carbon economy.

Business Council for Sustainable Development- The World Business Council for Sustainable Development (WBCSD) brings together the world's largest business groups in order to promote consensus on economic, social and environmental issues. In Brazil it is represented by the Brazilian Business Council for Sustainable Development (CEBDS), part of a global network of over 50 business councils who maintain communication with governments in order to promote sustainability. EDP in Brazil is a participant since 2007.

Abrinq Foundation - EDP in Brazil (EDP Bandeirante, Escelsa EDP, Enerpeixe and Investco) received the Child-Friendly Company award for work undertaken for children and adolescents. Abrinq is a non-profit organization that mobilizes Brazilian society on issues relating to children's rights and has been supported by EDP in Brazil since 2004.

Akatu Institute - A non-governmental organization that promotes actions to prevent waste and to communicate the importance of consumer awareness of natural resources, it has been supported by EDP since 2007. In partnership with the EDP Institute, Akatu trained sustainability ambassadors throughout 2010 in the disseminate these themes, in compliance with the training plan laid down by the Econosco ("Economize-with-us") Program.

Ethos Institute - EDP is associated with the Ethos Institute for Business and Social Responsibility since 2000, supporting the goal of building a more just and sustainable society through corporate social responsibility. The Institute is internationally recognized for its work in sustainable development.

Acende Brasil Institute - EDP In Brazil is a signatory of the Acende Institute Code of Socio-environmental Ethics, a document drawn up by the largest power generators in the country in order to share principles and commitments that provide guidance on how power plants under their responsibility should be constructed and operated. The company has participated in this independent electrical sector observer since year 2000.

Partnerships

EDP maintains several initiatives and communication channels to ensure exchange of information in its continuous interactions with customers, shareholders, employees, suppliers, government and society. Believing that the relationship with interested parties cannot be unidirectional, we invest in disseminating information and in listening to and integrating with our partners. By providing transparency and accountability for our operations, this communication permits the definition of strategic issues for the company, aggregating multiple visions and innovative solutions.

Sustainability Channel

The importance attached to this issue is demonstrated by our Sustainability Channel on the internet. This space provides a means for the company to respond more effectively to its value chain, communicating with shareholders, employees, partners, customers, suppliers and other interested parties. It seeks contributions, questions, criticisms and suggestions for improvements in diverse, such as social projects, the environment, workplace safety and energy efficiency, among others. During last year the Sustainability Channel registered 101 contacts.

Interaction with people

EDP increased dialog with its internal public through face-to-face meetings between executives and operational teams through initiatives such as "Talk to the Board". Specific to the distribution segment of the company, these periodic meeting bring together different employees for each session and deal with results and planning. There were seven meetings during 2010. Other activities launched during the year, such as the Innovation Exchange and Click Idea, promote employee participation in innovation initiatives.

The presence of EDP in Brazil in on-line social networks grew significantly in 2010. Through its profiles on Twitter, Facebook and other interactive platforms the company affirmed its presence on the Internet, presenting information of public interest, publicity material and institutional news, bringing closer relations and dialog with Internet users.

EDP respects the views of stakeholders and holds regular consultations on projects that are already constructed or being planned. The construction of generation plants in several parts of the country has brought EDP into contact with new communities. In Pecém, in the State of Ceará, the Energy in the Community program seeks to resolve residents' doubts by providing lectures in schools and allows residents to visit the thermoelectric plant construction works. At the Tramandaí Wind Farm project (State of Rio Grande do Sul) a

partnership between the EDP Institute and EDP Renováveis has also promoted similar meetings involving schools and local leaders. As part of the environmental licensing process for Couto Magalhães hydro plant (between Mato Grosso and Goiás), the company actively participated with the local community in public hearings undertaken by the Brazilian Environment and Renewable Natural Resources Institute (IBAMA).

Communication actions

Communication channels with internal and external audiences stand out among EDP in Brazil's communication activities in 2010. In sharing values and information with interested parties, the *holding* operated in a coordinated manner, maintaining the consistency and reliability of information passed via communication channels.

During the year one particular social initiative among the company's actions was Pink October, the international campaign against breast cancer. During October the company's website was colored pink and both energy bills and the ON Bulletin were printed on pink paper. The aim was to alert customers and employees to prevention of the disease.

The Electrical Sector History Project commenced in October. This was conceived as a tribute to employees with more than 25 years of service. A documentary about the history of the electrical sector will be produced with participation from older employees. The project will be divided into three parts: oral history (interviews), visual history (photos, documents, old bills) and historic material (equipment, furniture and trophies).

Internet: EDP in Brazil entered several on-line social networks during 2010 with the aim of complementing the holding company and constituent companies sites. The company initiated interaction via Twitter, Facebook and Flickr, adding to its previous presence on YouTube. The company continues to maintain its own site (and a profile on Twitter) for investor relations. In 2010 the site was reformulated, being the first Brazilian version of an Investor Relations web site with IR 3.0 format. The website is aimed at capital markets and is designed to address topics relevant to analysts, investors and shareholders.

Intranet: EDP communicates with its employees through this internal channel, publishing news and divulging initiatives such as the Innovation Exchange and on-line training. Videos produced for TV ON may also be viewed on the intranet. All employees have access to the intranet via workstations and in the EDP ON areas (the old PIC - Points of Information and Citizenship).

E-mail: In 2010 around 800 employees who did not previously have corporate e-mail were provided with an account and underwent training in their use. This initiative guarantees access to digital communication for 100% of our employees.

TV ON: The daily schedule of worldwide company activities is broadcast via 27 TVs installed in EDP offices in three Brazilian States. EDP in Brazil produces over 30% of the content of the corporate television program, which is controlled in Portugal for onward transmission to all group companies.

ON Magazine and ON Brasil: Brazilian content forms part of the international edition of the publication and in 2010 EDP in Brazil gained over 24 exclusive pages in the ON magazine distributed in Brazil. Part of the publication highlights global operations and part is devoted exclusively to initiatives in Brazil. The monthly publication is geared to our internal public and is coordinated in Portugal.

ON Bulletin: This internal vehicle is popular among employees and was re-launched in June 2010. The ON Bulletin is issued monthly and is distributed to all company locations. It has become a fast and objective source of information.

Digital mural: functioning in a similar way to an electronic message board, this initiative enables more agile communication, reduces paper consumption and permits the use of moving images. The pilot project installed ten units up to late 2010.

Employee convention

EDP Live is a traditional event for exchanging ideas, evaluating results and directing future actions. In 2010 it was held in late March in Vitória and São Paulo and brought together 1,628 employees. The event - better known as The Gathering - has been held since 2005 and this year was organized in the format of a TV show for the second time. It was based on a football theme, being held shortly before the Soccer World Cup.

The agenda paid particular attention to internal changes arising from the 'Winning' program, which was created in the previous year with the aim of assisting with organizational restructuring and further bolstering company strategy. One of the highlights was the presentation of the Award for Best of the Winning Year which honored ideas for company transformation.

Branding

As part of the process of remodeling our image (*rebranding*), in progress since June 2009, the constituent companies of the *holding* changed the signage on buildings, substations and power plants, reinforcing the EDP brand name. EDP is the most valuable brand in Portugal, with a value of around €3.3 billion, and is one of the top 200 brands in the world.

Publicity campaigns during 2010 included a corporate video about innovation by EDP in Brazil which was broadcast on paid TV channels, a video on fraud reduction which was aired on open TV in the State of Espírito Santo, and an Investco institutional video which was broadcast in the State of Tocantins. *Radio Spots* broadcast at the beginning and end of the year in Espírito Santo and São Paulo warned about electricity network safety.

Public policy

EDP participates in discussions on public policies promoted by the Ministry of Mines and Energy, the National Electrical Energy Agency (ANEEL) and the Electrical Energy Commercialization Committee (CCEE). The company presents suggestions for refinement to sector regulators, acting together with several industry organizations such as the Brazilian Association of Electricity Distributors (Abradee), the Association of Independent Power Producers (Apine), the Brazilian Association of Energy Traders (Abraceel) and the Acende Brasil Institute, among others. In 2010 we participated in debates during ANEEL public hearing process no. 040/2010 concerning the third tariff review cycle which will occur in 2011.

The company takes part in initiatives such as the Business Council for Sustainable Development (CEBDS), the Akatu and Ethos Institutes, the Espírito Santo Industries Federation Council for Business Citizenship and the Conference of the Parties on Climate Change (COP) - being present at meetings in Copenhagen (COP15, in 2009) and Cancun (COP16, in 2010). Among other initiatives that contribute to the elaboration of public policies, we cooperated with suggestions forwarded to the Ministerial Group on Climate Change and we also submitted projects which generate carbon credits.

During 2010 the Companies for the Climate Program, in which EDP in Brazil participates, brought together representatives from various organizations to develop public policy proposals related to climate issues. This resulted in the document *Business proposals for public policies for a low carbon economy in Brazil*, which was launched at the seminar held in November 2010. Business leaders signed the document before presenting it to representatives of the elected president, Dilma Rousseff.

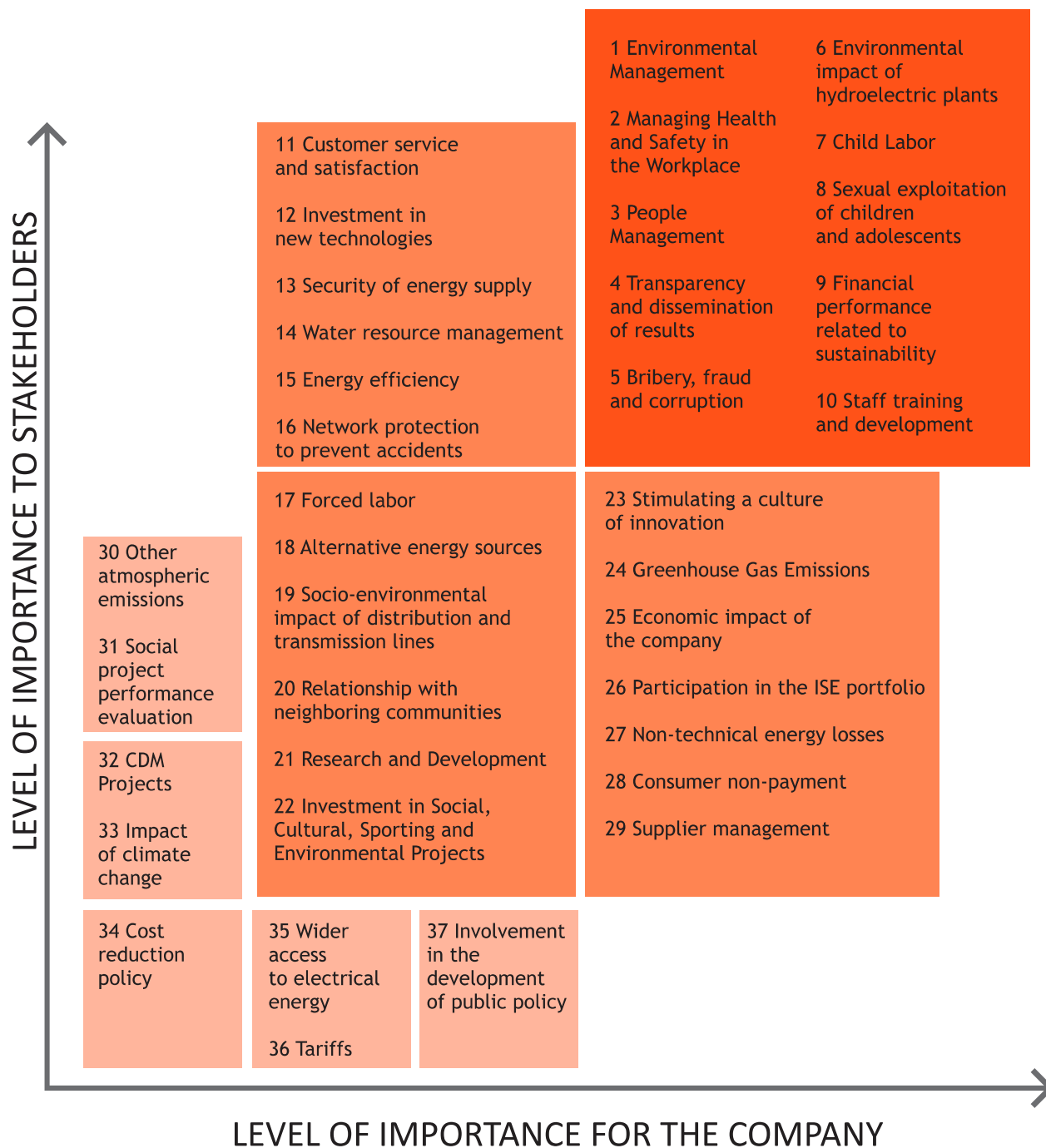
Relevant issues

The consultation process with the diverse stakeholders who interface with EDP in Brazil is based on an exercise which identified the issues considered to be most relevant to managing sustainability, development of strategic planning, and company reporting. Conducted in late 2010, with support from BSD Consulting, this involved 91 representatives from our internal public (employees and senior managers) and 76 representatives from our external public (customers, suppliers, community leaders, media, governments, public agencies and non-governmental organizations, among others). The consultations took place through three face-to-face panels - held in Peixe (Tocantins), São José dos Campos (São Paulo) and São Paulo (SP) - and individual interviews by telephone and email with representatives from the States of Espírito Santo, Santa Catarina and Mato Grosso do Sul

A value table itemized the issues related to sustainability, which was then utilized by internal leaders in order to provide a vision of the most critical issues from the standpoint of the company. The survey included 37 themes included socio-environmental impact, personnel management, financial performance related to sustainability, relationships with neighboring communities, among others. The issues identified in the consultation process formed the basis for the development of materiality matrix, which provides a graphic demonstration of the most relevant issues. The matrix consists of two axes: one representing the topics relevant from the internal (company) standpoint, and the another axis representing the issues highlighted by the external public. The issues within the highlighted quadrant are those with the highest degree of relevance from the perspective of the company and its *stakeholders*.



EDP in Brazil Materiality Matrix



Note: The numbering does not represent the item's level of relevance. It serves only as a reference to the relevant subject in the list below.

Degrees of relevance

Issue	Indicator/associated GRI item
High relevance	
1. Environmental management	EN16 to EN25
2. Managing health and safety in the workplace	LA7, EU16
3. People management	LA1, LA2, LA3 EU17, EU18
4. Transparency and dissemination of results	4.1 to 4.10, EC1, EC4
5. Bribery, fraud and corruption	SO2, SO3, SO4
6. Socio-environmental impact of hydroelectric and other energy sources	SO1, EU20, EU21
7. Child labor - including external suppliers	HR6
8. Sexual exploitation of children and adolescents	SO1, EU19
9. Financial performance related to sustainability	EC2, EC5, EC6
10. Training and staff development	LA10, EU14
Medium relevance	
11. Customer service and satisfaction	PR5
12. Investment in new technologies	EN23, EN26, EU8
13. Security of energy supply	EU6, EU7, EU28, EU29
14. Water resource management	EN8, EN9, EN10
15. Energy efficiency	EU1, EU2, EU8
16. Accident prevention on the network	PR1, EU25
17. Forced labor - including external suppliers	HR7
18. Alternative energy sources	EU8
19. Socio-environmental impact of distribution and transmission lines	SO1, EU29
20. Relationship with neighboring communities	4:14 to 4:17, EU19
21. Research and development	EN26, PR1, EU8, EU23
22. Investment in social, cultural, sporting and environmental projects	SO1
23. Stimulating a culture of innovation	EU8
24. Greenhouse gas emissions	EN16, EN17
25. The economic impact of the company	EC1, EC8, EC9
26. Participation in the Bovespa Corporate Sustainability Index	4.12
27. Non-technical energy losses	EU10, EU27
Low relevance	
28. Consumer non-payment	EU27
29. Supplier Management	HR1, HR2, EU16
30. Other atmospheric emissions	EN20
31. Social investment performance evaluation	SO1
32. CDM Projects	EC2
33. Impact of climate change	EC2
34. Cost reduction policy	EC1, EU8
35. Increased access to electrical energy	EU6
36. Tariffs	EU27
37. Involvement in public policy development	SO5, SO6

Most relevant issues by dimension

Dimension	Issues
Economic	<ul style="list-style-type: none"> • Transparency and dissemination of results • Bribery, fraud and corruption • Financial performance related to sustainability
Environmental	<ul style="list-style-type: none"> • Environmental management • Socio-environmental impact of hydroelectric and other energy sources
Social	<ul style="list-style-type: none"> • Management of health and safety in the workplace • People management • Child labor, including external suppliers • Sexual exploitation of children and adolescents • Training and people development

Stakeholder engagement

EDP provides several tools for communication and dialog in our relationship with our internal and external public. The goal is to enhance interaction and to identify process improvements, enabling the exchange of ideas and developing partnerships.

GRI
4.14
4.15
4.16
4.17

Interested party	Relationship channels	Actions	Key topics and concerns
Shareholders <ul style="list-style-type: none"> Shareholders (controlling and minority) São Paulo Stock Exchange (BM&FBovespa) 	General Meetings Investor Relations Area Quarterly meetings with analysts and investors Press releases Internet Annual Sustainability Report	Dissemination of information and results in regular meetings Quarterly sustainability reporting to the majority shareholder (EDP Energias de Portugal), monitoring economic, environmental and social impact indicators for Group companies in Brazil.	<ul style="list-style-type: none"> Transparency and dissemination of results Economic impact of the company Investment in new technologies
Internal public <ul style="list-style-type: none"> Employees Employees' families Trade Unions 	Intranet ON Magazine TV ON Sustainability Channel Communication and Reporting Channel Word of Mouth Talk to the Board Internet Annual Sustainability Report	Training and awareness of social responsibility, citizenship and the environment, ensuring alignment with the principles of sustainability in daily activities Satisfaction Survey Cooperation and ethics in relations with Trade Unions.	<ul style="list-style-type: none"> Transparency and dissemination of results Training and people development People management
Customers <ul style="list-style-type: none"> Distribution customers (residential, industrial, commercial and public sector) Generation customers (distributors, traders) Trading customers (free market) Consumer Council Competitors (traders and generators) Electrical Energy Commercialization Committee (CCEE) 	Energy bills Call center Customer Service stores Internet Media Campaigns Information folders and posters Annual Sustainability Report	Periodic customer satisfaction surveys Social projects and interaction with communities Visits to customer protection institutions Meetings with corporate clients Simplification of energy bill.	<ul style="list-style-type: none"> Bribery, fraud and corruption Financial performance related to sustainability Energy efficiency
Suppliers Energy, services, materials and outsourced personnel suppliers	Supply area Vendors forum Internet Annual Sustainability Report.	Contractual terms with socio-environmental and human rights criteria for contracting services and products Incentives for adopting the Group's sustainability principles, Code of Ethics, corporate policies and for promoting sustainability Training in safety and accident prevention.	<ul style="list-style-type: none"> Managing health and safety in the workplace Accident prevention on the network Socio-environmental impact of hydroelectric and other energy sources (wind and thermoelectric)
Society <ul style="list-style-type: none"> Neighbor communities at our sites NGOs and social entities Sector entities (Abradee, Abracel, Abrage, Acende Brasil, Apimec) Education and research institutions Cultural institutions Media 	Meetings with community organizations, NGOs, research and education institutions Participation in sector organizations ON Magazine Press interviews Press releases Internet Annual Sustainability Report.	Social, cultural and environmental programs aimed at communities in operational areas Public consultations on projects Proactive and ethical relationship with the media and local press and national or regional representation Partnerships in R&D projects	<ul style="list-style-type: none"> Accident prevention on the network Investment in new technologies Managing health and safety in the workplace
Government <ul style="list-style-type: none"> Regulatory agencies (Ministry of Mines and Energy, National Energy Agency (ANEEL), National Water Agency (ANA), State agencies) Development entities (public policy) Environmental protection agencies, Ministry of the Environment, IBAMA Public Prosecutors, Internal Revenue Federal, State and Municipal organs 	Regulatory Area Meetings between company managers and government representatives Quarterly Financial Reports Internet Annual Sustainability Report.	Compliance with standards set by relevant government agencies Projects in partnership with Municipal, State and Federal governments to promote sustainable community development Representation in working groups and forums for development of policies in the public interest	<ul style="list-style-type: none"> Managing health and safety in the workplace Investment in Social, Cultural, Sporting and Environmental Projects Environmental management
Financial Institutions <ul style="list-style-type: none"> Inter-American Development Bank (IDB), World Bank and others 	Quarterly financial reports Internet Press Releases Annual Sustainability Report.	Dissemination of information and results through quarterly conferences	Stakeholder issues identified in the past.



STRATEGY AND MANAGEMENT

Creating value

Guided by its three strategic directives and aligned with the international EDP Group Principles of Sustainable Development, the goal in 2010 was to perfect strategy around the axis of:

Directed growth: requirement for a minimum level of profitability.

Controlled risk: maintaining low levels of operational and financial risk.

Superior efficiency, strict budgetary control.

Serving new market profiles has shifted the focus to small and medium scale hydroelectrics; innovation in networks and distribution processes to meet regulatory changes; balanced relationship between generation EBITDA and distribution EBITDA, consolidation of our position in the free market and strengthening the practice of sustainability in interaction with interested parties.

A new strategic plan was drafted in 2010 in the Distribution business unit, highlighting ten management priorities. Applying innovative methods, these aspects have passed through evaluation by the entire staff via the intranet and presentations during *roadshows* at operational units. Around 600 people participated in the definition of the themes, which were organized as follows: 1) Customer; 2) People; 3) Innovation; 4) Culture; 5) Revenues; 6) Costs; 7) Investments; 8) Suppliers; 9) Management Excellence; 10) Risk.



The Winning program

The year 2010 saw the consolidation of the EDP in Brazil 'Winning' program as a platform for preparing the company for a cycle of innovation and development through maximization of human potential.

The Winning program was launched in 2009 with the definition of five essential behaviors and ten golden rules for EDP in Brazil employees. During 2010 the Winning program strengthened the ten anchor projects that underpin the aims of the company in achieving target commitments to stakeholders.

The ten 'EDP+' projects, which continued through 2010, resulted in reviews and changes in the growth of routines and processes, providing new insights and breakthroughs in the way we perform our operations. This learning process has helped in the creation and implementation of ideas, such as EDP 2020 and the Innovation Exchange, conceived through EDP +Innovation.

The EDP +Sustainable initiative continues with its goal of inserting sustainability in our everyday business based on the transverse strategic map for this theme as well as monitoring performance indicators. Consolidated data is included as one of the five corporate goals for EDP in Brazil and is considered in the variable remuneration of directors, managers and employees since 2008.

A further advance came with the implementation of a system for classification of socio-environmental indicators using process management software, which will allow a single database for all EDP in Brazil corporate information thereby facilitating data collection, tracking and consistency. The project is in development and is scheduled for completion in 2012.



Projects 2010

- + Customer
- + Revenue
- + Risk
- + Lean
- + Cash
- + Excellence in Management
- + Synergy
- I am + EDP
- + Sustainable
- + Innovation

"I hope that this project will continue because contribution from everyone is very important to the continuous improvement of our company. Communication and actions are the way forward."
(Elaine de Moraes Silva, a service attendant with EDP Bandeirante)

Management tools

EDP in Brazil has used the Balanced Score Card (BSC) methodology since 2005 as a management tool to prescribe, deploy and monitor the goals and targets on our strategy map. From 2006 to 2008 this was deployed to directorates and business units which resulted in refinement of the linkage between strategy map objectives and indicators agreed in individual contracts with managers. The map is revised annually, with inclusion of new challenges to be overcome.

The Environmental Management System continues with the asset certification plan for environmental standard ISO 14001 and Health & Safety standard OHSAS 18001. In 2010 three EDP Bandeirante substations and the Investco generation plant obtained certification. The small-scale hydro power plants at Paraíso and São João and the Enerpeixe hydro power plant renewed Certification of their assets. For the third consecutive year the audit of the EDP Escelsa and EDP Bandeirante quality validation processes led to validation of ISO 9000 standard certification. The Energy Efficiency Program of EDP in Brazil distributors was similarly certified by accredited auditors. Enerpeixe was also successful in achieving ISO 9001 process certification.

Pioneers in establishing utility management systems in the Brazilian electrical sector, new management and commercial systems implemented by EDP Escelsa and EDP Bandeirante in 2009 passed through a period of stabilization. The new platform has contributed to a more robust business cycle, increasing the agility, and consequently quality, of billing processes and the service provided to distribution customers.

EDP in Brazil undertakes monitoring of legal compliance in order to evaluate and implement the best solutions in the quest for continuous improvement. As an example, presentations were delivered to EDP Escelsa and EDP Bandeirante employees during 2010 on the theme *Works and their Legal Impacts*, aimed at increasing awareness of judicial issues, thereby avoiding potential legal penalties.

In 2010 the dialog process with interested parties who follow EDP in Brazil benefited from the guarantee of AA 1000 standards, an international standard governing reporting principles and procedures. Constantly improving channels of communication were further enhanced in 2010 and new formats were introduced to engage stakeholders in the commitments and values of EDP. Within this group are employees, suppliers, customers, neighboring communities, public administration representatives at all levels, non-profit organizations and NGOs, among others, who are protagonists for projects proposed by the company for 2011.



Objectives and targets

Strategy	Pillars	Objectives for 2010	Position 2010	Objective 2011
Creating shared value for all society	Shareholders	Repowering of Mascarenhas and Rio Bonito (Mato Grosso do Sul); continuity of construction works at Pecém (Ceará); construction of Tramandai wind farm (Rio Grande do Sul).	Partially achieved. Completion of repowering the 3rd. Generator at Mascarenhas expected for Feb. 2011.	Development of project ClimaGrid, platform that integrates intelligent networks with climatic variables.
		Ensure adequate financing of the Group's investment plan (Small-scale hydros, distributors and new projects).	Achieved.	Development of the "Green Condominium" project in Tremembé, São Paulo.
		Remain in the BM&FBovespa ISE portfolio.	Achieved.	Remain in the BM&FBovespa ISE portfolio.
	Customers	Extend the availability of technical services and energy efficiency services to EDP Escelsa customers.	Achieved.	Analysis of the deployment of sustainability concepts in customer service locations.
		Reduction of 17% in EDP distribution customer complaints filed with Aneel, Procon and the Judiciary, reaching 275,989.	Achieved. A 36% reduction in complaints, with 176,773 registered.	A decrease of 12% to 155,848 complaints.
	Employees	Disseminate the <i>Let's talk more about ethics</i> program to 95% of employees.	Achieved. Presentations in São Paulo, Espírito Santo, Tocantins; dissemination via the intranet and employee e-mail.	E-learning training on ethics for 90% of employees. Launch the EDP Diversity Program.
		Strengthen partnerships and engage suppliers in social programs coordinated by the EDP Institute.	Achieved. A 20% increase in partner participation in Group social projects.	Establish the EDP Sustainable Supplier Program.
	Environment	As a minimum certify one generation assets and one distribution asset.	Achieved. ISO 14001 and OHSAS 18001 certification for Investco and three EDP Bandeirante substations.	Development of the research project: Life Cycle of the Business Chain.
		Introduce the ecological footprint methodology in the company.	Achieved. Circulation of an ecological calculator for employees, to raise awareness of natural resource consumption.	Mapping, awareness and dissemination of employees' carbon footprints.
		Adopt the AA1000ES standard (stakeholder engagement) in the company.	Achieved. Consultation process with stakeholders aligned to, and assured by, AA 1000ES.	Restructuring of the EDP in Brazil sustainability web site.
	Society	Consolidate performance assessment for social investments using the LBG methodology.	Achieved.	Implementation of the <i>Portable Light</i> Project in the Tapajós Reservation (Pará).

Ethics

Ethical conduct is one of the key commitments made by EDP in Brazil personnel and is an integral part of the eight Sustainable Development Principles that guide the company's operations. Several initiatives have disseminated and monitored this principle in behavior in processes involving interaction with our target public. These include the Code of Ethics, corporate policies - in combating Corruption, Extortion and Bribery; Sustainability; Combating Discrimination and Harassment; Combating Child Labor and Slavery; Valuing Diversity - and voluntary commitments, such as the Global Compact, The Business Pact for Integrity and Anti-Corruption and the National Pact for Eradication of Slave Labor in Brazil.

In 2010 the policies for Combating Sexual Exploitation of Children and Adolescents and Trade Union Relations underwent revision. The first received an addendum with the specification of EDP assets where there may be higher risk events, and the second established an agenda for open dialog with Trade Unions representing employees. The company also adopted three new policies: Biodiversity, Stakeholder Engagement and Defense of Competition. These can be viewed on the internet (www.edpbr.com.br), following the links "Company" and "Sustainability" and internally through bulletin boards, information folders and on the intranet.

All Board members, directors and company employees have a responsibility to act in accordance with the Code of Ethics, principles and policies. These commitments are essential in day to day business, on the understanding that acting in a manner which respects the law, ethical values, people, communities, the environment and competitors, will translate into recognition for the company and consent to do business in the long term.

Support mechanisms

Code of Ethics: encompasses the vision and values of the organization and applies to relationships with all strategic publics, governing the posture to be adopted in different situations. The Code emphasizes principles such as respect for human rights, non discrimination, equal opportunities and strict enforcement of legislation prohibiting bribery and corruption. Available on the EDP internet site, the document is presented to company suppliers in order that they may align their conduct accordingly.

Ethics Committee: created in April 2006, this is a permanent body whose main objective is the dissemination of the highest standards of ethical conduct through examination of situations of conflict received from company division and from messages received through the communication channels which have been made available. The committee did not identify any punishable practices at odds with the Code during 2010.

Communication and Complaint Channel: the principal tool for receiving questions and issues that customers, suppliers, employees, shareholders and the general public wish to raise concerning the behavior of company employees. Complaints are forwarded to the Ethics Committee for evaluation. The channel provides confidentiality for the informant and the certainty of analysis and response to messages. It is available via the company website and the intranet. An alternative is written contact by mail via a mailbox that maintains the anonymity of the complainant.

Risk monitoring: risks related to corruption in all business units are periodically reviewed by internal audit. Business processes are evaluated, weighted by an index of probability and magnitude of impact, in order to improve internal controls and anticipate possible occurrences. The annual Internal Audit plan is subject to formal approval by the Board and the Audit Committee. A quarterly report is prepared for the Ombudsman in Portugal, who is responsible for monitoring and for acquittals in the complaints register.

Ethics training: Training on Ethics Management was launched in August 2010, through an *e-learning* program as part of 'Let's Talk More About Ethics'. Promoting ethical business conduct, this is intended for employees and can be accessed through the intranet. The aim is to place participants in situations of ethical dilemma and to reinforce EDP's corporate policies. As an on-line tool, it is available to all EDP in Brazil units. The training lasts for approximately four hours and was undertaken by 675 employees and 48 managers in 2010, which represents 30% of all company employees.

Enerpeixe and Investco generation divisions hosted a workshop in 2010 in the State of Tocantins on 'Dialog on Anti-Corruption Practices in Business'. This was one of the initiatives of the working party for the 'Integrity and Anti Corruption Pact' in partnership with Ethos, the Federal Comptroller General and the United Nations Office on Drugs and Crime (UNODC). The meeting aimed to steer the EDP value chain toward adoption of good practices related to integrity and the prevention and combat of corruption. The audience included representatives from State and Municipal governments, suppliers, employees, partners, among others.

Corporate governance

Our processes, policies and internal regulations - which ensure principles of transparency, full disclosure of information and alignment of interests between shareholders - is a model that led to EDP in Brazil being recognized by the Brazilian Institute of Corporate Governance (IBGC) as a model company in corporate governance.

EDP in Brazil is listed on the Novo Mercado (BM&FBovespa) and as such undertakes additional commitments relating to governance to ensure fair and equal treatment of shareholders, employees, customers and suppliers. The model is based on the recommendations of IBGC, and includes items such as the issue of common shares; prohibition of advantage through access to privileged information; and arbitration as a the most agile and preferred solution for resolution of conflicts of interest. The Sustainability Committee and Corporate Governance Committee of the Board also acts as an instrument for resolving disputes between shareholders.

These commitments allow for the inclusion of all shareholders in a public offering, in the event of sale of control, for the same price per share paid for the controlling block (100% *tag along*). It also preserves the right of shareholders to receive dividends from at least 50% of adjusted net income (compared to 25% as established in the Company Bylaws, under current legislation).

All Board members and Directors subscribe to a term of agreement with the Novo Mercado Listing Rules. Even though not trading papers on U.S. capitals market, our financial statements follow the procedures and internal controls set out by the determinations of the System of Internal Control of Financial Reporting (SCIRF) methodology, based on the Sarbanes-Oxley Act (SOX).

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GRI
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Performance evaluation

The Board of Directors and are responsible for regularly evaluating company performance. The Board undertakes quarterly reviews of company results, which are published according to generally accepted Brazilian and International accounting principles. The Board meets weekly to monitor overall performance, referring to economic, social and environmental indicators published by Brazilian and international institutions.

Among the indicators used are the Social Indicators published by the Brazilian Institute of Social and Economic Analyses (IBASE); the Global Reporting Initiative (GRI), developed in partnership with United Nations Environment Program (UNEP), known in Brazil as the "Programa das Nações Unidas para o Meio Ambiente (Pnuma)"; the Ethos Survey, prepared by the Ethos Institute for Business and Social Responsibility; the Criteria for Excellence of the National Quality Award, established by the National Quality Foundation (FNQ); and the Global Compact principles as proposed by the UN.

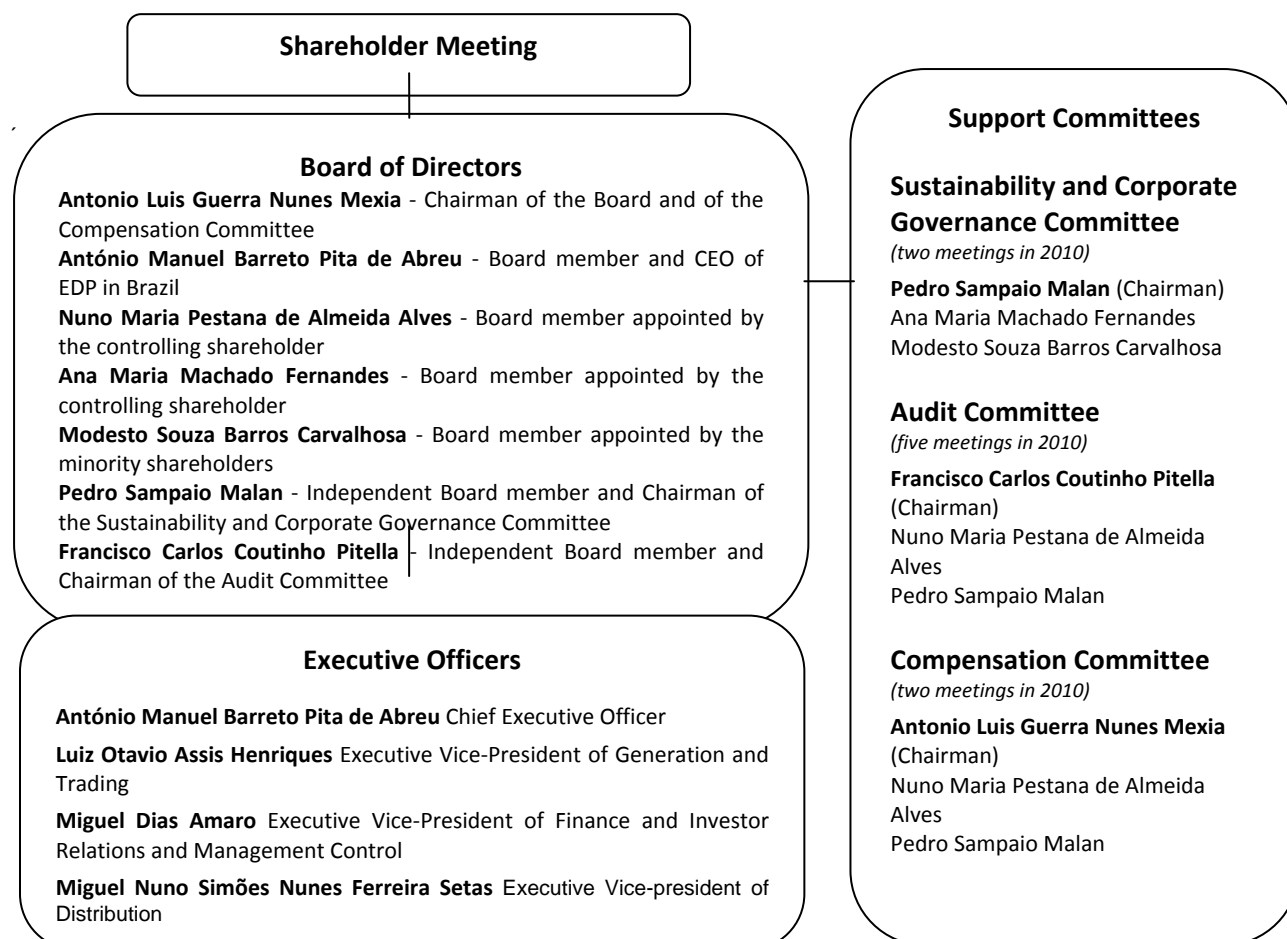
The Board is evaluated on two aspects: 1) Corporate Objectives, which includes the achievement of targets that are monitored by indicators which are chosen annually - in 2010 this included EDP's share price on the Novo Mercado; inclusion in the Business Sustainability Index (ISE Bovespa); control and conciliation between manageable expenditure budget and achieved; and net income; 2) Company objectives, with achievement of targets monitored through indicators established for the companies in the EDP group. For 2010 the following indicators were used: investment in assets and operations (Capex and Opex); availability (number of machines available for operation); and ISO and OHSAS certification.

GRI
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Governance Pillars

The governance structure has as its pillars the Shareholders' Meeting, the Board of Directors, and the Board and Executive Officers Support Committees.

GRI
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Shareholder Meeting - The ordinary general meetings occur annually and the extraordinary meetings take place at any time, having the power to assess all company activities. They are the most important arena for shareholder participation and the exercise of their right to vote. One of the attributes of the GM is to elect members of the Fiscal Council when deemed necessary. This is a non-permanent group, installed only on requested by the shareholders. Other channels for direct communication from the shareholders are the members of Board advisory committees and the Investor Relations sector, who can be contacted by letter or email. All publics - including customers, employees, suppliers and representatives of society - can use the Communication and Complaints Channel, available on the company internet website, and can accompany teleconferences announcing quarterly results.

GRI
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Board of Directors - Is responsible for general business policies, long-term strategy and overseeing company management. It holds regular quarterly meetings and may meet extraordinarily whenever necessary. The annual self-assessment was established in 2010 by members of the Board, with the use of individual, confidential questionnaires.

GRI
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At the end of 2010 the Board was composed of seven members elected at the April AGM, all Caucasian, being six men and one woman, one aged between 30 and 50 and the remaining six aged over 50 years. The current Chairman of the Board of Directors is the CEO of EDP in Portugal, but does not exercise an executive function within the company. The CEO of EDP in Brazil is part of the Board. All members are shareholders; three are independent under the terms of the BM&FBovespa Listing Rules and the recommendations of the Brazilian Institute of Corporate Governance (IBGC), which include, among other requirements, not maintaining any link with the company other than a participation of up to 5%.

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The election of Board members is based on criteria that evaluates their abilities to perform the required tasks. As such, the chairman of the Audit Committee shall necessarily possess knowledge of finance obtained through academic qualification or professional experience.

In honor of Francisco Gros, who was a former EDP Board member who passed away in May 2010, the Santa Fé Small-Scale Hydro plant located in the municipality of Alegre, Espírito Santo, was renamed PCH Francisco Gros. More than just a tribute, this act praises the years of work that Mr. Gros dedicated to the company.

Support committees - The Board operates with support from three committees, each having three members, one of which is chairman of the proceedings. They have a mandate of one year, with the right to reelection. The Committees are organized around members whose skills ensure maximum contribution to the Board. The **Sustainability and Corporate Governance Committee** ensures continuity of the organization through a long-term sustainable vision which incorporates potential social and environmental changes; it ensures adoption of best practices in corporate governance and compliance with ethical principles to increase company value; it facilitates access to capital at lower cost and thereby contributes to strengthening the Group; and it is responsible for creating the Board's self-assessment process, introduced in 2010. The **Audit Committee** ensures compliance and correct application of accounting standards and principles; it provides opinion on management accounts and financial statements; it evaluates the performance of external and internal auditors; it establishes procedures for the receipt, custody and handling of complaints from the EDP in Brazil Communication and Complaints Channel. The **Compensation Committee** advises the Board on decisions relating to compensation policies for EDP in Brazil and its subsidiaries.

This structure supports the Board's decisions through expert analysis of specific topics, providing a swift and precise deliberation process. EDP in Brazil directors and managers may be invited by the Committees to discuss issues under their responsibility.

Executive Officers - Responsible for the general management of the business and perform the actions necessary to expedite and execute Board resolutions. The four current Executive Officers were elected for a term of three years (mandate through to December 2014, with the possibility of reelection). All are Caucasian males, two aged between 30 and 50 years and two over 50 years.

GRI
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Compensation

The compensation policy for Board members aims to ensure that highly qualified professionals are attracted and retained and encourages achievement of objectives and surpassing targets, thereby adding value to the company. The process is supported by qualitative and quantitative market research, which is conducted by a specialized company with international renown.

The total or individual compensation of Board members and Executive Officers is set annually at the General Shareholders Meeting. The Compensation Committee proposes the criterion for remuneration of corporate and subsidiary senior executives, as well as other appropriate compensation mechanisms which are in line with market practices, based on evaluation of financial, environmental and social performance.

Board members' compensation is fixed, it is not related to company performance. Executive officers are compensated by a fixed parcel, which consists of salary, direct benefits (medical, dental, pharmacy allowances) and indirect benefits (car, school costs, rent, and a language course 100% financed by the company), in accord with their seniority and the demands of their position. The variable parcel is considered as a bonus. The Annual General Meeting held on April 9, 2010 approved directors' compensation for the period April 2010 to March 2011 to a value of up to R\$ 3,86 million.

GRI
4.5

Advances in risk management

The EDP in Brazil corporate risk map was reviewed in 2010 as an initiative aimed at strengthening the strategic pillar of controlled risk. Risks are now analyzed from a transverse perspective, which means they are considered across the Organization including the *holding* and operational sectors (generation, distribution and energy trading).

GRI
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All mapped risks were classified in a ranking according to their potential impact and the vulnerability of the Organization to the specific issues. In addition, all processes underwent an evaluation by type of risk. As a result, processes were defined which are more or less subject to risk, allowing the creation of more effective mitigation plans for potential impacts.

Eighty executives took part in risk mapping through their responses to an extensive questionnaire on key risks and risk governance. At the end of the project, assimilation workshops with key managers were used to present new risk maps as well as to strengthen the concept of analysis with a transversal viewpoint.

Risk management is performed by the respective business sectors. Coordination is undertaken by the Audit and Corporate Risk Sector, who are responsible for assisting the Company in identifying and managing business risks and promoting and disseminating a management culture that ensures continuous risk monitoring.

Sector risks

Hydrological - Power generation by the company is mainly based on hydroelectric plants, which are influenced by climatic conditions and rainfall. These factors may compromise sales revenue, which is linked to the quantity of assured energy produced, as provided for in concession contracts. The Energy Reallocation Mechanism, which is administered by the Electrical Energy Commercialization Chamber (CCEE), mitigates this risk through an apportioning mechanism between all the generating plants on the National Interconnected Transmission System (SIN).

Regulatory - Electricity distribution and power generation activities performed by EDP in Brazil are concessions or permissions which are regulated and monitored by ANEEL. The Regulatory Affairs sector centralizes our relationship with the regulatory agency. This sector permanently monitors risks and the interface with other sectors in order to mitigate impacts; it monitors the process of draft legislation in Congress; it maintains contact with government and regulatory organs, and it participates in discussions with industry associations. During 2010 the sector contributed to proposals for several public hearings held by ANEEL. The most important among these was Public Hearing no. 040/2010 which debated the premises for the third tariff review cycle, which will occur in 2011.

Energy Risks - The Energy Planning Directorate and the Energy Risk Management Group maintained constant analysis of the market to determine projections for electrical energy consumption over the next five years. This evaluation, coupled with monitoring of economic and climatic variables, anticipates trends and allows implementation of mitigation actions where risks exceed the limits set by company policy. The availability and reliability of supply (as well as revenues) are secured through anticipation of potential impacts, undertaken with the support of software and statistical models developed by EDP to monitor distribution, generation and trading.

GRI
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Enterprise risks

Financial risk - Financial risk management is undertaken with the support from *Risk Control* systems and use of the *Value at Risk* (VaR) metric, with continuous mapping and reporting of cash flow and financial risks being submitted every week to Executive Officers. Decisions are guided by the Financial Risk Management Policy, which establishes conditions and limits for exposure to market, liquidity and credit risks. This policy determines the level of concentration of investment in financial institutions in accordance with the *rating* of the bank and the total applications of EDP in Brazil in order to maintain an equilibrium with lower exposure to losses and reduced risk. This policy also sets out periods for expiration and settlement of commitments, thus avoiding concentrations in the same period. It further stipulates that the company shall not negotiate derivatives contracts that do not have the purpose of hedging foreign currency obligations, to mitigate exchange rate and international interest rate risks. On December 31, 2010 commitments in foreign currency basically referred to two operations (funding for Pecém thermoelectric plant construction in 2009 and the IDB loan contracted by EDP Bandeirante in 2004), representing 7.9% of EDP in Brazil debt, having 99.7% protected by hedge contracts.

Market risk - Market risks are related to non-payment by customers, Settlement Price of Differences (PLD), non-technical losses and variation in energy prices. The company has several initiatives to combat losses, with actions for reduction of non-payment and regularization of illegal connections. We also maintain a dialog with ANEEL, both individually and collectively through industry associations, to avoid tariff distortions.

Environmental Risk - Environmental risks include non-compliance with environmental licensing conditions and the occurrence of natural disasters impacting the company business. EDP in Brazil is committed to positive environmental actions, directed by the Group's Sustainability Policy and integrated Environment, Health and Safety Policy. We have adopted preventive measures relating to environmental preservation and personal health, following the Precautionary Principle established by Eco92. Under this guidance, when an activity presents a threat of damage to the environment or personal health then precautionary measures should be taken, even if some cause and effect relationships are not yet scientifically proven.

Reputation/image - The dissemination process for the Code of Ethics and the existence of policies and comprehensive standards forms a part of the EDP in Brazil efforts to expand its good governance practices and contribute to ensuring an image of credibility, solidity and reliability. These practices emphasize the importance of acting with ethics, legality and respect for human beings, rejecting all forms of discrimination, and assuming responsibilities with society and the environment. Communications and branding management are responsible for monitoring these issues and instigating actions.

GRI
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Operational Risks: Structured maintenance programs reduce the risk of unplanned outages at generating plants and instability in transmission and distribution networks. Distribution company Operations Centers (COS) can be operated remotely from any unit, minimizing operational risks. The Generation Operations Center, which entered into operation in 2010, optimizes the operation of each plant and allows improvements in operational planning. The Crisis Management Plan, in place since 2008, is permanently refined by the **Safety and Crisis Management Committee**, analyzing different scenarios that might pose risks to normal business operations. This includes aspects such as interruption of electricity supply, workplace accidents, strikes, natural disasters, collapse of information technology and telecommunication systems, pandemics, among others. The plan provides for communication initiatives with various publics and a governance model for crisis management. The committee meets periodically to analyze management initiatives, review procedures and address new issues.

GRI
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Competitive differentials

Intangible assets are differentiating factors that determine the company growth potential. They are covered by a dedicated EDP corporate policy, aligned to our strategic planning. Activities relating to the monitoring and development of these assets is based on four aspects: human capital, organizational capital, information capital and brand capital. Various initiatives identify, monitor and enhance these factors, which are connected to people, knowledge, company culture and its public perception and social interaction.

Intangible asset	How it is developed	Actions in 2010
Human capital - Professional skills, abilities, talent and knowledge.	Investment in human capital to maintain personnel permanently aligned to our strategy and to expand their knowledge of production technology and production management. This occurs through internal processes, through partnerships with suppliers, individual empowerment, partnerships with universities, technology transfer contracts, structured processes for benchmarking and management consultancy projects.	Technical and strategic training activities for employees at various management levels. The <i>On Top</i> internship program selects students from several areas. The <i>Energizing Development Program</i> forms future company leaders, qualifying prominent young employees. The 'Career Routes' program assists in developing training plans by mapping out promotion possibilities for employees. There were specific actions for executive position qualifications through the Leadership Development Program.
Information capital - infrastructure, systems and information technology as well as the management applications needed to support strategy.	A portfolio of investments in technology have preference in the allocation of funding and other resources.	The EDP 2020 program brought together several initiatives that promote the construction and maintenance of information capital in the company, including the launch of 'Click Idea' and 'Innovation Exchange'. Other actions included an upgrade of information systems in various business sectors, such as the technical and functional upgrade to the <i>Customer Care and Service</i> SAP module to support business systems and development of proprietary systems such as SiscoTrader , which brought integration with SAP to the entire contract process, from proposal acceptance through to issue of monthly invoices. Digitalization of process provides traceability and double-checking of information and is ready for future integration with the Electrical Energy Commercialization Chamber (CCEE). In the IT area projects included server virtualization, <i>Cloud Computing</i> , standardization of technology architecture, VOIP, teleconferencing, extension to mobility and upgrade of ERP applications and peripherals.
Organizational capital - Includes aspects such as organizational culture, qualified leadership, alignment of goals and variable compensation through to strategy and teamwork.	Initiatives to motivate, coordinate efforts and commitment to organization guidelines.	Strengthening the 'Winning' program created in 2009 reaffirmed the values for a new business culture. The Succession Plan, aimed at leadership positions, ensures the longevity of the business through its people. Other initiatives have reaffirmed the alignment of teams, such as The Gathering (presentation of results and strategies to 1,600 distribution employees), the Talk to the Board program (small scale events dealing with issues related to the business) and the <i>roadshow</i> undertaken in Distribution units to publicize the new strategic plan.
Brand capital - EDP in Brazil brands and reputation.	Brand protection is an integral part of the international policy of EDP - Energias de Portugal, committed to sustainability and a close relationship with all stakeholders: customers, employees, suppliers, shareholders, government and society. Reputation involves the public perception of the company's image.	Market recognition is demonstrated by awards such as inclusion in the top 20 model companies for sustainability in the ranking published by <i>Exame</i> , and having one of the most credible sustainability reports in Brazil, according to a survey by FBDS and SustainAbility. Other relevant indicators are the annual surveys of distribution customer satisfaction for EDP Bandeirante and EDP Escelsa, such as those conducted by Abradee and ANEEL.

Highlighting innovation

For EDP in Brazil there is a direct equivalence between sustainability goals and innovation. In this vein the Innovation in Strategy directorate was consolidated during 2010 through the creation of the Innovation Team, charged with multiplying initiatives and strengthening the dissemination of a culture of innovative vision whereby employees identify opportunities in everyday processes. The team is made up of representatives drawn from the main business units and support sectors, which facilitates circulation of information on the initiatives taken.

To promote the involvement of the entire EDP group, seminars, training courses, virtual tools open to the public and internal technical conferences were employed. Resource which were applied during 2010 were dedicated to positive action for incremental development in the organization, resulting in practical initiatives which brought benefits to the company.

These initiatives includes a structure aligned to regulatory determinations, which established a requirement for designating a portion of net operating revenues to research and development projects and to energy efficiency. Electricity distributors allocate 0.2% to research and development and 0.5% to energy efficiency; generators apply 0.4% in research and development. The results of these investments are disclosed to the scientific community and to other utilities, thus disseminating the knowledge gained.

Distribution - The development of new technologies and the R&D program for production technology takes a business-oriented approach, through improving company processes, increasing revenue, increasing social responsibility and preserving the environment. With this program the electrical system accrues gains in safety, quality and reliability, guaranteeing supply and providing society with easy access to more affordable energy. The highlights of 2010 were research into electric mobility, remote metering and climate change. Actions aimed at renewable energy efficiency are highlighted, as well as the development of the Intelligent City Plan with an interconnected network and remote metering, which is due for implementation in 2011. 15 projects were initiated during the year.

Generation - Generation companies invested in several subject areas for Research and Development Programs, ranging from safe plant operation to development of new energy sources such as photovoltaic panels. The main concern was during 2010 was to develop projects related to the environment, focusing on simultaneous improvements for the company and for communities who are bordered by hydroelectric reservoirs. With a focus on developing new generation business, there was investment in new clean energy sources which minimize or avoid impact on the environment. During 2010 14 projects were initiated in various fields of operation.

EDP 2020

Aware that major changes will occur in the electrical sector in coming years, EDP in Brazil created 'EDP 2020 - Towards the New Era Energy', a program focused on market changes in the coming decade. This integrated program has five pillars of innovation: management, models for operation and business processes, products and services, and disruptive technology.

These pillars integrate as the company advances in the areas of sustainability, generation of renewable clean energy, energy efficiency, intelligent networks and cities and electric mobility. EDP 2020 - Award for Innovation and Entrepreneurship and EDP 2020 - Knowledge in Focus are incorporated in the scope of the program.

The award, which combines innovation and respect for the environment, is directed at college students and highlights development of projects for clean technology solutions for the electrical sector. A prize of R\$ 100,000 is awarded to the winning project in each edition, with ten editions planned in each year. There were applications from 51 projects from several States during 2010. The authors of the 20 projects selected for the second phase undertook training in entrepreneurship at the Getulio Vargas Foundation and in early 2011 the winner will receive the funds to be invested in the development of their project.

The round of conferences for EDP 2020 - Knowledge in Focus brought in experts to discuss creativity and the future of the industry. The lectures, which were held in São Paulo, were open to all employees and business partners.

To strengthen the concept of smart cities, the company has developed services that meet the needs of sustainable energy buildings and condominiums through techniques for energy efficiency, renewable energy and electric mobility. During 2011 EDP will continue to advance dedicated solutions for *smart grids* and the automated home - *domótica* - a term coined from the fusion of the Latin word *domus* (home) with robotics.

In sustainable construction the "green condo" stand out, with solar panels, geothermal pumps and energy efficient lighting among other innovations. The company has developed the concept of a Smart City to put into practice and test intelligent network systems, with a pilot project to be implemented in 2011 in Tremembé, in São Paulo.

Mindful of the latest developments in electric mobility we have installed our first vehicle recharging network, with 20 charging points in the States of São Paulo and Espírito Santo. The network is used by 90 bicycles donated by EDP to State police, Municipal guards and government environment secretaries. The objective of this project is to monitor activity, predicting consumption trends for a more widespread use of electric vehicles. Representatives of EDP in Brazil participated in the commission that went to Germany to get to know electric mobility projects which have been adopted in that country. Two accords are set to be signed in 2011 - with universities and a motorcycle manufacturer - for research on mobility.

Gathering ideas

New programs introduced in 2010 are designed to encourage employee participation in innovative activities and seek suggestions for process improvements.



Click Idea - An EDP Group corporate tool for collating ideas which arrived in Brazil in March. With voluntary participation from employees and evaluation by the Group Innovation Team, Click Idea gathers solutions proposed by employees in all EDP businesses units (Portugal, Spain, USA and Brazil).



Innovation Exchange - This initiative uses a pioneering format to seek new concepts from employees. The activity gained prominence due to the unique way of evaluating ideas, which are subject to a system similar to a stock exchange. In response to the challenges posed by the Innovation Committee, participants can analyze and invest in ideas from colleagues by "buying" the ideas. The Innovation Exchange ended 2010 with approximately 250 active participants (10% of the workforce) who had contributed with comments or investments. Participation is open to all employees of EDP in Brazil on a voluntary and anonymous basis, with ideas undergoing collective evaluation. Participation in assessments and suggestions are encouraged and are rewarded with prizes. During 2010 suggestions involved the following topics: customer service, community relations and cost reduction. In addition to promoting a culture of innovation this tool offers training on the basic functions of a stock exchange.



EDP University Challenge 2010 - EDP relations with academia included the EDP University Challenge 2010, open only to university students and focused on renewable energy. Students compete for scholarships and internships in the company through submission of business, marketing or communication plans relevant to EDP in Brazil activities.

Intelligent networks

Research on this energy sector trend relates to developing platforms for intelligent networks to obtain full interaction between distributors and customers. Noting the specifics of electrical networks, which are overground in most parts of the world and therefore subject to changes in climate, EDP initiated a unique project together with the National Institute for Space Research (INPE) to study intelligent networks in the context of climatic variations.

The ClimaGrid Project is expected to have a three year duration and will seek to incorporate data on wind, rain, vegetation, lightning and temperature as a simple and intuitive part of the electrical system. This knowledge will provide realistic practical conditions to improve EDP services. Because of its broad scope the project includes diverse areas such as sustainability, innovation, telecommunications, information technology, electricity distribution and transmission.

Employees from various sectors of EDP Escelsa and EDP Bandeirante have received basic training in meteorology, radar and satellites in preparation for the future use of this tool. Integrating tracking with the distributors' G.I.S. system allows immediate maintenance of electrical networks, forecasting problems, network design and planning, encouragement for the use of micro-generation through mapping of variables, and other additional services for the client.

In another partnership with INPE, this time through Enerpeixe (State of Tocantins), research into generation will provide greater operational security and reduced environmental impact. The goal is that company will receive information on the occurrence of atypical rains in the region with one month advance warning and with an accuracy of 90%. This predictability allows advance planning and preparation for water flows, preventing flooding of new areas as well contributing to local emergency plans in collaboration with Civil Defense authorities.

Investment in Research & Development

	EDP Bandeirante	EDP Escelsa	Energest	Investco (Lajeado consortium)	Enerpeixe
Number of projects completed in 2010	3	8	0	0	0
Number of projects commenced in 2010	15	15	6	4	4
Number of projects in progress	38	21	8	7	11
Amount invested in 2010 (R\$ million)	3.9	2.4	1.8	4.0	2.2

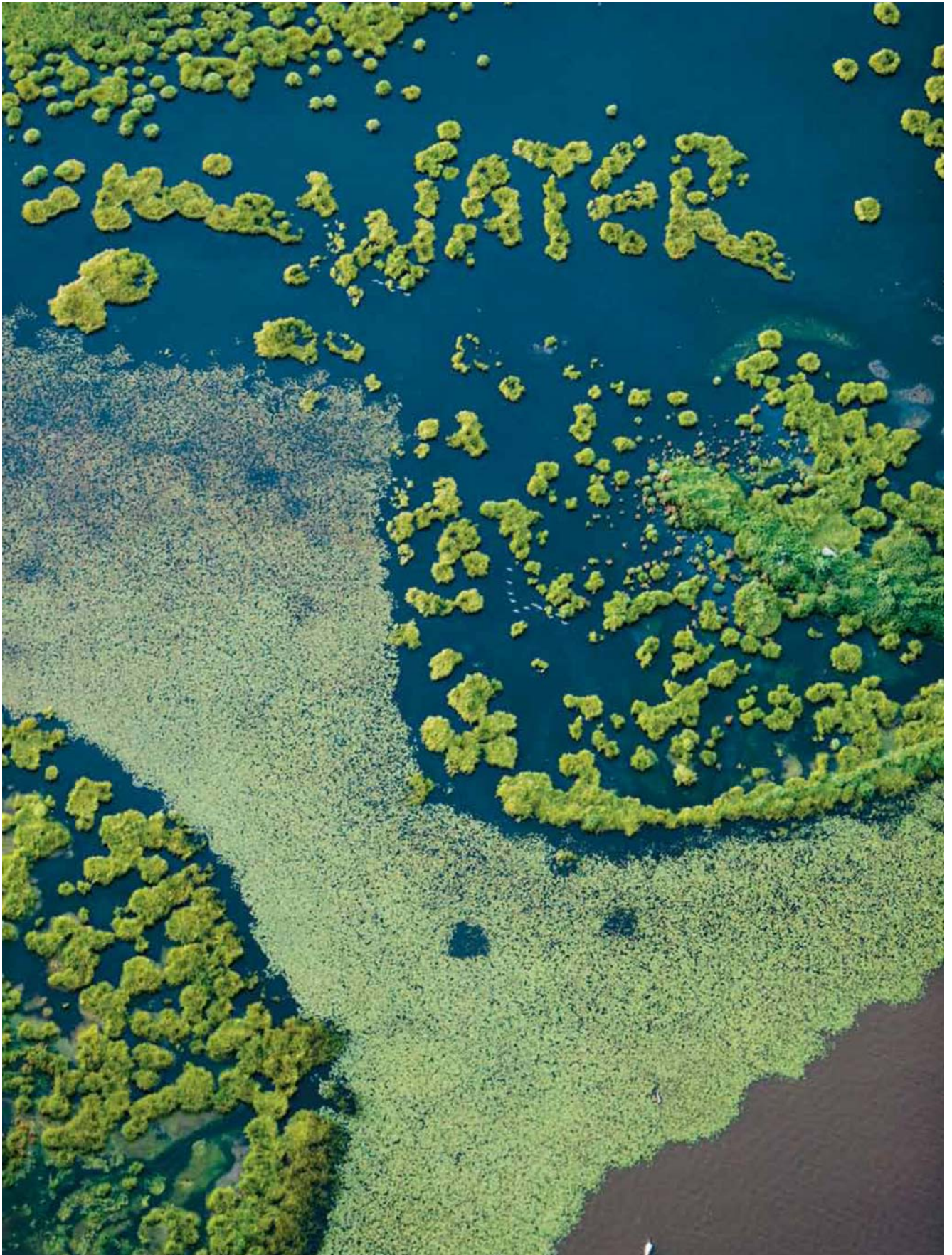
Principal research projects in 2010

Project	Company	Estimated value (R\$ thousands)	Expected duration (months)
Research Area: Social			
Development of a low frequency and low amplitude vibrating platform for preventing osteoporosis in post menopausal women with safety and efficacy.	EDP Bandeirante	279	24
Application of a model for valuation of environmental costs not initially considered in rural relocation processes during development of hydroelectric generation projects.	Enerpeixe	398	12
Validation, dissemination and implementation of a mini-mill to produce ethanol from sweet potato in resettled farms in the municipality of São Salvador do Tocantins.	Enerpeixe	579	24
Research Area: Environment			
Development of a methodology for environmental diagnosis of electrical substations.	EDP Bandeirante	711	24
Development of biological remedial technology using bio-stimulation and bio-augmentation for sites contaminated by isolating mineral oil associated with polychlorinated biphenyls (PCBs).	EDP Bandeirante	790	24
Evaluation of aversive stimuli for fish species in the River Tocantins to prevent them from entering turbines during plant maintenance stops.	Enerpeixe	1,360	24
Geotechnical studies and applications to determine socio-environmental impacts and constraints on generation plants.	Energest Lajeado	1,283	24
Identification of larvae and delineation of critical areas for spawning and early development of migratory fish.	Energest Lajeado	1,243	36
Monitoring population aspects of invasive mollusks and the use of ultrasound to remove and/or inhibit obstruction of hydro plant cooling pipes, rails, grids, sluices and submerged equipment.	Enerpeixe	1,015	24
Research Area: New energy sources			
Biodiesel production from micro algae which exist in hydroelectric reservoirs with use of residual biomass as an energy source.	EDP Bandeirante Energest	1,000	30
Development of diamond film solar cells (CdTe).	Consortium Lajeado and Energest	2,427	36
Characterization of the elephant grass production chain for electric power generation.	Energest Lajeado	2,158	24
Research Area: Metering			
Product line optimization and control of residential energy use for the <i>smart grid</i> concept.	EDP Bandeirante EDP Escelsa	214	12
Development of an electronic measuring module for power quality, in accordance with Prodist Module 8.	EDP Bandeirante EDP Escelsa	598	18
Research Area: Planning and operation			
Development of new technologies for intelligent networks to meet new challenges from climate change.	EDP Bandeirante EDP Escelsa	1,975	36
Intelligent Expert System for Optimal Design of Grounding Systems.	EDP Bandeirante	487	24
Optimizing hydroelectric plant dispatch for EDP in Brazil.	Energest Lajeado	462	12
Study of the incidence of extremes in rainfall variation in the Tocantins River basin with the aiming of advance operation of the plant's emergency plan to avoid possible weather disasters.	Enerpeixe	994	24
Research Area: Supervision, control and protection			
Real time network analysis using para-consistent logic for modeling uncertainty conditions for loads at non-monitored points.	EDP Bandeirante EDP Escelsa	2,144	24
Automated intelligent system for fault identification and location on electrical power distribution lines.	EDP Bandeirante EDP Escelsa	1,217	36
Development of a system, integrated with the dam safety diagnostic center, to monitor concrete and earth dam structures.	Consortium: Lajeado, Energest and Enerpeixe	1,997	36
Development of a methodology for early detection of damage in hydro generator isolation units by analyzing impedance spectra.	Consortium: Lajeado and Cesa	966	24
Integrated system for processing critical alarms (Sipac).	Enerpeixe	706	24
Research Area: Quality and reliability			
Development of a universal compensator with Short Duration Transient Variation correction.	EDP Bandeirante EDP Escelsa	1,343	36

Proposal for benchmarks for momentary voltage drop indicators in distribution systems.	EDP Bandeirante EDP Escelsa	1,416	24
Development and Implementation of a system for monitoring power quality in real time.	EDP Escelsa	397	24
Research Area: O&M (Organization and Methods)			
New paradigm for planning and managing maintenance for distribution systems based on continuity indicators.	EDP Bandeirante EDP Escelsa	640	24
Optimizing investment in actions to reduce non-technical losses.	EDP Bandeirante EDP Escelsa	896	24
Development of an <i>online</i> intelligent system for assessment of the reduction in working life of hydro generator components due to stress agents and changes in operating regime.	Energest Lajeado	3,390	42
Research Area: Reservoir analysis			
Intelligent geo-referenced supervisory system for reservoirs using an autonomous vehicle.	Energest Lajeado	3,456	36

More information on R&D projects can be requested by e-mail: ped@edpbr.com.br





OPERATIONAL PERFORMANCE

Growing market

Electricity consumption in Brazil grew 7.8% in 2010 with consumption rates exceeding the levels seen before the 2008-2009 crisis. According to data from the Federal Energy Research Company (EPE) total consumption reached 419,016 gigawatt-hours (GWh).

Growth in the residential and commercial sectors kept pace with the previous year, with increases of 6.3% and 5.9% respectively. In the residential sector the increase in consumption per customer (CPC) is highlighted, growing from 150.1 kWh to 153.9 kWh, accompanied by the addition of just over 2 million new customers. According to EPE this performance is due to the low rate of unemployment, increased wages and credit availability - especially for the purchase of electrical appliances.

The industrial sector has consolidated the recovery seen in the second half of 2009, with growth of 10.6% in the year. In the areas served by EDP industrial recovery was seen principally in rubber and plastics, metallurgy, chemicals, automobile production and ornamental stones.

Regulatory changes

Year 2010 was marked by several changes in the regulatory area. In early February distribution companies signed an amendment to their concession contract with ANEEL which changed the treatment of gains and losses accrued from sector charges included in electricity tariffs. The impact on the results of EDP in Brazil distribution companies totaled R\$ 34 million in the year, in favor of customers.

ANEEL also published Resolution 414/2010, which consolidated the rights and duties of consumers and distributors, incorporating other regulations. The impact of the resolution on EDP in Brazil distribution companies will not be significant, signifying only the installation service centers in a few cities in the concession areas and setting new deadlines for attending to customer requests for connection and reconnection.

Resolution 414 also incorporates Resolution 407/2010, which deals with changes in the criteria for application of the social tariff, which is now offered only to those customers who meet specific conditions and are enrolled in the Unified Register compiled by the Ministry of Social Development and Combat of Hunger. EDP reprogrammed its systems to adapt them to the new regulations and additionally entered into accords with local governments to ensure that the social tariff was correctly applied. Although this change caused significant adjustments in customer databases it assists in combating fraud and commercial losses as it provides greater access to social tariffs for low income consumers. Based on an early evaluation, the impact will be accommodated within normal company operations.

The company also worked on attending to the requirements of Resolutions 367, 395 and 396 of year 2009, created in order to standardize asset information sent to ANEEL. An inventory of all assets was prepared for integration with G.I.S., which will interface with SAP management software. The ANEEL Resolutions, despite having high cost and some risk associated with the large number of modifications required, stimulated greater asset record organization and alignment of internal systems.

The Interactive project was set up in late 2010 to ensure compliance with the regulations, comprised of executives, managers and employees in the Regulatory, Accounting, Technical, Procurement and IT areas of distribution business units, with assistance from external consultants.

In the generation sector there has been progress in regulation on the recalculation of assured energy from hydroelectric plants. The Ministry of Mines and Energy issued Ordinance no. 861, which established a methodology for an exceptional review of physical guarantees for hydro power plants with installed capacity exceeding 30 MW. This measure will benefit all re-powering projects (starting with the Mascarenhas hydro plant), providing clear rules for recalculation. EDP in Brazil participated in the discussions on this legislation together with the Brazilian Association of Independent Power Producers (Apine).

Revised tariffs

ANEEL approved the final version of the fifth periodic tariff review for EDP Escelsa, with an average of tariff adjustment of 7.19% for the period from August 7, 2010 to August 6, 2011. The main alterations were in the Reference Company value (R\$ 269.3 million), the Basis for Net Regulatory Remuneration (R\$ 1,297.1 million) and the Factor X component, with an index of 0.95% to be used in the calculation of adjustments in 2011 and 2012. EDP Escelsa filed an administrative appeal with ANEEL concerning the alteration of the market in the base-year and the level of non-technical losses which were considered by the agency in the tariff review process.

ANEEL approved an annual average tariff increase of 10.70% for EDP Bandeirante for the period October 23, 2010 to October 22, 2011. The average impact perceived by consumers was 7.91%, basically due to changes in sector charges.

ANEEL commenced public hearing 040/2010 in September 2010, which proposes numerous changes to the third tariff review cycle and will have a significant effect on the remuneration of distribution companies. In addition to an intensive collaborative dialog, electrical sector entities have presented formal statements to the regulator in order to refine the methodology to be applied and to ensure healthy business continuity.

Auctions

The auctions held in 2010 were only open to renewable energy projects. A policy of incentive for clean energy sources has been created, which is reflected in prices which are lower than previous years.

Two A-5 auctions were held during the year (for projects that require five years between the time of the auction and their operation), one A-3 auction (three years), one A-1 auction (one year), one reserve energy auction, plus an exclusive auction for the Belo Monte hydro power plant. The amount of new energy auctioned was around 5 GW average for regulated projects, in addition to 0.39 GW average related to reserve energy. Concessions were acquired for five new hydro power plants.

The participation of wind power projects in the Reserve Energy auctions stands out. Wind power has established itself as a competitive power source due to the incentives which it receives.

Energy from Belo Monte hydro plant was auctioned on April 20, 2010, with supply starting in 2015 for a 30 year period. Two consortia competed to acquire the concession for this project. In total 3,023 MW was auctioned with a unit value of 77.97 R\$/MWh, representing a discount of 6.2% over the initial price (83.00 R\$/MWh). Around 5% of the amount traded in the auction was purchased by EDP distributors.



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Generation: increased capacity

With the completion of re-powering at Rio Bonito small scale hydro, EDP in Brazil reached 1,741.1 MW of installed capacity at the end of 2010. Construction continued at the Porto do Pecém I thermoelectric plant (360 MW), the Tramandai wind farm (31,5 MW) and re-powering of the third generator at Mascarenhas hydro plant. Two small-scale hydro power projects were acquired in the State of Mato Grosso during November which will add a total capacity of 49.5 MW when completed in 2013.

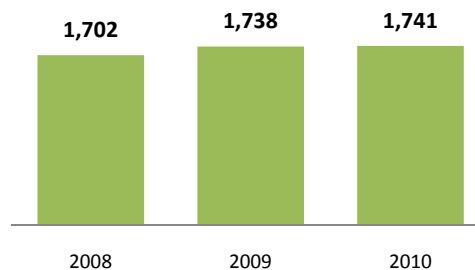
Net energy generated was 7,263 GWh, being 100% from renewable sources - hydro and wind power. Electricity sold totaled 8,309 GWh, up 4% on 2009, primarily due to an operation at Lajeado, where energy was purchased in the first quarter and later sold in the period from March to December.

There was unplanned outage at Peixe Angical due to a hidden manufacturing defect in the turbine which affected the operation of the generating units. Equipment which was not part of the original project was installed by the manufacturer without any cost to Enerpeixe. As a preventive measure this equipment is now integrated with two other machines. The outage was reported to the National System Operator (ONS), in order to avoid possible future penalties.

Net income from the generation business, disregarding eliminations, totaled R\$ 1,010.0 million, up 2.7% on 2009. EBITDA of R\$ 737.6 million showed an increase of 1.4%. Net profit reached R\$ 209.5 million, a drop of 24.8% in relation to 2009.

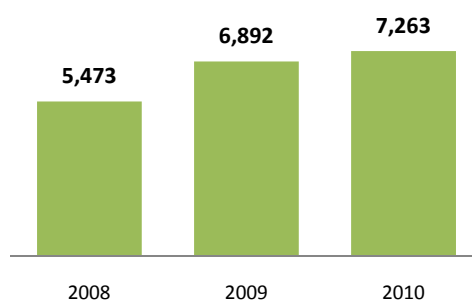
The company's generating capacity was composed of 100% renewable energy sources by the end of 2010. With completion of the works at Pecém thermoelectric plant in 2012 a total installed capacity of 2,200 MW is expected with 84% being renewable sources, which is in line with the Brazilian energy matrix and far higher than the world average.

Evolution of installed capacity (MW)

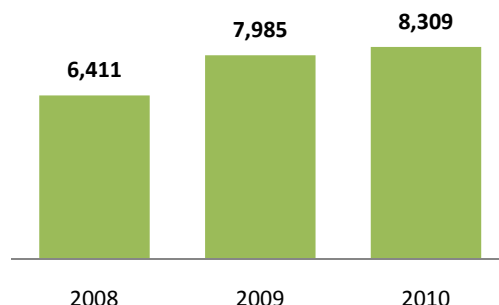


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Energy generated (GWh)



Energy sold (GWh)



Electricity generation sources - EDP 2010

	EDP in Brazil	Brazil	World
Renewable energy (hydro-electric, wind, wood and charcoal, sugar cane derivatives and others)	100%	85%	18%
Non-renewable energy (oil and oil products, natural gas, coal and uranium)	0	15%	82%

Source: National Energy Balance 2010 - preliminary data, relating to 2009 - Energy Research Company (EPE)

Availability of EDP generation capacity in 2010 was 94.14%. The indicator is calculated from the percentage of time during the year when a unit was available to generate energy, discounting all scheduled and unscheduled stops at the power plant.

Generation availability

% of year	2008	2009	2010
Energest ⁽¹⁾	94.75	94.98	92.66
Enerpeixe	86.48	92.48	94.30
EDP Lajeado	94.97	93.78	94.87
EDP Generation	92.94	92.88	94.14

GRI
EU30

(1) Energest includes Cesa, Costa Rica and Pantanal Energética generation assets

Coordinated operations

In 2010 we completed the reorganization of the EDP Group in Brazil, which involved the company and business units within EDP Renováveis Brasil S.A., Enernova S.A., Ipueiras Energia S.A. and Lajeado S.A. The objective was to rationalize and simplify corporate structure and activities, bringing combined benefits in administration, finances, cost reduction and operating expenses.

EDP In Brazil began directly exercising its shareholding in EDP Renováveis Brasil. In parallel, assets held by Enernova were incorporated and began to be administered by Ipueiras Energy.

EDP's power generation business consists of the following entities:

Energest - Directly and indirectly controls 15 power plants located in Espírito Santo and Mato Grosso do Sul, totaling 380 MW installed capacity.

Investco - Holder of 100% of the Luis Eduardo Magalhães hydro plant (UHE Lajeado) in the State of Tocantins; the largest capacity plant in which EDP has a stake (902.5 MW).

Enerpeixe - EDP has a 60% stake holding in the Peixe Angical hydroelectric plant located on the Tocantins River, which was constructed in partnership with Furnas. The installed capacity of the plant is 452 MW.

EDP Renováveis Brasil - EDP in Brazil holds a 45% stake in the company, which has two wind farms in Santa Catarina with 13.8 MW installed capacity, in addition to Tramandaí Wind Farm which is scheduled for operation in early 2011.

We obtained the renewal of operating licenses for Investco and Enerpeixe in early 2010. Investco received a license valid until February 2015 from the Tocantins Nature Institute (Naturatins). The Brazilian Institute of Environment and Natural Resources (IBAMA) granted the renewal of the Peixe Angical license for a further six years.

The inauguration of the Generation Operations Center (COG) took place in October. This unit centralizes the operation and control of 14 hydroelectric plants installed in the States of Mato Grosso do Sul and Espírito Santo and will additionally control the operation of Mascarenhas hydro plant when re-powering is complete in 2012. The COG, which received R\$ 800,000 in investment, is located in Serra (State of Espírito Santo) and is equipped with modern technology. Centralized operation, scheduling and analysis allow better planning, improved performance monitoring and better use of resources.

Another initiative involved setting up maintenance centers at decentralized locations which are closer to the assets. This system allows greater agility in response to maintenance requests.

Installed capacity

Power plants	Installed capacity (MW)	Assured energy (MW)
Tocantins - Hydro	1,354.5	798.0
Peixe Angical Hydro	452.0	271.0
Lajeado Hydro	902.5	527.0
Espírito Santo - Hydro	311.6	197.3
Mascarenhas Hydro ¹	180.5	127.0
Suíça Hydro	34.5	18.9
Alegre Hydro	2.1	1.3
Fruteiras Small-scale Hydro	8.7	5.6
Jucu Small-scale Hydro	4.8	2.9
Francisco Gros Small-scale Hydro (ex-Santa Fé)	29.0	16.4
São João Small-scale Hydro	25.0	14.7
Viçosa Small-scale Hydro	4.5	2.8
Rio Bonito Small-scale Hydro	22.5	9.4
Mato Grosso do Sul - Hydro	68.8	47.9
Mimoso Hydro	29.5	20.9
Costa Rica Small-scale Hydro	16.0	12.3
Paraíso Small-scale Hydro	21.6	13.3
Coxim Hydro	0.4	0.3
São João I Hydro	0.7	0.6
São João II Hydro	0.6	0.5
Santa Catarina - wind power	6.2	1.8
Água Doce ²	4.0	1.2
Horizonte ²	2.2	0.6
Total	1,741.1	1,046.7

(1) Assured energy will increase when the three new generators are in operation

(2) Values corresponding to 45% stake in EDP Renováveis Brasil

GRI
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Expansion activity

The biggest capacity expansion project currently in construction is the Porto do Pecém I thermoelectric plant in Ceará, where the company holds a 50% stake in partnership with MPX Energia. The thermal power plant will be fueled by imported coal and will have a capacity of 720 MW, of which 615 MW were sold in October 2007. The schedule foresees start of commercial operation before January 2012.

Porto do Pecém I is part of the Federal government's Accelerated Growth Program (PAC) and represents an important step in diversifying Brazil's power and energy supply, ensuring security of electrical energy supply for the country. The plant will use advanced technology for coal combustion (*Low NOx burner*) together with a flue gas desulfurizers (FGD) in order to reduce emissions and comply with the most stringent Brazilian and international legal requirements.

Other initiatives to increase generation capacity in 2010 include:

Mascarenhas Hydro - Re-powering to increase efficiency through improved technology, obtaining a higher generation capacity for the same volume of water. Located in Espírito Santo, Mascarenhas hydro has completed the first phase of expansion through modernization of one of the turbines that are part of the project. Two more turbines will be modernized with completion estimated for 2012 (one per year) providing a total increase of 17.5 MW. The re-powering process avoids impact on energy generation, which is not reduced during the works.

Couto Magalhães Hydro – The concession for this plant was granted in 2002. The hydroelectric plant is planned for construction on the Araguaia river, on the border between the States of Mato Grosso and Goiás. Following preparation of the Strategic Plan for the Tocantins Araguaia Basin (ANA - 2009), which was approved by the National Water Resources Council and by an Integrated Environmental Assessment (EPE-2010) without restrictions on the project, the process of assessing environmental liability (LP) entered the final stage, with Public Hearings to present the Environmental Studies (EIA-RIMA) occurring during October and November/2010. This will be the first hydroelectric plant on the River Araguaia and the installation will have a very low social and environmental impact, flooding only 9 km² and requiring relocation of four families with a total of six people. The plant will operate on a flow of the river system and will have a generating capacity of 150 MW.

Cabeça de Boi and Fazenda Small-scale hydros - EDP acquired two small-scale hydro generation projects in the State of Mato Grosso in November 2010: PCH Cabeça de Boi (30 MW) and PCH Fazenda (19.5 MW). Resources required for development cost (R\$ 304 million) did not affect the company investment plan since this already contemplated construction of small-scale hydros. The projects already possess development authorization and installation licenses, and have a concession contract through to August 2038. Start-up is planned for 2013. Final closure in project acquisition depends on the fulfillment of certain conditions precedent, including the formalization of the transfer of licenses and permits to EDP.

Tramandaí Wind Farm - The wind farm will begin operation in early 2011 with a generating capacity of 70 MW. The project is part of the operations acquired from Elebrás in 2009 and is administered by EDP Renováveis Brasil, in which EDP in Brazil has a 45% stake holding.

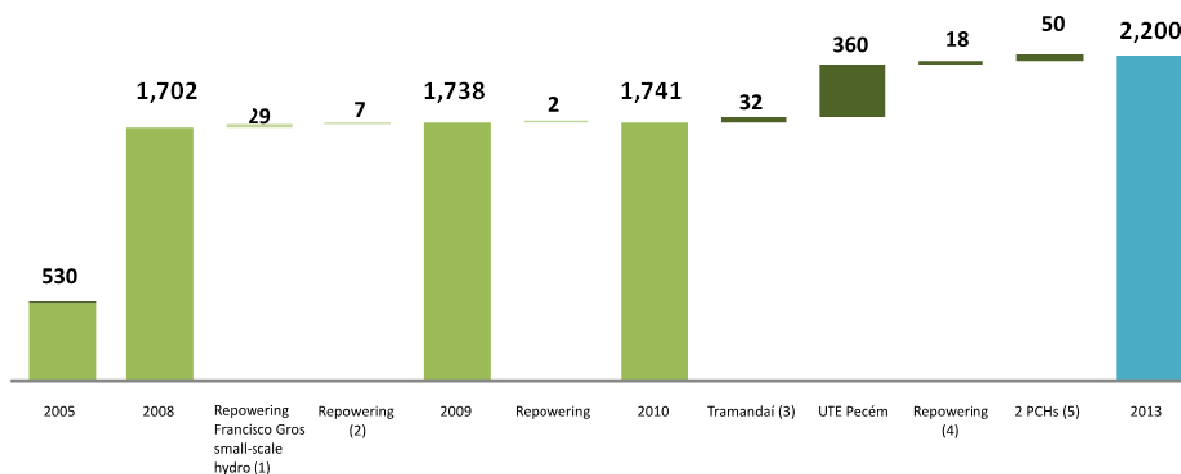
Growth in installed capacity (MW)

	2008	2009	2010
Hydro Sources			
Energest ⁽¹⁾	342.2	377.9	380.4
Lajeado	902.5	902.5	902.5
Enerpeixe	452.0	452.0	452.0
Wind Power ⁽²⁾			
Cenaeel	6.2	6.2	6.2
Total	1,702.9	1,738.6	1,741.1

(1) EDP consolidates all the generation assets of Cesa, Costa Rica and Pantanal Energética

(2) Corresponding to the 45% EDP in Brazil stake in the project.

Expansion of installed capacity (MW)



- (1) Francisco Gros was previously named Santa Fé;
 (2) Suíça hydro plant and 2 turbines at Rio Bonito small-scale hydro;
 (3) 45% stake of EDP Energias do Brasil in EDP Renováveis Brasil;
 (4) Mascarenhas Hydro;
 (5) Cabeça de Boi and Fazenda small-scale hydros.

Pecém Development

Porto do Pecém thermoelectric plant, in construction in the State of Ceará, is subject to strict environmental control criteria. The venture is a partnership between EDP in Brazil and MPX (each company holds 50% of the enterprise) with an investment of R\$ 1.3 billion financed by the Inter-American Development Bank (IDB), BNDES and European banks.

The thermoelectric plant will be fueled by coal, giving greater security of supply to the Brazilian electrical system by supplying power during period of low rainfall, which can compromise hydroelectric generation. With commercial operation scheduled for 2012, the plant will have 720 MW of capacity of which 631 MW is assured energy.

The technology which has been adopted is aligned to the latest environmental standards. Transfer of coal from the port to the plant will be via a 12 km tubular conveyor and will be humidified. A protective green belt composed of fast-growing trees is already under development around the plant. Quarterly project progress is appraised by IDB technical and safety audits.

Priority was given to using local labor, which has not reached a greater proportion of the workforce only due to the lack of qualified professionals in the State. During civil construction work 70% to 80% of workers were of local origin however specialization of the work has reduced that proportion during the year. The Technical Training and Manpower Utilization Program qualified 75 professionals to work in Construction, Industrial Welding and Industrial Mechanics.

The environmental license for the project established the Environmental Control and Monitoring Plan (PCMA) with a planned investment of R\$ 13.9 million. Much of the investments will be to improve quality of life through improvements in infrastructure in the municipality of São Gonçalo do Amarante.

The plan includes 17 initiatives. Prominent among these initiatives are educational activities for employees and communities during visits to plant construction, reclamation of degraded areas and wildlife protection. The plan includes the acquisition and installation of equipment for monitoring factors such as air and water quality. Social and environmental impact is fully monitored by biologists and geologists and a screening center will control any animal injuries.

Distribution: growth with efficiency

EDP in Brazil's distribution business in Brazil are operated by EDP Bandeirante and EDP Escelsa. Together they distributed 23,749 GWh in 2010, an increase of 11.4% over the previous year. Driven by demand from the new middle class, which has increased access to credit, energy consumption grew thanks to recovery in the industrial sector which reached higher consumption levels than in the period prior to the 2008 economic crisis.

Consolidated net revenue for distribution was R\$ 3,762.7 million with growth of 9.2% over the previous year. This growth extended to EBITDA (earnings before taxes, financial results, depreciation, amortization and non operational results) which reached R\$ 854.9 million (up 4.1%). Net income totaled R\$ 456.8 million, remaining stable compared to 2009.

EDP Bandeirante operates in 28 municipalities in the State of São Paulo concentrated in the Alto Tietê and Paraíba Valley regions. It serves 1.5 million customers and provides energy to a region with 4.5 million inhabitants. EDP Escelsa is the principle energy distributor in the State of Espírito Santo, serving 70 of the 78 municipalities in the State. It has 1.2 million customers among a population of 3.3 million inhabitants. It was the first electrical energy company to be privatized in Brazil, in 1995.

Concession profiles

	EDP Bandeirante	EDP Escelsa
State	São Paulo	Espírito Santo
Municipalities served	28	70
Population (million)	4.5	3.3
Billed customers (million)	1.5	1.2
Concession area (km ²)	9,644	41,241
Energy distributed (GWh)	14,310	9,439
Electricity sold to final consumers - captive (GWh)	8,999	5,212
No. of employees	1,069	963
Productivity (customer/employee)	1,403	1,246
Productivity (MWh distributed/employee)	13,386	9,802

Key characteristics of the Electrical system

	EDP Bandeirante		EDP Escelsa	
	2009	2010	2009	2010
No. of substations	59	59	77	83
Installed capacity (MVA) ⁽¹⁾	3,130	3,261	2,957	3,112
Distribution network (km)	25,230¹	26,631	56,934	57,870
High-voltage - greater than or equal to 69 kV	894	923	2,707	2,211
Medium-voltage - greater than 1kV and less than 69 kV	13,327	13,482	45,833	47,073
Low-voltage - less than 1kv	11,009	12,226	8,394	8,586
No. of distribution transformers	55,295	56,797	78,389¹	84,853
Urban	40,429	41,354	20,684 ¹	21,094
Rural	14,816	15,393	57,705	63,759
Underground	50	50	-	-
Installed capacity (MVA) - own	2,873	2,968	2,201 ¹	2,343
Distribution networks poles	515,246	521,228	506,380	584,511

(1) Revision to data published in 2009

GRI
EU4

System performance

Total energy required by the distribution system amounted to 27,072 GWh in 2010, 10.7% above the previous year. Supply to end customers and own consumption and supply reached 14,715 GWh, an increase of 5.9%. Energy in transit and distribution to free market customers was equivalent to 9,034 GWh, 21.7% higher than 2009 (7,423 GWh).

Energy balance 2010 (MWh)

Itaipu + Proinfa 4,803,643	16.9%	(-)	Itaipu losses 219,624	Energy required 27,072,213	(=)	Provision 14,225,221	52.5%
Bilateral 3,093,172	10.9%		Transmission network losses 332,306			Supply 489,671	1.8%
Auctions 10,997,507	38.8%		Short term adjustments 2,272			Distribution Losses 3,323,312	12.3%
Short term purchases 428,512	1.5%		Short term sales 730,428			Energy in transit 9,034,009	33.4%
Energy in transit 9,034,009	31.9%						

GRI
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Market trends

Captive market - Consolidated growth of 5.8% in 2010 was driven mainly by increased consumption in the industrial sector due to post-crisis recovery during 2010. Another factor that had a positive impact on the captive market was growth in residential and commercial consumption, linked to an increase in household income and a reduction in the level of unemployment. Residential and commercial customer classes showed increases of 4.0% and 4.2% respectively. The increase of 9.8% in the industrial sector reflects recovery of consumption through post-crisis growth. For comparison, captive industrial consumption in 2010 was 3.2% greater than in year 2008, which was a year less affected by the crisis.

Free market - In 2010 there was an increase of 21.7% in energy in transit. This result is affected by a lower basis for comparison due to the effects of the international economic crisis on business in 2009. Compared to 2008, when the impact of the crisis was lower, energy in transit shows an increase of 5.5% for 2010. Both distribution companies registered a migration during the year, with 12 captive customers moving to the free market.

Market development

	No. of customers			Energy (MWh)		
	2009	2010	Variation 2010/2009	2009	2010	Variation 2010/2009
Distribution						
Residential	2,282,266	2,342,008	2.6%	4,704,227	4,893,569	4.0%
Industrial	20,876	21,941	5.1%	3,906,216	4,290,504	9.8%
Commercial	191,440	193,808	1.2%	2,781,321	2,897,925	4.2%
Rural	150,226	160,201	6.6%	609,038	660,799	8.5%
Other ⁽¹⁾	22,803	22,387	-1.8%	1,425,446	1,468,587	3.0%
Electricity sold to end customers	2,667,611	2,740,345	2.7%	13,426,248	14,211,384	5.8%
Conventional supply	1	1	0.0%	417,047	455,667	9.3%
Supply	2	2	0.0%	32,878	34,005	3.4%
Energy in transit (U.S.D.) ⁽²⁾	107	120	12.1%	7,423,297	9,034,008	21.7%
Own consumption	253	261	3.2%	13,695	13,836	1.0%
Total energy distributed	2,667,974	2,740,729	2.7%	21,313,165	23,748,900	11.4%

(1) Others: Government, public lighting and public service.

(2) U.S.D. - Use of the Distribution System

Combating losses

Commercial losses were reduced in both distributors in relation to December 2009: from 6.0% down to 5.6% in EDP Bandeirante and from 6.8% to 5.7% in EDP Escelsa. In both distributors there was an increase in the physical quantity of technical losses, however this translated to a reduction of 0.47 percentage points in the case of EDP Escelsa and an increase of 0.30 p.p. in the case of EDP Bandeirante in comparison to December last year.

The distribution companies spent R\$ 60.4 million on programs to combat losses during 2010. Of the total resources allocated to these programs R\$ 38.7 million was destined to operational investments (meter replacement, special network installation and remote metering) and R\$ 21.7 million was destined to manageable costs (inspection and removal of illegal connections).

The concessionaires undertook around 266,000 spot checks, regularized 20,400 illegal connections and removed 116,000 illegal connections, resulting in recovery of around R\$ 24.8 million in revenue. The effectiveness of initiatives to combat commercial losses is expressive, both in terms of revenue recovered as a result of these actions and in curbing fraud and illegal connections.

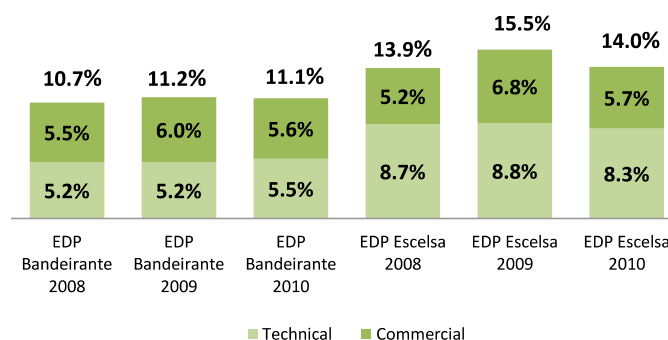
Other actions taken by EDP Bandeirante to reduce non-technical losses included: remote meter reading of 100% of group A customers; external meter reading at 121 medium-voltage installations; the Good Solar Energy Project for energy efficiency in 1,680 apartments in partnership with CDHU, which is a pioneer project in Brazil for apartment blocks.

EDP Escelsa installed 620 external meter reading units at medium to large scale customers, allowing the Metering Center to track and monitor data in real time. It is now possible to identify irregularities on-line and dispatch field teams to undertake site checks.

EDP Bandeirante had installed remote meter reading at all medium-voltage customers by the end of 2010, which accounts for half of company revenues. EDP Escelsa continues with a strong investment program in this area and electronic meters accounted for more than 23.2% of installed equipment by the end of 2010. Distribution network isolators were installed in the supply to 36,000 consumer units and over the last three years more than 72,000 installations were visited as part of the Fraud Combat Program. All EDP Escelsa medium-voltage customers (40% of consumption) should be screened and have real-time monitoring by 2012.

The distributors have launched a project aimed at guaranteeing revenue (Revenue Assurance). A specialist consultant was contracted to develop and improve a model for management of losses based on best practices, development of innovative processes and actions, and an action plan to capture value.

Technical and commercial losses



Non-payment

In 2010 the rate of non-payment fell by 17.5% in relation to the previous year with 879,724 disconnections, 17% more than the previous year. Following discharge of outstanding bills reconnection is effected in less than 24 hours for 97.3% of customers in São Paulo and 67.2% of customers in Espírito Santo.

GRI
EU27

Disconnections and reconnections

	2009		2010	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Disconnections	223,208	193,964	224,659	212,247
Reconnections	174,516	160,807	210,610	232,208
Total	397,724	354,771	435,269	444,455
Time for reconnection following payment (% of customers)				
Less than 24 hours	68.0%	48.0%	97.3%	67.2%
Between 24 hours and 1 week	10.2%	15.1%	2.3%	31.7%
Over 1 week	21.8%	36.9%	0.5%	1.1%

Control of bad debt (R\$ million) *

	2008	2009	2010
EDP Bandeirante	90	130	101
EDP Escelsa	72	87	78
Total	162	217	179

* Refers to debt overdue in the year, excluding losses

Developments in quality

To avoid incidents caused by climatic variations, such as those that occurred in January 2010 in São Paulo, there has been significant investment in preventive maintenance. EDP Bandeirante intensified live-line activities through training and acquisition of special equipment. Despite higher initial costs live-line maintenance offers greater security and productivity since it permits unscheduled access to the network at any time.

Distribution units have adopted the Kaizen continuous improvement philosophy, as projected by the +Lean Project action timetable. The +Lean project follows the 'do more with less' system (less time, effort, space and equipment). With simple procedures for the standardization of processes we have obtained quicker response times and better workplace organization. Reduced travel time for maintenance and lower average preparation time for service teams are among other results.

The distribution system was expanded in the State of Espírito Santo with new substations being inaugurated at Goiabeiras, Manguinhos and Boa Esperança in the cities of Vitória, Serra, and Boa Esperança, respectively. These new units represent an investment of R\$ 21.7 million and offer greater operational flexibility, benefiting 231,000 inhabitants. Other EDP Escelsa initiatives that contributed to improvement in quality indicators include the addition of 68 remote operated restoration controls, which now total 432 on the medium-voltage network, and connection of seven new substations to the Supervisory Control System, which now totals 83 remote controlled substations.

The Pedreira substation in Itaquaquecetuba will enter in operation in the EDP Bandeirante area, allowing for the connection of a further 40,000 residential customers. The distributor has integrated its systems with those of São Paulo Electrical Energy Transmission Company (CTEEP), allowing real-time monitoring of the principal transmission network feeding the company's substations.

Vitória, which is served by EDP Escelsa, was the Brazilian State capital with the lowest Average Interruption Duration per Customer (DEC) in 2010. The city obtained this rating for the seventh consecutive year, with an average of only 10.7 hours of interruption in power supply throughout the year. Other quality of service indicators set by the regulatory body witness our investments in expansion, modernization and automation.

Quality indicators

GRI
EU28
EU29

	2008				2009				2010			
	DEC (hours)	FEC (times)	Ref. ANEEL	TMA (min)	DEC (hours)	FEC (times)	Ref. ANEEL	TMA (min)	DEC (hours)	FEC (times)	Ref. ANEEL	TMA (min)
EDP Bandeirante	11.34	6.30	DEC 11.9 FEC 9.6	171	12.77	6.43	DEC 11.9 FEC 9.6	186	12.18	7.05	DEC 10.2 FEC 8.82	189
EDP Escelsa	10.67	6.93	DEC 12.4 FEC 10.4	167	11.44	6.91	DEC 11.7 FEC 9.69	190	8.95	6.26	DEC 11.49 FEC 9.12	182

DEC: Average Interruption Duration per Customer | FEC: Frequency of Interruptions per Customer | TMA: Average Attendance Time

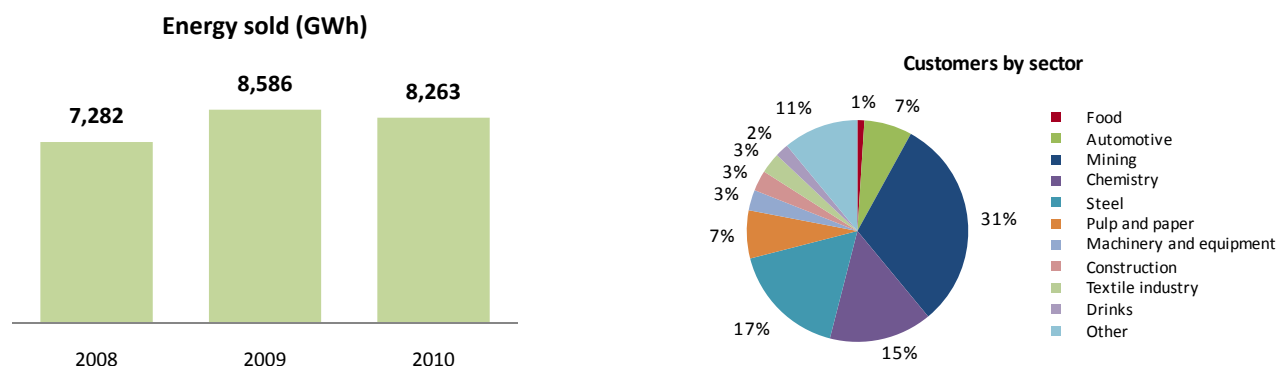
Trading: offering further services

The trading unit of EDP serves customers in the free energy market both inside and outside the concession areas and has a strategic role in the business activity of the holding company. Operations include the provision of feasibility studies for contracting energy in the competitive market, energy contracting, risk management, identifying opportunities for energy cost reduction and a host of other services.

Traded electricity amounted to 8,263 GWh in 2010, down 5.2% over the previous year when 8,715 GWh was commercialized.

The reduction in traded energy was the result of a strategy to seize short term opportunities during 2009 at a time when the Settlement Price of Differences (PLD) was at a low level, favoring market liquidity. Contracts were also sold in the Adjustment Auctions in 2009 which led the trading unit to break monthly energy trading records during the year.

Net revenue totaled R\$ 741.4 million, down 2.9% compared to 2009. The decrease in revenues was due primarily to reduced trading volume. EBITDA was R\$ 22.5 million and net income was R\$ 16.7 million, down 36.5% and 33.2% respectively on 2009. These reductions stem mainly from the non-recurring impact in 2009 of the reversal of a provision made against Ampla in virtue of an arbitration decision.

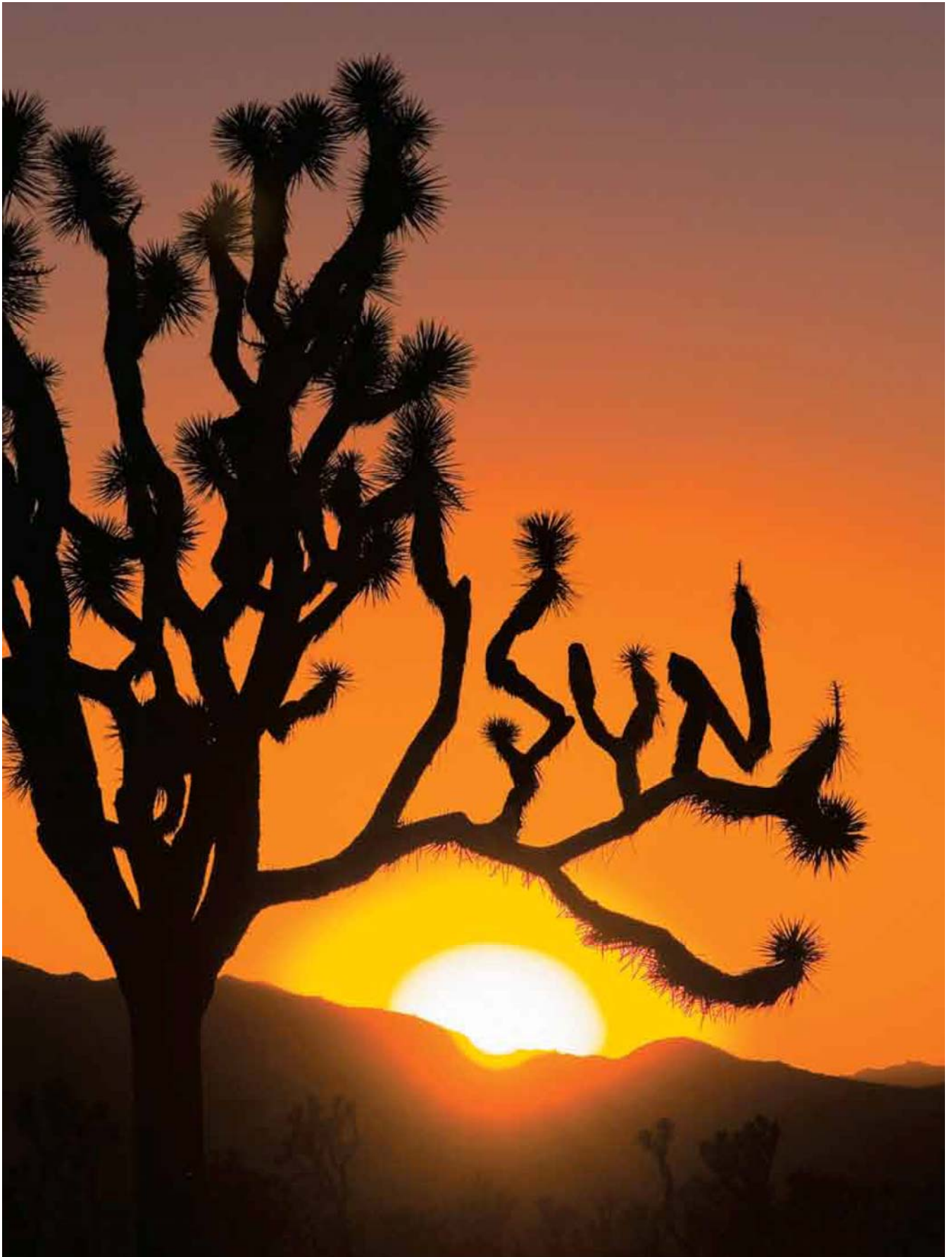


Customer needs

The trading company offers services which include the fabrication of distribution panels (medium customers), substations and transmission lines (large customers) as well insurance plans, medical plans and other services. During May a modern power substation was delivered to Vale Soluções e Energia in São Jose dos Campos (State of São Paulo), having been built in record time. A further five client substations were under construction in 2010.

In harmony with other group companies the Trading unit consolidated a new service line: energy efficiency. The services are based on the requirement of medium and large customers to align their activities to more sustainable energy alternatives. The Trading unit leverages EDP in Brazil's accumulated knowledge of energy efficiency to enable customers to improve project economics by reducing energy consumption.

These projects include a complete diagnosis of economy opportunities and actions are taken in improving infrastructure efficiency (lighting and compressed air, with the exchange of equipment and accessories, among others). Services are not restricted to the electricity network: energy is considered as a whole and incorporates cogeneration and water reuse in initiatives that combine consumption reduction and environmental preservation. Initial negotiations for these contracts took place during the year and the goal is to further expand this type of service in the coming years.



ECONOMIC AND FINANCIAL PERFORMANCE

Increasing Returns

Wealth Generation

The added value evidences the company's wealth generation capacity and social effects produced by the distribution of resources among shareholders, employees, lenders, government and society. It is calculated as the difference between the revenue from the sale of products and services and the burden of payment for goods and services purchased from third parties, depreciation and amortization.

In 2010, the added value by EDP in Brazil came to R\$ 4.1 billion (8.3% % over 2009), and 14.7% in retained earnings, after deducting the -2.9% stake belonging to the shareholders. The balance was broken down as follows: 1) government and company (taxes): 67.3%; 2) financing (interest and rent): 12.5%; 3) employees: 5.5%.

Consolidated Statement of added value

For the years ended December 31 (R\$ thousands)	2008	2009 ⁽¹⁾	2010 ⁽¹⁾
Added value generation	6,890,690	7,032,375	7,674,464
Operating revenue	6,953,014	7,013,608	7,738,065
Provision for loan losses and net losses	-70,916	-36,682	-76,075
Other income	8,592	55,449	12,474
(-) Inputs purchased from third parties	-2,886,019	3,052,660	-3,430,691
Cost of purchased power	-1,909,517	-2,038,331	-2,286,978
Charges for use of transmission and distribution system	-466,999	-517,842	-652,876
Materials	-46,670	-29,636	-26,635
Outsourced Services	-328,059	-284,653	-322,117
Other operating costs	-134,774	-182,198	-142,085
Gross value added	4,004,671	3,979,715	4,243,773
Depreciation and amortization	-446,646	-334,106	-357,978
Net value added produced	3,558,025	3,645,609	3,885,795
Financial income	223,942	270,927	337,972
Minority interest	-102,998	-146,850	-136,926
Equity income		-407	-1,837
Total added value to allocate	3,678,969	3,769,279	4,085,004
Allocation of added value			
Staff	245,207	223,000	223,937
Direct Compensation	180,574	157,759	154,514
Benefits	44,727	44,280	51,397
FGTS	19,906	20,961	18,026
Taxes and contributions	2,631,973	2,493,833	2,752,165
Federal	1,395,379	1,265,703	1,373,148
State	1,229,628	1,223,443	1,373,320
Municipal	6,966	4,687	5,697
Compensation of third party stocks	406,539	340,980	509,187
Interest	396,348	332,149	495,632
Rentals	10,191	8,831	13,555
Return on company's own capital	243,742	-194,808	-118,420
Dividends and interest on equity	237,271	-210,580	-135,577
Founder's shares	6,471	15,772	17,157
	3,527,461	2,863,005	3,366,869
Profits	151,508	906,274	718,135
Return on company's own capital	-	-194,808	-118,240
Retained earnings⁽²⁾	-	711,466	599,715

(1) The 2008 income follows the BR GAAP standard. Those relating to 2009 and 2010 adopt IFRS in financial statements.

(2) In 2009 and 2010 the amounts relating to return on company's own capital, consisting of the Dividend rates, interest on equity and the Founder's shares were deducted from Retained profits.

Consolidated revenues

In 2010, net operating revenue totaled R\$ 5,034.3 million, up 8.9% over the previous year. The main determinants of the evolution of net revenue were:

In generation:

- 4.0% increase in the volume of energy sold, due to an operation in Lajeado (power purchase and sale in the first quarter in the same purchase volume from March to December).

In Distribution:

- 5.8% increase in the volume of electric energy sold to final customers.
- 21.7% increase in the volume of energy distributed to free customers in 2010. For comparison, the energy distributed to free customers verified in 2010 was 5.5% higher than in 2008.

On sale:

- 2.9% reduction in 2010 compared to the previous year, mainly due to the 5.2% drop in trading volume.

Operating Revenues (R\$ thousands)

	2008	2009	2010	Change (%) 2009/2010
Gross operating revenue	6,953,014	7,013,608	7,738,056	10.3
Electric power supply	2,616,395	2,635,603	2,853,989	8.3
Electric power supply	562,432	925,980	1,009,947	9.1
Availability of the distribution and transmission system	3,553,490	3,274,850	3,535,234	8.0
Other operating revenues	220,697	177,175	338,895	91.3
Deductions from operating revenue	-2,342,522	-2,391,906	-2,703,749	13.0
Subsidy – CCC & CDE	-360,061	-367,144	-415,653	13.2
Research and Development	-47,107	-42,653	-45,922	7.7
Share for reversal from global reserve	-40,082	-41,890	-43,595	4.1
Emergency capacity charges	4	0	0	0.0
Other charges	-	-34,270	-44,634	30.2
Taxes on income	-1,895,276	-1,905,949	-2,153,945	13.0
Net operating income	4,610,492	4,621,702	5,034,316	8.9

Operating Expenses

Operating expenses totaled R\$ 3,842.2 million, up 11.1% over 2009.

In the accumulate total of 2010, the manageable spending, less depreciation and amortization, totaled R\$ 743.0 million, 0.4% lower as compared to 2009 and showing a decrease for the third consecutive year.

Manageable spending (R\$ thousands)

	2008	2009	2010	Variance (%) 2009/2010
Staff	279,004	261,586	266,680	1.9
Material	46,922	24,236	22,316	-7.9
Outsourced Services	326,646	284,653	324,499	14.0
Provisions	97,297	71,540	83,432	16.6
Other	84,297	103,680	46,051	-55.6
	834,166	745,695	742,978	-0.4
Depreciation and amortization	446,646	334,106	357,978	7.1
Total manageable spending	1,280,812	1,079,801	1,100,956	2.0
IGP-M (12 months) *	-	-	-	11.3

* Source: FGV

The non-manageable expenses (related to the purchase of energy, charges for use of the power grid and Aneel's inspection fee) totaled R\$ 2,741.3 million, 15.2% over the previous year. The main influences were:

- Reduction of amount of energy purchased from Itaipu (-R\$ 62.9 million), reflecting the reduction of quotas allocated to the Group's distributors (-3.3%), apart from the average Dollar devaluation of 2010 and the average 1.6% reduction in the Dollar-rated tariff;
- Energy increase bought in auction (+R\$ 262.6 million) needed to meet market growth. There was also an increase in the average purchase price of energy, restated by the IPCA index;
- The Service Charge account of the System (ESS) showed a balance significantly higher than in 2009, mainly due to the power restriction order from UTE Termonorte and by the lower volume of rainfall in the period.
- Beginning of the Reserve Power Charge (EER) in 2009, and in 2010 new plants were incorporated to increase the safety of energy supply to the National Integrated System (SIN), with impact on the increase of this charge.

EBITDA and EBITDA margin

In 2010, the consolidated EBITDA (earnings before taxes, financial income, depreciation, amortization and non operational income) totaled R\$ 1,549.9 million, an increase of 3.5% over the previous year. The consolidated EBITDA margin fell by 1.6 percentage points, reaching 30.8%.

Financial income

The consolidated net financial expenditure in 2010 was R\$ 177.0 million, higher than the expenditure of R\$ 82.0 million in 2009. The financial costs of mark-to-market restatements and current indebtedness value restatements contributed to this income.

Net profit

Because of the analyzed effects, the consolidated net profit reached R\$ 582.6 million in 2010, 16.3% less than in 2009. This reduction impacted the ESC 90 company divestiture in 2009 with positive profit of R\$ 121 million. Excluding this impact, profit would have shown growth of 1.4% in the year.

Indebtedness

The consolidated gross debt totaled R\$ 3,385.9 million in December 2010, meaning 6.0% increase compared to December 2009.

The change in gross debt in 2010 came mostly as a result of: (i) conclusion of the fourth issue of EDP Bandeirante debentures in the amount of R\$ 390 million in July, (ii) uptake in EDP Escelsa of R\$ 135 million in Commercial Credit Note (NCC) with Banco do Brasil in May, (iii) amortization of EDP Bandeirante promissory note in the amount of R\$ 253 million in May, and (iv) amortization of the third issue of EDP Bandeirante debentures in the amount of R\$ 94 million in February.

With the maturity of the EDP Bandeirante promissory note and new uptakes carried out over the year, the average consolidated debt went from 4.3 years in December 2009 to 5.1 years in December 2010.

Of the total gross debt on December 31, 2010, 7.9% were denominated in foreign currency, of which 99.7% protected from exchange rate through *hedging* instruments, resulting in a net exposure of 0.3%.

The average cost of debt in December 2010 was 8.8% per year compared to 8.9% per year in late 2009, taking into account capitalized interest on debts.

The short-term debt totaled R\$ 607.4 million. Of this amount, R\$ 314.4 million relates to the allocation and R\$ 293.0 million to generation. In the allocations throughout 2011, the EDP Bandeirante and EDP Escelsa debentures will be amortized, totaling R\$ 171 million. In generation, the maturities derive from funds borrowed for the construction of power plants.

Net debt, considering the amount of R\$ 1,126.4 million of cash and cash equivalents reached R\$ 2,259.5 million on December 31, 2010, an increase of 8% compared to December 2009 due to an increase of 6% (R\$ 192.6 million) in gross debt and 2% expenses (R\$ 24.4 million) in net cash and cash equivalents at the end of 2010.

The net debt/EBITDA ratio ended the year at 1.5 times, compared to 1.3 times in December 2009.

Innovative Financing

In March 2010, the European Investment Bank (EIB) approved a credit line of up to € 90 million for widening and strengthening the power grid in the distribution area of EDP in Brazil. Available until December 2011, the resource was not disbursed in 2010.

In an unusual operation in June, EDP Escelsa joined the loan agreement in the form of Agroindustrial Credit from Banco do Brasil, as a supplier of the agricultural sector. The R\$ 135 million funding (100% of CDI, due in 2015) will be used to finance the working capital of EDP Escelsa, as well as to maintain its capital structure and debt extension.

In the financing of wind farms, EDP made a bridge loan with Banco do Brasil in the amount of R\$ 200 million to finance the construction of the Wind Park of Tramandaí. The objective was to advance funds until release of the BNDES credit line, which became available only in late 2010 and will serve to repay Banco do Brasil.

Loan from BNDES for the works of the Thermoelectric Power Plant at the port of Pecém I had 77% of the R\$ 1.4 billion total disbursed by December 2010. Out of the BID loan (which totals R\$ 327 million), disbursements amounted to US\$ 320 million.

Debentures - In July 2010, the fourth issuance of simple debentures of EDP Bandeirante was finished with the issuance of 39,000 debentures and total value of R\$ 390 million. With a six-year term it was the longest operation in CDIs ever registered on the market after the 2008 economic crisis. The payment of compensatory interest will be semiannual and repayments of the principal will semiannual as of the 48th month. With the proceeds from the issuance, the company will make cash replenishment, partial payment of debt and finance the working capital.

Ratings in evolution

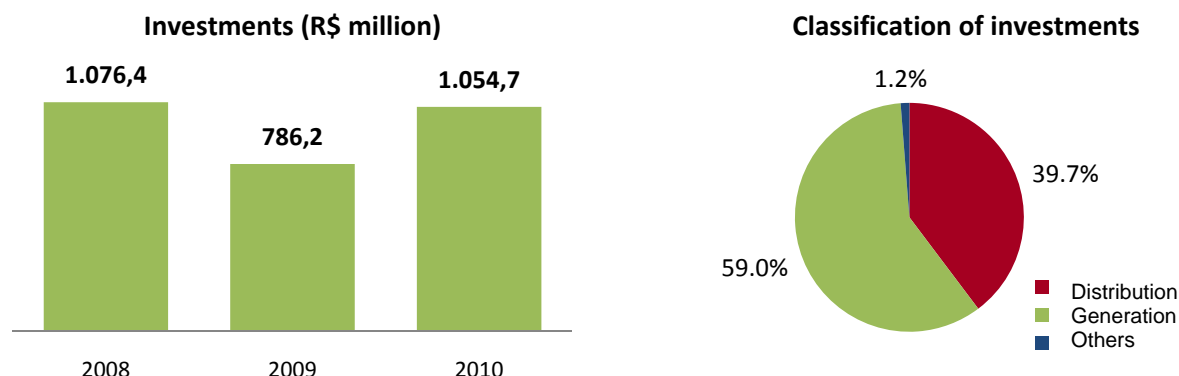
The corporate credit *ratings* and the third issuance of debentures allocated to EDP Bandeirante by Standard & Poor's have been upgraded from "brAA-" to "brAA+". The favorable review encompassed the corporate credit *ratings* and the first debenture issue of EDP Escelsa, who went from "brA+" to "brAA". Both upgrades result from a solid cash generation and financial indicators presented in the previous year.

Since March 4, 2009, Moody's Latin America maintains the *ratings* of the Issuer EDP Bandeirante and EDP Escelsa ranking as Baa3 in the global scale and Aa1.br in the domestic scale. Thus, the EDP distributors in Brazil remain within a select group of Brazilian companies that have investment grade ratings on global scale. Within the same period, *Moody's* maintained the issuer *ratings* in the local currency of EDP in Brazil at Ba1 on the global scale and at Aa2.br on the national scale. The outlook for these *ratings* is stable.

Investments to grow

Over the past five years, EDP invested R\$ 4.4 billion, one of the largest volumes applied by companies in the energy sector in Brazil. In 2010, the value totaled R\$ 1,054.7 million, 34.2% more than the previous year, highlighting the resources devoted to the works of the thermoelectric plant at Pecém, which corresponded to R\$ 504.8 million (47.9% of total).

Investments in generation totaled R\$ 622.6 million in 2010, 52.1% more than in the previous year. The increase is mainly explained by: increased resources for the construction of UTE Port of Pecém, given the current stage of the



works; Investco's environmental permits, and repowering of the UHE Mascarenhas hydroelectric plant (17.5 MW) and PCH Rio Bonito (1.9 MW).

Investments (US\$ thousands)

	2008	2009	2010	2010/2009 Variance
Allocation	478,887	368,996	419,034	13.6%
EDP Bandeirante	160,089	147,565	204,434	38.5%
EDP Escelsa	224,765	221,431	214,600	- 3.1%
Enersul (1)	94,033	-	-	-
Generation	595,269	409,307	622,610	52.1%
Enerpeixe	12,311	21,080	13,631	- 35.3%
Energest	92,250	67,348	60,788	- 9.7%
Lajeado/Investco	8,766	12,368	30,794	149.0%
Francisco Gros (Santa Fe)	74,936	41,758	12,620	- 69.8%
Pecém	407,006	266,753	504,777	89.2%
Other	2,217	7,471	13,013	74.2%
Total	1,076,373	785,774	1,054,657	34.2%

(1) Enersul is no longer part of EDP's portfolio, after an exchange of assets with the Rede Group.

In the allocation, the investments, including special obligations, totaled R\$ 419.0 million, up 13.6% compared to 2009. The bulk (52.8%) went to the expansion of lines, substations and distribution networks for connecting new customers and in the installation of metering systems. Below US\$ 81.2 million referred to the improvement of the network to replace equipment, obsolete and depreciated meters, and reconditioning of the network conduits in late usable life. The urban and rural universalization programs as well as the Power for All Program received US\$ 30.7 million, providing the link and access for consumers to the energy services. In addition, £ 86.2 million was invested in telecommunications, computers and other activities.

Investments in distribution (R\$ thousands)

	Total 2008 ⁽¹⁾	Total 2009	2010		
			Total	EDP Bandeirante	EDP Escelsa
Network Expansion	151,117	159,545	220,991	125,498	95,493
Network upgrade	107,341	98,438	81,177	50,780	30,397
Universalization (rural + urban)	85,037	43,446	30,690	7,003	23,687
Telecommunications, IT and other	135,392	67,567	86,176	21,153	65,023
Subtotal	478,887	368,996	419,034	204,434	214,600
(-) Special Duties	32,662	47,880	-42,261	-15,486	-26,775
Net investment	446,225	321,116	376,773	188,948	187,825

(1) Includes R\$ 90.4 million related to investments in Enersul

Investment Committee

With the strategic target of growing in generation, EDP in Brazil will invest about R\$ 764.2 million in 2011, especially on UTE (Thermoelectric Plant) Port of Pecém I and repowering of UHE (Hydroelectric plant) Mascarenhas. The start of works is scheduled for 2012.

The investment decisions go through an evaluation process that includes an Investment Committee, the Board of directors and the Administrative Council. The Committee is composed of vice presidents, the Finance and Business Development directors and a representative of the Board of Business Analysis of EDP Portugal. According to topic matters evaluated, professionals are invited from other areas of the company. The committee reviews the engineering solutions and environmental issues, risks and compliance of the proposed financing structures to business strategy, among other things. If approved by the department, the project is presented to the Board and, if deemed relevant and viable, is referred for approval of the Board of Directors.

In new projects or in expansion and enhancement works of the power grid, all investment contracts and derivative projects include requirements for social and environmental aspects as well as the respect for human rights.

GRI
HR1

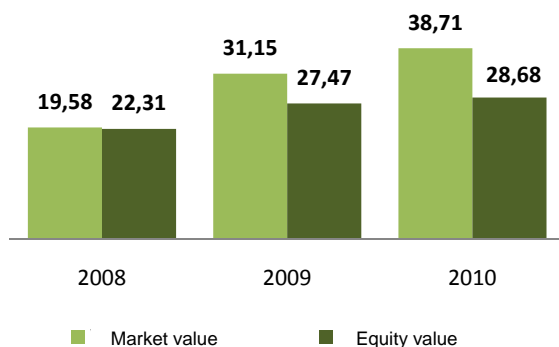
Human rights in investment contracts

	2007	2008	2009	2010
Total number of contracts	686	653	548	622
% of contracts with human rights clauses	80	100	100	100

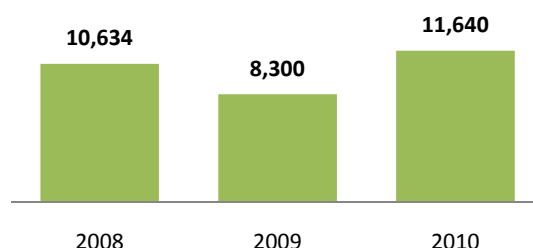
Stock shares as investment

With 23.9% appreciation in the 12-month accumulated total, the EDP shares in Brazil ended the year trading at R\$ 38.71, outperforming IBovespa and the Electric Power Index (IEE), which appreciated 1.0% and 11.9%, respectively. The company's market value reached R\$ 6.1 billion (R\$ 5.3 billion in 2009). The Company's securities reported negotiations at 100% of the year's tradings, with a volume of 81.5 million and a daily average of 329,900 titles. The volume totaled R\$ 2,875 million, with a daily average of \$ 11.6 million.

Value of share (R\$)



Liquidity evolution
(daily average - R\$ thousand)

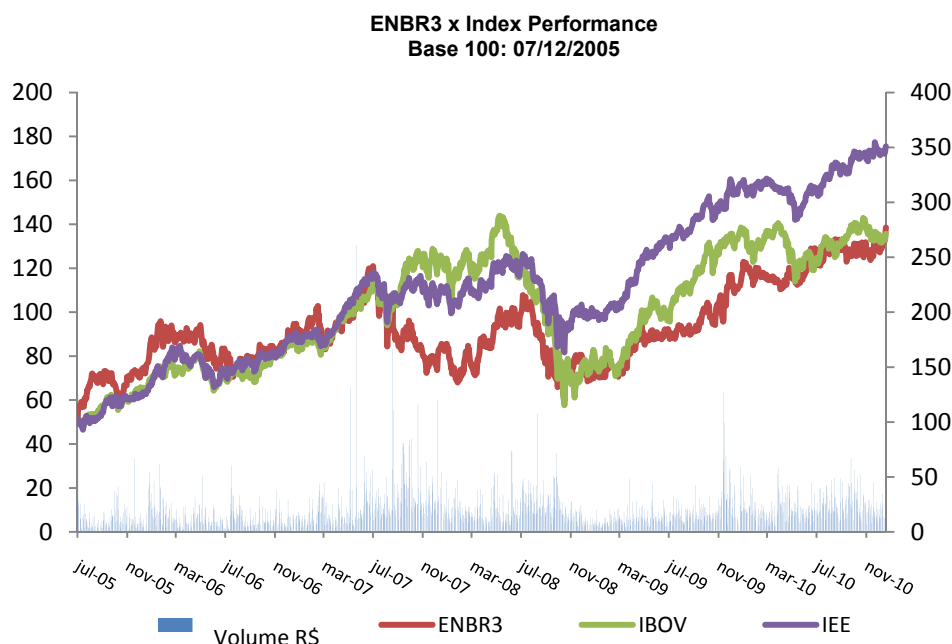


Turnover in stocks

Month	Nr. of transactions	Quantity negotiated (Thousand shares)	Financial volume (R\$ thousands)	Closing price R\$/share	IBovespa Index (points)	IEE (points)
Total 2008	124,262	98,159	2,645,149	19.58	37,550	15,291
Total 2009	188,051	73,623	2,050,815	31.15	68,588	24,327
2010 Total	247,546	81,361	2,870,700	38.71	69,304	27,242
2010/2009 (%) Variance	32%	11%	40%	24%	1%	12%
January	17,543	7,243	256,962	32.82	65,401	24,304
February	14,142	4,978	175,156	32.73	66,503	24,437
March	13,773	4,681	162,939	31.76	70,371	24,220
April	16,222	8,725	285,201	32.76	67,529	24,233
May	21,039	7,194	235,770	32.81	63,046	22,838

June	18,537	5,692	194,110	35.16	60,935	24,080
July	18,828	6,898	244,065	35.26	67,515	24,870
August	26,182	8,127	301,310	36.82	65,145	25,738
September	25,435	7,286	265,350	35.95	69,429	25,497
October	33,273	8,905	323,871	36.64	70,673	26,473
November	24,093	6,204	224,213	35.95	67,705	26,677
December	18,479	5,429	201,754	38.71	69,304	27,242

Source: Economática



Five years of IPO

The initial public bidding of EDP stock shares in Brazil, which occurred on July 12, 2005, set a new cycle of the company's development, which has fulfilled all the company's commitments upon opening its capital. In these five years, there was a 228% increase of installed capacity of electric power generation and 77% in the volume of electricity sold. The operational efficiency was highlighted, with 43% growth in the productivity of the dealers (considering the number of customers per employee). Reaching an outstanding position in different *rankings* of the private sector, the company established itself in the Brazilian power generation sector, ranking as second place in marketing, as the fourth in distributed energy and fifth in installed capacity.

In the financial aspects, the company was also well-positioned since the IPO: conducting a large investment program, with funding of \$ 4.8 billion, it has a comfortable level of leverage (1.5 times net debt/EBITDA) and distributed increasing dividends year after year. The total return to shareholders for the period was 142%, being R\$ 1.1 billion through proceeds and \$ 2.9 billion in share appreciation.

Sustainability Index

EDP's shares in Brazil were reconfirmed as an integral part of the Sustainability Index (ISE), a theoretical portfolio of securities traded on the Stock Exchange of São Paulo that congregates only companies that provenly maintain superior practices of sustainability. The ISE has 47 shares of 38 companies totaling R\$ 1.17 trillion in market value, equivalent to 46.1% of the total market value of companies with stock shares traded on the BM&FBovespa exchange on November 24. The portfolio will run from January 3 to December 29, 2011.

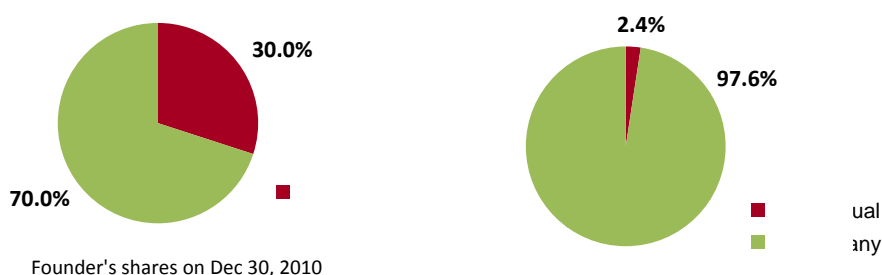
Corporate capital

On December 31, 2010, the corporate capital was entirely comprised of 158,805,204 common shares. Of the total, 55,622,847 outstanding shares (35.03%), surpassing the minimum 25% set by the listing rules of the New BM&F Bovespa Market. At year end, 280,225 shares were held in treasury (0.18%).

Shareholding structure

	2009		2010	
	Number of shares	Participation	Number of shares	Participation
EDP - Energias de Portugal (holding)	102,902,115	64.80%	102,902,115	64.80%
Outstanding shares	55,622,847	35.03%	55,622,847	35.03%
Treasury shares	280,225	0.18%	280,225	0.18%
Counselors and directors	17	0.00%	17	0.00%
Total	158,805,204	100.00%	158,805,204	100.00%

Share base ⁽¹⁾



Founder's shares on Dec 30, 2010

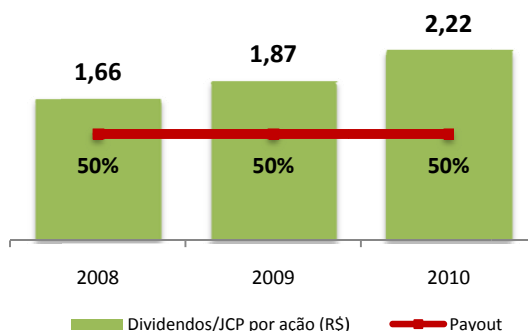
Remuneration to shareholders

Since the opening of capital in 2005, the company maintained an average annual growth of 19% in the dividend payment per share: R\$ 0.92 in 2005 to R\$ 2.22 in 2010. The performance is in line with the objective of consistent remuneration of shareholders and makes EDP in Brazil as the only electric power utility listed on BM&FBovespa to maintain an upward trend of dividends. The distribution of dividends and/or interest on equity is governed by a corporate policy and equivalent to 50% of the adjusted net income, reckoned in accordance with Article 189 of the Corporations Law, the Brazilian accounting practices and rules of the Securities Commission (CVM).

The percentage of distribution may be reduced where required by law or regulation or when recommended because of the financial situation and/or business prospects. This decision is influenced by macroeconomic conditions, tariff restatements and revisions of regulatory changes, growth strategy, contractual limitations and other factors deemed relevant by the Board of Directors and by shareholders.

On April 17, 2011, the Board of Directors of the company will take up for approval in Annual General Meeting (AGM) the dividend payment of R\$ 352.6 million, corresponding to R\$ 2.22 per share, 19% higher than what was distributed in 2009.

Remuneration of shareholders





SOCIAL PERFORMANCE

Customers in the spotlight

EDP's commitment number one is with its customers. This includes putting themselves in the place of customers, listening to them, responding to their demand in a simple, transparent way and surprising them, by anticipating their needs. This position was reinforced in 2010 while setting the strategic Distribution plan, which established the relationship with 2.7 million customers as the priority of the EDP Bandeirante and EDP Escelsa Bandeirante companies.

Project + Customer

All initiatives of customer relationships are housed in the +Customer, which seeks to ensure continuous improvement in customer service, business and technical processes and includes actions for dissemination, improved registration, customer survey and evaluation of the attendants. The +Customer is one of the ten projects that incorporate the Winning Program, a transformation initiative in development at EDP since 2009 to create a new organization model.

In 2010, aligned with the +Customer, came the Smile Program, designed to train and develop professional customer service at the shops of EDP Bandeirante and EDP Escelsa, making the service faster, more efficient and friendly. In this sense, professionals receive training to deal with more ease different situations of everyday life, plus tips on personal presentation.

In building this work of constant improvement, the Quality Management System of the distributors had its processes recertified to ISO 9001:2008, through an audit performed in the first half of 2010.

Internet leads the service

There are three main channels of distribution in customer service: Internet, telephone and personal assistance. Used in 53% of the 17.319 million contacts made in 2010, the Internet surpassed operations at the *call center*, which accounted for 26% of the total.

The personal assistance is ensured by means of 12 own shops, 53 third party ones, 09 kiosks and 3848 collecting agents, besides an agreement with the *Poupatempo* service (public assistance) in Guarulhos (SP). In June, the city received the first mobile store of EDP Bandeirante, a vehicle adapted as an advanced agency service in strategic locations for the population. In September, it also established the first kiosk for customer service in the city of Monteiro Lobato, located in Vale do Paraiba (SP), and a shop at Pimentas in Guarulhos, with capacity for 6,500 guests per month, being the third store in town.

The service is provided to customers with hearing and speech impairment through telephone text calls under the responsibility of trained professionals.

Channels - number of visits (thousands)

	EDP Consolidated	EDP Bandeirante			EDP Escelsa		
	2010	2008	2009	2010	2008	2009	2010
Call Center	4.472,2	1.973,1	2.427,9	2.336,3	2.179,9	2.126,7	2.135,9
Automated Response Unit (ARU)	1.124,3	973,6	733,0	694,7	746,6	438,2	429,6
Stores/agents ⁽¹⁾	2.475,1	1.054,0	1.108,1	1.257,4	746,6	912,1	1.217,7
Internet (consultation and services)	9.247,8	3.473,7	4.134,5	7.119,1	937,5	1.320,6	2.128,7
Total	17.319,4	7.474,4	8.403,5	11.407,5	4.610,6	5.621,2	5.911,9

(1) Own and third party shops (in Escelsa for 2008 and 2009 the consultations performed by commercial agents are excluded, because information was not validated after introduction of the new trading system (CCS))

Call Center Performance

	EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010
Index Basic Service Level (IBL)	97,90%	86,70%	95,9%	97,00%	97,00%	96,00%
Target Aneel	95,00%	Until June >95,0% After July >85,0%	>85,0%	90,00%	Until June >95,0% After July >85,0%	85,00%
Index of Abandonment (IAB)	0,60%	2,40%	0,5%	0,70%	0,40%	1,00%
Target Aneel	4,00%	<4,0%	<4,0%	7,00%	<4,0%	<4,0%

Satisfaction Surveys

Two major studies evaluated the perception of low-voltage residential customers on the distributors' services: the Index of Satisfaction with Perceived Quality (ISQP), of the Brazilian Association of Power Distributors (Abradee) and Aneel Index of Consumer Satisfaction

(IASC). The ISQP is determined in the first half and has a weight factor in the granting of the Abradee Award while the IASC, raised in the second half, is considered by Aneel in the tariff review process.

For consumers of medium and high-voltage, every two years the distributors research the Satisfaction Index of Large Clients (ISGC), aiming at developing improvements in this segment. The last survey was in 2009, with rates of 70.0% in EDP Bandeirante and 77.6% in EDP Escelsa.

Index of Satisfaction with Perceived Quality (ISQP) - In %

	2008	2009	2010	Reference ⁽¹⁾
EDP Bandeirante	72.8	80.6	76.8	92.2
EDP Escelsa	80.0	79.1	74.6	

(1) Better performance in 2010 among the companies over 500 000 customers - Source: Abradee

Aneel Index of Consumer Satisfaction (IASC) - In %

	2008	2009	2010	Reference ⁽¹⁾
EDP Bandeirante	67.2	69.6	67.5	72.2
EDP Escelsa	63.1	60.9	61.3	

(1) Best performance in 2010, in the Southeast, among the companies over 400 000 customers - Source: Aneel

The trading system and *Customer Care Services* (CCS - SAP module), introduced in 2009, changed many procedures and required an adjustment period in EDP Escelsa, which resulted in an increased number of customer complaints. To reduce the impact, attendance was amplified at the *call center* and stores.

In São Paulo, the severe climatic conditions with excess rain and lightning, caused a very large volume of events in January. The situation was exacerbated by flooding in several locations, which increased the handling time because the teams had no access to perform maintenance. The excessive number of incidents caused congestion in the call centers.

Additionally, the outsourced energy reading company's bankruptcy led EDP Bandeirante to a delicate moment in relations to its customers, with reading and invoicing delays aggravated in Guarulhos by the amendments made by the city administration in the numbering of houses. These variables resulted in a decrease in the assessment of customer satisfaction rates.

The hiring of two new companies for the reading services allowed normalizing the situation in the Paraíba Valley in the first half. In the region of Guarulhos, it was necessary to re-register all the customers and to check out all the readings prior to the issuance of invoices. The rate of complaints fell in the second half of the year and at the end of 2010, 100% of the calls were being answered daily.

At the end of the year, the number of complaints, considering all service channels, the regulatory agencies, consumer protection and the judicial processes reached 176,800, representing a decrease of 53.3% compared to 2009.

Customer complaints

	2009			2010				2011 Target		
	EDP Consolidated	EDP Bandeirante	EDP Escelsa	2010 Target	EDP Consolidated	EDP Bandeirante ⁽³⁾	EDP Escelsa	EDP Consolidated	EDP Bandeirante	EDP Escelsa
Company ⁽¹⁾	311,653	250,262	61,301	258,445	160,554	77,023	83,531	140,800	67,761	73,039
Aneel ⁽²⁾	10,085	8,374	1,711	8,504	4,120	2,013	2,107	3,826	1,875	1,951
Justice	3,071	1,257	1,814	3,071	3,802	1,383	2,419	3,528	1,288	2,240
Procon	6,890	3,844	3,046	5,969	8,297	2,191	6,106	7,694	2,041	5,653
Total	331,609	263,737	67,872	275,989	176,773	82,610	94,163	155,848	72,965	82,883

(1) Ombudsman, *call center* and retail space

(2) Via law enforcement agencies of Aneel

(3) The number of complaints has been reduced due to the change in the assessment criteria.

EDP Escelsa maintains working groups that analyze the trade complaints procedures in order to determine adjustments and adaptations in the system and reduce the incidents. In 2010, there was expansion and modernization of branches, with new visual communication and physical repositioning. The new shop model allows reserved rooms for customer service, preserving the privacy of consumers, and personalized contact for corporate customers and business segments. The measures reduced the handling time and increased the level of customer satisfaction.

EDP Bandeirante changed the structure in the management of complaints, bringing closer the attendance areas of support that were previously closer to the billing needs. So with the help of focal points to support the demands, these areas can handle all the management of the claim, since the first customer contact to troubleshooting the issue. The company is mapping the cycle of complaints per *call center*, shops, internet, ombudsman, to identify the customer views on its service channels and adopt improvement plans, with indicators for the business and technical processes.

Respect for customer

The corporate communication policy guides the advertising and marketing actions, with presentation of criteria that include respect for public space and privacy. It repudiates misleading advertising and incitement to violence, and cultivates respect for environmental values, among other things.

The concern with health and safety is present in all stages of distribution, often being the issue of campaigns on rational and safe use of energy. Alerts are broadcast on service channels and invoices sent to customers, while the issue is addressed by actions of dissemination through lectures in schools and publicity plays. Each year, the National Week for Prevention of Electricity Accidents is held, in partnership with Abradee, which involves several initiatives such as messages in local radios and leaflet distribution, reinforcing the dangers and risks as well as the prevention of accidents near the distribution grid.

GRI
PR1

Serious and fatal accidents⁽¹⁾

	EDP Consolidated			EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Injuries	19	11	16	15	4	1	4	7	15
Deaths	10	5	14	6	2	3	4	3	11

GRI
EU25

(1) Information refers only to the distributors, since the generators do not have service users

Lawsuits related to accidents

	2008	2009	2010
Lawsuit filings	19	28	8
Cases resolved	1	4	11
Cases pending*	103	127	124

*Corrected data, considering the amount of lawsuits involving injuries and deaths of service users (electric power) and motor vehicle accidents involving company cars.

Conformity in rendering of services

The National Agency of Electrical Power (Aneel) sets limits for the quality indicators concerning the continued individual supply (DIC, FIC and DMIC) to be followed by the distributors. When transgression of these limits occurs, the distribution companies must financially compensate the customer responsible for the consumer unit. Compensation is credited automatically in the monthly invoicing within up to two months after the month of the indicator determination (the month in which the violation was recorded, i.e., when there was an interruption in supplies).

In 2010, the distribution of EDP in Brazil disbursed R\$ 5.27 million on the credit of this compensation in monthly billings. The increase during the period relates to amendment of the regulation laid down by Aneel, setting stricter limits for the indicators as of 2010.

GRI
PR9

Compensation paid (R\$ thousands)

Indicators	EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010
DIC	251.7	325.9	2,065.5	96.2	57.9	697.6
FIC	8.4	10.8	425.1	-	-	147.4
DMIC	374.5	987.9	1,337.0	142.5	198.7	600.9
Total	634.6	1,324.5	3,827.7	238.7	256.6	1,445.9

DIC - Consumer Interruption Duration / FIC - Consumer Interruption Frequency / DMIC - Maximum Duration of Consumer Interruption

People under development

The management of human capital is one of the most strategic aspects considered by the EDP in Brazil to meet its objectives for growth-oriented, superior efficiency and risk control. For this reason, it represents a company's intangible assets and one of the Principles of Sustainable Development established worldwide by the EDP Group. The commitment to people determines the value of teamwork, development of skills and the merits of a model that balances personal and professional life.

The belief is that working with people involves human values, behaviors and behavioral actions, meeting the demands of the business, which requires much effort to provide the best outcome for the company and collaborators.

The actions in 2010 sought the development of people from the perspective of the essential behaviors and of the golden rules of organizational culture, which integrate the EDP management's commitment in Brazil and serve as inspiration for all collaborators.

Performed in line with the Winning Program - a series of initiatives in place since 2009 to make the company more competitive and prepared for the challenges of the future - focused on the Winning Focus that keeps the spread of these values among collaborators.

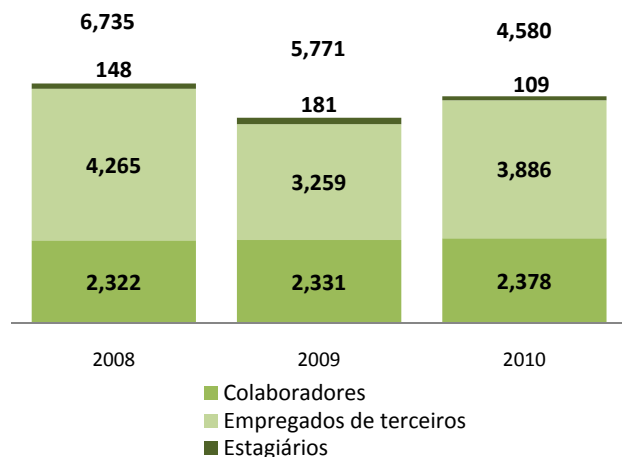
With the modernization of the program's website maintained on the intranet, launched a contest for the nomination, by colleagues, of people who are examples of the five essential behaviors. The first stage ("contagious spirit team" in the first half of August) had over 600 nominations.

The "energizers" of the Winning Program, collaborators who use part of their work time to spread the EDP culture and disseminate new projects, continued their action in 2010, meeting with the leadership of the board of Human Capital Management and the chairman of the *holding* to learn about new programs.

Profile of human capital

In December 2010, EDP Brasil counted on 2,378 employees, 3,886 outsourced collaborators and 109 trainees. The turnover rate for the year was 15%, with 256 collaborators hired and 210 dismissed.

Number of workers



5 essential behaviors

1. Contagious team spirit
2. Ability to execute
3. Ability to deal with people
4. Tireless will power to learn and teach
5. Integrity and trust

10 golden rules

1. Total commitment to the company
2. Commitment to transformation
3. Communication and knowledge exchange
4. Development and motivation of people
5. Customer Focus and Business Development
6. Strict cost control
7. Constant effort to overcome
8. Managing the impact on all investors
9. Construction of an open and non-hierarchical atmosphere
10. Accountability and Control

Workers by type of contract

	2008	2009	2010
Collaborators			
For indefinite term or permanent	2,322	2,331	2. 378
Fixed-term or temporary	0	0	15
Outsourced employees			
For indefinite term or permanent	4,265	3,259	3,886
Fixed-term or temporary	0	0	0
Interns		181	109

Workers by region

	2008		2009		2010	
	Collaborators	Outsourced Employees	Collaborators	Outsourced Employees	Collaborators	Outsourced Employees
São Paulo	1,281	1,944	1,281	1,528	1,326	1,588
Espírito Santo	943	2,116	923	1,679	933	2,111
Mato Grosso do Sul	21	123	20	0	23	117
Tocantins	77	82	107	52	96	70
Total	2,322	4,265	2,331	3,259	2,378	3,886

Selection and diversity

The policy on recruitment and selection of EDP sets priority on internal recruitment, as shown by the Career Routes programs and Succession Plan. The selection of collaborators from the towns is valued, where the company has activities, and in some cases, action is focused on the training of its own manpower. Professionals are sought from other geographical areas only when there are none available locally. The information on the number of recruited professionals in the areas of EDP business operation is not available. This information will be released in 2011.

Hiring handicapped people is encouraged through training and selection programs, providing diversity and social inclusion. This point is reinforced by the Diversity Valuing policy, seen as an opportunity for enrichment from different ideas and world views. It is also the guarantee for equality among people, including them and integrating them in the workplace, creating a culture where differences are valued and individual potential strengthened. In 2010, 12 people participated in the Inclusion Program at EDP Bandeirante, with four admitted to carry out activities in the company.

On another front, aiming to spread the corporate culture, vision and values of the company among the new employees, the Integration Program, the +EDP project was reshaped. It underwent three phases: presentation of the company; *e-learning* with history, corporate policies and the Winning Program, as well as visits to areas of the company.

Diversity - composition of the workforce

	2008	2009	2010
Functional category			
Director	5	10	5
Executive managers	44	49	44
Operational managers	85	96	88
Experts	118	72	71
Analysts, engineers and consultants	506	541	567
Technical and administrative	1,564	1,563	1,603
Genre			
Men	1,788	1,770	1,801
Women	534	561	577
	2008	2009	2010
Color/race			
White	1,915	1,933	1,975
Black	363	359	361
Yellow	35	31	32
Indian	9	8	10
Age			
Up to 29	486	445	512
30 to 49	1,574	1,542	1,475
Over 50	262	344	391

Diversity - genre roles

	Men		Women		Women/Total (%)	
	2009	2010	2009	2010	2009	2010
Council (title holders) *	7	16	1	0	13	0
* Top management		4		0		0
Director	8	4	2	2	20	33
Executive managers	38	34	11	10	22	22
Operational managers	79	71	17	18	18	20
Experts	55	51	17	20	26	29
Analysts, engineers and consultants	355	369	186	202	34	36
Technical and administrative	1,235	1,272	328	325	21	20

Total	1,777	1,822	562	577	24	24
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* Do not make up the workforce

Average operation time of collaborators dismissed from the company

	2008		2009		2010	
By employment time	Men	Women	Men	Women	Men	Women
Up to 5 years	44	37	39	17	53	41
More than 5 to 10 years	11	4	19	5	9	7
More than 10 to 20 years	25	6	21	4	30	4
Over 20 years	16	7	68	9	51	15
By age						
Up to 29	30	18	17	8	29	20
30 to 49	54	30	70	20	72	39
Over 50	12	6	60	7	42	8

GRI
LA2

Turnover

	2008	2009	2010
Variance Table			
Number admitted	223	193	256
Number dismissed	175	182	210
Turnover rate - total (%)	8.7	8.0	15.2
Turnover by gender (%)			
Men	na	81	41
Women	na	19	59
Turnover by age group (%)			
Up to 30	na	14	72
30 to 50	na	49	16
Over 50	na	37	12
Turnover by region (%)			
Sao Paulo	61	74	32
Espírito Santo	20	21	20
Mato Grosso do Sul	16	1	42
Tocantins	3	4	6

GRI
LA2

na – Not available

Days worked by outsourced employees

	2010	
	Total in the year (days)	Total days worked by outsourced employees ⁽¹⁾
Construction (power grid, substations, works at power generation plants)	814	188,034
Operation (reading and delivery of bills, service in agencies, telemarketing, administrative, logistics, information technology, janitorial, photocopying, asset security and legal services, power cut and reconnection)	2,212	510,972
Maintenance (inspection, preventive and corrective maintenance, standardization, new connection, tree pruning, removal of trash and rubble)	860	198,660
Total	3,886	897,666

(1) Whereas the outsourced collaborators worked 231 days (365 days a year – paid time off - vacation)

GRI
EU17

Employees who are entitled to retirement in 5 to 10 years

	Consolidated EDP		São Paulo		Espírito Santo		Mato Grosso do Sul		Tocantins	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Director	2	0	2	0	0	0	0	0	0	0
Manager	10	8	7	8	1	0	0	0	2	0
Experts, analysts, engineers and consultants	45	53	15	17	26	34	1	1	3	1
Operational, technical and	84	96	20	25	56	65	2	1	6	5

GRI
EU15

administrative										
Total	141	157	44	50	83	99	3	2	11	6
% of total	6	7	31	32	59	63	2	1	8	4

The criterion used was the employee's age: men who would become 65 years and women who would become 60 years in the period

Development actions

Investment in people development totaled R\$ 1.4 million in 2010. Activities of technical and strategic training for collaborators of different positions and functions accounted for more than 142,000 hours of training, with an average of 19.5 hours per collaborator.

Held for the third consecutive year, the performance evaluation cycle, with analysis of 360°, covered 100% of employees admitted before July 31. Qualitative, the initiative includes self-assessment, evaluation of the manager, peers and subordinates, made by either internet or intranet. The individual development plans are plotted from the results.

The introduction of new projects has among its prerogatives important aspects of the strategy for human capital management, such as to ensure continuity of the business through people. The Succession Plan initiated in 2010 works in this sense, identifying the availability of in-house staff ready to assume positions of leadership or critical functions. In addition to creating a talent database, the initiative provides the appropriate training for successors. The plan is performed annually for all positions of vice president, board, executive management and operational management.

GRI
LA12

GRI
EU14

Training hours per function

Function	2008		2009		2010	
	Time	Time/ collaborator	Time	Time/ collaborator	Time	Time/ collaborator
Leadership	18,750	246	7,771	34	1,135	08
Professionals	73,493	1,547	46,336	85	4,896	69
Technical and administrative professional	115,670	78	102,967	66	135,674	62
Trainees and apprentices	1,382	12	826	49	736	49
Total	209,295		157,900		142,441	

GRI
LA10

Hours of training per domain

Domain	2008		2009		2010	
	Time	Time/ collaborator	Time	Time/ collaborator	Time	Time/ collaborator
Management	83,556	36	25,506	14	16,727	15
Technical	100,911	44	108,870	59	105,105	27
Behavioral	17,774	8	3,744	2	11,433	22
Organizational	7,054	3	19,780	11	9,176	14
Total	209,295		157,900		142,441	

The younger employees come in through the *On Top* apprenticeship program, which selects students from different areas - in 2010 it accounted for 5,679 participants, where 70 were approved. Internally, the *Energizing Development Program* - the successor to the High Potential Youth, a program redesigned in 2010 - trains the company's future leaders, focusing on collaborators who have high level of performance, are graduates and are 30 years of age. Within the year, 88 participants were indicated, being 22 approved.

To help employees organize their professional careers, the Career Routes was launched, which draws the rising possibilities in the organizational structure. With initial action that involved launching *workshops* and a travel diary as a prize, the program has used the *slogan* "How far do you want to get?" to encourage the teams to identify learning and development opportunities within the Group.

Available on the intranet, the application lets you simulate career paths and alternatives and inquire descriptions and responsibilities of each position. The program includes the career concept in Y, which provides for growth in management as well as in highly specialized technical areas. The company does not have specific programs for end-of-career management.

The Leadership Development Program applied to operational managers went from July to December, through the company's various strategic points. A new group of executive managers was started in the Development Program for Executives at Fundação Dom Cabral, an institution that contributes to the sustainable development of society through education and capacitation.

Integrating the pillars of the Leadership Development Program, began the so-called round table meetings, where executives of the EDP Group meet every three months with the company's president. In August, it launched the Knowledge Management Program, establishing mechanisms for sharing of information by senior experts. The first stage, technical *coaching*, served as a pilot project and was held at Generation - other units will get the program as of 2011.

Other training initiatives, such as a subsidy policy for language courses and participation of EDP collaborators in Brazil at the corporate university in Portugal, continued during the year.

GRI
LA11
EU14

Development Programs

Projects	Description	Target Audience	Frequency	Home	Investments in 2010
Leadership Program (Dom Cabral Foundation): Executive Development Program	Program for groups of six executive managers with a view to developing management skills and business leadership.	Executive managers	Modular	2007	6

GRI
EU14

Managers in Action - IESE (Spain) - <i>Advanced Management Program</i>	Program for groups of directors with international module in Barcelona for the development of management skills and business leadership.	Directors	Modular	2007	2
Development Program for Operational Managers - ISE (Institute of Higher Education)	The overall goal is to train managers for their formal performance in the organizational leadership team.	Operational managers	Modular	2010	102
<i>Coaching</i>	The main objective is to support the development of the executive, with a view to providing a clearer picture of results and objectives to be achieved and obstacles to overcome.	Executive managers (EMs), directors and vice presidents (VPs)	Monthly	2010	24
Cycle of lectures - Learn in Focus	The main goal is to update the executives in face of other business realities, thereby developing their capacity for analysis and understanding of the debate. The promotion of this program is done by sending a monthly article (called <i>Update Development</i>) and a lecture.	Until October, for all managers. Starting in November, for all the group's collaborators	Monthly	2010	372 (year total)
Round Table	The main objective of this program is to strengthen the relationship between the Group's executives and the chairman as well as promote fluid communication and strategic alignment.	High-level executives (including directors and EMs reporting directly to the president), President and VPs	Quarterly	2010	30 eligible. Average of 22 participants per event.
Communication skills	The goal is to make managers realize the importance of good communication in the work routine. Approach to meetings, public presentations, grammar, e-mails.	All management framework	Annual	2010	82
Integrating new managers	Introduce to new managers what EDP expects of its leaders and the processes that are part of one's day to day as a people manager.	New managers	Annual	2010	16
High Potential Youngsters (JEP)	Youth development with potential to progress in EDP Group's structure. Initiatives include development of skills. Objective of retaining talents.	Collaborators	Monthly	2008	22
Scholarship	Stimulates the formal education of collaborators of the organization, with incentive for technical, undergraduate, postgraduate and MBA courses.	Collaborators	Annual	1998	104
Integration Program	Aims to extend a welcome to new collaborators, with the presentation of the benefits, policies and organizational structure.	Newly-hired	Monthly	2006	256
Sponsorship Languages	Promotion of qualification of employees for appropriate use of language in the exercise of their activities.	Collaborators	Annual	2007	171

Competitive compensation and benefits

The gross payroll for 2010 totaled R\$ 231.3 million, plus R\$ 51.4 million in benefits, indicating an attractive remuneration policy. The profit-sharing program (PLR), which makes annual allocation can be monitored each month through a simulator on the intranet, allowing employees to engage in the company's performance objectives.

The lowest wage paid by the company is 1.4 times higher than the minimum prevailing in Brazil (R\$ 510.00 in 2010), and the base of each professional category is determined according to the contribution to the company's activities, irrespective of remuneration by gender, race or age. The same benefits offered to permanent staff are extended to temporary workers or part time contract workers, except for the retirement fund. These benefits include life insurance, health insurance and dental coverage for the handicapped/ invalid, food stamps, food and transportation and day-care assistance.

In 2010, the pension plan was consolidated for collaborators of all the businesses of EDP in Brazil. In July, a satisfaction survey gathered the views of participants on EnerPrev, which manages the pension plan, offered to employees and is sponsored by the group companies, seeking the best solutions and market practices and comfort for the future of its participants. The coverages offered involve planned retirement, disability retirement and pension for death. As sponsors, the EDP companies in Brazil contributed R\$ 9.9 million in 2010, worth 23% more than in 2009.

The pension plan of EDP Bandeirante, after actuarial assessment, a routine which annually publishes and covers all plans, showed a deficit on the reference date of December 31, 2010, as per reconciliation of assets and obligations of the plan with the set liabilities of the benefit. The value is recognized in the company's Balance Sheet, corporate financial statements validated by an independent audit and disclosed to the market. Information about the plans can be found on the websites of EDP and Enerprev, as well as in regulatory agencies: Securities Commission (CVM) and the Superintendency of Pension Funds (Previc).

Pension Plans – R\$ million

	EDP Bandeirante		EDP Escelsa		Energest	
	2009	2010	2009	2010	2009	2010
Present value of actuarial liabilities wholly or partly covered	-430.1	-486.4	-132.6	-143.2	-1.3	-1.0
Fair value of assets	354.1	373.2	200.1	239.1	2.8	2.1
Ending Balance	-76.0	-113.2	67.5	95.9	1.4	1.1

More information can be requested by e-mail: enerprev.sp@edpbr.com.br

Actions for safety

The Safety theme was chosen in the fundamental value of the EDP Group companies in Brazil. This priority reflects the understanding that the preservation of life and health is everyone's responsibility in the company, being of equal importance in the condition of public service providers, so customers can benefit from the safe use of electric power.

Accordingly, the Integrated Policy of Environment, Health and Safety sets measures to minimize the risk of accidents and promote the health of collaborators and outsourced personnel. Among them stand out awareness campaigns, training, technical visits and initiatives such as the Rodeo of Electricians, a traditional event of the sector that promotes occupational safety. Two companies of the group in 2010 received certification under OHSAS 18000 (Occupational Health and Safety): Investco and EDP Bandeirante (Operation and Maintenance area of stations).

Similar to the Safety Program for Collaborators (PSC) for its own employees, the company relies on the Safety Program for the Service Provider (PSP) with the same concepts to meet the legal requirements of occupational health and safety. EDP Escelsa maintains programs of preventive medicine, management of the occupational medical exam as well as functional relocation and readaptation.

Aware that the reduced risk of errors and accidents is the result of proper training of collaborators, EDP promotes job training and educational campaigns. The Internal Committees for Accident Prevention (CIPAs), as required by law, are jointly formed with members appointed by employees and by the company, and represent 100% of employees.

The total number of recorded accidents in 2010 was 46.37% below the previous year, and 8 with collaborators and 38 with outsourced collaborators, showing a variation of 65% and 25%, respectively, over.

There were two deaths with outsourced employees, one at EDP Bandeirante and another at EDP Escelsa. In the first case, the worker suffered an electric shock upon resting his hand on an iron crosshead where the knife switch was off. In the second case, during a connection job for a customer, the worker leaned his neck in a short-circuited light fixture thus catching an electrical discharge.

These events led to preventive and corrective measures such as training and refresher courses on safety at work.

GRI
EC3

GRI
EU16

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LA8

GRI
LA6

Occupational accidents

Occupational Accidents																		
	EDP Consolidated			EDP Bandeirante			EDP Escelsa			Energest			Investco			Enerpeixe		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Total Nr of accidents																		
Collaborators	33	23	8	11	12	3	21	6	3	0	2	1	0	1	1	1	2	0
Ousourced employees	61	51	38	17	14	18	44	33	16	0	2	4	0	0	0	0	2	0
Nr of accidents with leave																		
Colaboradores	12	12	8	6	8	3	6	0	3	0	1	1	0	1	1	0	2	0
Ousourced employees	58	43	37	14	6	17	44	33	15	0	2	4	0	0	0	0	2	1
Nr of accidents without leave																		
Collaborators	21	11	2	5	4	1	15	6	0	0	1	1	0	0	0	1	0	0
Ousourced employees	3	8	0	3	8	0	0	0	0	0	0	0	0	0	0	0	0	0
Nr of deaths																		
Colaboradores	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Ousourced employees	3	4	2	1	1	1	1	3	1	1	0	0	0	0	0	0	0	0
Nr of days lost																		
Collaborators	214	196	68	214	104	20	0	0	28	0	7	5	0	85	15	0	0	0
Ousourced employees	1,222	501	6,757	219	39	6,158	1,003	458	574	0	4	25	0	0	0	0	0	0
Rate of absences (1)																		
Collaborators	2.6	0.6	18.1	1.4	3.7	3.5	5.3	5.7	6.0	4.1	1.2	1.7	0.0	0.0	3.3	0.0	1.5	3.6
Ousourced employees	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Frequency Rate of Accidents																		
Collaborators	6.7	5.2	13.7	3.1	3.6	1.4	2.9	nd	1.5	nd	4.9	4.3	nd	32.5	6.5	13.0	26.0	nd
Ousourced employees	9.5	7.8	17.5	5.0	2.2	6.5	8.9	7.7	3.8	88.0	4.7	7.3	n/a	n/a	n/a	n/a	n/a	n/a
Rate of Serious Accidents																		
Collaborators	43.5	44.6	142.0	111.0	47.0	9.0	570.0	0.0	14.0	0.0	34.0	22.0	n/a	85.0	97.0	13.0	196.0	0.0
Ousourced employees	2,949.3	0,997.0	227.0	2,237.0	2,172.0	46.0	1,414.0	4,665.0	136.0	528.0	9.0	45.0	n/a	n/a	n/a	n/a	n/a	n/a

(1) Figures for company employees
na - not available

Training for health and safety

	EDP Consolidated ⁽¹⁾		EDP Bandeirante		EDP Escelsa		Energest		Investco		Enerpeixe	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
Number of outsourced employees	3,254	3,886	1,528	1,390	1,674	2,111	0	278	42	37	10	70
Number of outsourced employees who have received training	2,904	3,215	1,215	1,124	1,640	1,985	0	210	42	37	7	43
% trainees	89	83	80	81	98	94	-	76	100	100	70	61

(1) In Brazil, EDP has no information segmented by functional category of outsourced employees

Programs for health and safety

Programs and actions	Objective	Frequency	Home
Health Campaigns	Disseminate guidelines and assess, <i>in situ</i> , factors such as blood pressure, body mass index (BMI), ergonomics, stress, vaccinations, among others.	Monthly	1998
Safety and education with service providers	Conduct safety lectures, conferences, educational campaigns, safety inspections and guidelines such as the anticipated risk of accidents.	Monthly	2007
Safety and education for collaborators	Conduct safety lectures, with approach on the main risk controls, educational lectures and campaigns.	Monthly	2006
Safety assessments	Evaluate safety in working processes and facilities for collaborators and vendors, with dissemination of the safety culture.	Monthly	2007
Preventive medicine	Conduct periodic examinations of collaborators to control health in a broad way, considering the development of daily tasks and work environments.	Monthly	Since creation of the EDP companies

In-house committees for accident prevention (CIPAs)	Formal and legal committees operating in areas of the municipalities in concession areas and carry out education activities.	Monthly	Since the creation of EDP companies
In-house Week for Prevention of Accidents (Sipat)	Highlight and reinforce concepts and practices on the risk controls and the quality of work environments.	Annual	Since the creation of EDP companies
Rodeo of electricians	Event lasting one day, in competition pattern, with practical tests and tasks performed in facilities similar to the power grid and transmission lines. It relies on qualified judges to observe the safety and quality of work, highlighting those who perform their tasks in safety standards without risk.	Annual	2006

Reconciling quality of life

The Conciliar Program was introduced at EDP in Brazil in 2008 and is the global group's initiative. The program's purpose is to promote reflection and action on the balance between work, family, health and culture in the lives of collaborators. There are 25 actions focused on the collaborators and their families. Among them, occupational gymnastics (with more than 90% adherence at the main headquarters), agreements with fitness studios, rental subsidies in the sports courts, running club with specialized staff and flexible hours (30 minutes). The collaborators' children are offered a summer camp, visits of children and youngsters to their parents' work environment and Junior Citizenship Award.

In November, the company promoted the EDP Sports Festival 2010 in Mogi das Cruzes and in São Jose dos Campos (SP), encouraging physical activity and health maintenance. Among the sports covered were *society*, soccer, swimming, tennis, table tennis, mixed volleyball, among others, in single mode or in team.

One of the Conciliar actions, the Free Mouth Program happens every month and proposes to bring current issues related to Sustainable Development Principles of EDP for debate with collaborators and subcontractors. In 2010, invited lecturers gathered 4,879 persons at meetings held in locations where the EDP companies maintain business units.

Free Mouth

Theme	Participants (%)
"Let's talk about natural disasters!"	22.2%
"Biodiversity is life; your life is biodiversity and biodiversity is you"	21.7%
"Physical activity: Do I really have to do it?"	21.0%
"Persons and wastes: this is a long talk!"	24.8%
"Creativity: Have you been using yours?"	23.3%
"Elections, what is my vote worth?"	21.0%
"Good humor: Easy, the fun is here..."	21.5%
"Communication: A two-way course"	19.6%
"Ideas that illuminated year 2010"	17.9%
Total of participants/year	4,879

Open Dialog

Believing that motivation is part of the dialog and interaction between people, several initiatives have sought to promote an approach in all areas. Held in March, in two editions (SP & ES), the Big Encounter gathered more than 1600 collaborators (*More information in the chapter Commitments and engagement*).

In the distribution business, the "Talk with the Board" program launched in 2010, brings teams and directors together in small events. With the participation of at least 30 people in each edition, the get-togethers are held during a breakfast and in 2010, they covered several business areas in the cities of São José dos Campos, Mogi das Cruzes, Guarulhos, all in the state of São Paulo. In the state of Espírito Santo, the meetings took place in the cities of Carapina and Serra, totaling about 180 participants. To disseminate the Strategic Plan of Distribution, a *roadshow* toured ten cities with the presence of the vice-presidency of the area showing the results of the first half and the ten strategic priorities defined in the new plan.

The collective bargaining agreements cover 100% of own employees and approximately 80% of the outsourced collaborators. These conventions do not include a specific clause determining time limits for notification of operational changes that impact the collaborators. These issues are discussed internally, with the participation of the involved areas, and decisions are widely divulged among all employees (through meetings, intranet and bulletin boards), with deadlines for clarification of doubts.

The constitutional right of free union association is respected by EDP in relation to all collaborators and outsourced recruits. Internal rules establish procedures for dealing with crises as a result of possible strike movements and are based on the Essential Services Act (7.783/89) - which prohibits strikes in general activities related to public services such as power supply. In 2010, there were two work

stoppages by employees of service providers to work on the thermoelectric plant at Pecém, who demanded equal pay in relation to other contractors hired by the consortium responsible for implementing the project. Negotiations to halt the movements, lasting for one week and two days, were mediated by the consortium.

Each year, a climate survey is conducted among the collaborators to ascertain their perceptions about working conditions, opportunities for professional development, alignment to organizational strategy, quality of life and learning. In 2010, the survey had an adherence of over 80% of staff and included focus groups for data analysis, resulting in a corporate action plan.

Proximity to vendors

In Brazil, EDP maintains a close relationship with its suppliers to monitor and ensure compliance with selection criteria, which include factors relating to aspects of tax and labor laws, occupational health and safety environmental, and social responsibility. This model comes from a structured planning of long and medium term supplies, qualification processes and vendor development, evaluation and monitoring as well as balanced and sustainable contracts.

The vendor management begins in the prospecting and qualifying stages of potential service providers and follows with the evaluation and monitoring of contracts, to ensure the implementation of best practices across the supply chain of materials and services. Integration activities with vendors, followed by periodic monitoring, are performed in all endeavors. Thus, we seek to ensure adequate working conditions, compliance with all contract provisions and corporate commitments, including the defense of human rights (no child or forced labor, for example) and best environmental practices. In the year, there were no transactions with risk of degrading work or use of child labor.

Annually, a meeting is sponsored with vendors to disseminate sustainable practices, share ideas and goals and present the needs and expectations of EDP in Brazil. Among the topics discussed, the workplace safety, code of ethics, social and environmental projects, human rights and company's investment plan stand out.

The total of contracted vendors for the year was 1,003 enterprises, out of a universe of 1,409 registered, which meant a volume of R\$ 871.3 million in contracts. Of the total employed, about 20 are considered critical vendors which accounted for 57% of the value of purchases in the period and have a strong impact on the operations of companies controlled by EDP in Brazil.

Priority is given to local vendors, aiming to develop the communities in which the company operates. In 2010, purchases from local vendors totaled R\$ 722 million, which was equivalent to 82.9% of the total hires. In 2010 an area of vendor management was created in the distribution business, which complements the work of the procurement department.

GRI
HR6
HR7

The distribution of purchases

Type of vendor	Share of total purchases (%)			
	2007	2008	2009	2010 ⁽¹⁾
Local vendors	59.98	44.32	39.01	82.87
Domestic vendors	39.49	55.08	60.52	16.85
Global vendors	0.53	0.60	0.47	0.28

(1) Amounts contracted in the period, unlike what was reported in 2009 that referred to the values of items actually delivered.

GRI
EC6

Human rights in supply contracts

	2009	2010
Nr. of registered vendors	1,918	1,409
Number of contracted vendors ⁽¹⁾	1,104	1,003
Purchase value of goods and services (R\$ million)	640.0	871.3
% of contracts with human rights clauses	100%	100%
% of contracts declined as a result of evaluation of human rights	0	0

(1) The criterion considers only those centralized vendors on which the Supply area holds management. The value of purchases in 2010 is related to the amount contracted in the period, unlike what was reported in 2009 that referred to the value of the items actually delivered.

GRI
HR2

In 2010, EDP adopted a new system for periodic and systematic monitoring of the performance of vendors and contracts. It conducted an independent conformity audit focused on labor, contractual, environmental, occupational health and safety issues in the four largest service providers in power distribution. The result motivates a plan of corrective and preventive actions in all companies, giving the pace to a relationship of continuous improvement. The practice will be extended to all critical vendors to maintain a sustainable and long term relationship with these partners.

Attention to society

The support to educational initiatives, local and community development focuses on the external social investment of EDP in Brazil, is part of the Principles of Sustainable Development made by the company and incorporates a specific corporate policy on this issue. In all initiatives, one seeks to strengthen citizenship and encourage the beneficiaries to decide their own destinies, while respecting their culture, values and institutions.

In 2010, investments in social projects, cultural and environmental projects totaled R\$ 4.0 million, being R\$ 2 million through tax incentive resources, such as the Rouanet Law for Encouragement of Culture, among others. The projects supported by the Group are coordinated by the EDP Institute and selected through public bidding. The process follows the criteria set by the external social investment policy established in 2006 and revised in 2009, focusing on education and local development.

As the relationship interface with stakeholders, the EDP Institute acts on social and environmental pillars, honoring the commitment to sustainability made by the organization. The activities are sponsored by the group companies and the sale of carbon credits.

In 2010, as compared to previous years, there was a recorded reduction in the volume of investments, owing to two factors: a) lower volume of tax incentives, due to an alteration of criteria laid down in legislation; b) Review of investment policy in order to deepen the focus of performance, leverage resources and achieve greater social impact.

External social investment (R\$ thousands)

	2008	2009	2010
Education	2,905	2,213	1,438
Culture	3,117	4,498	1,737
Health and sanitation	728	254	80
Sports	817	792	133
Combating hunger and food safety	30	0	0
Other	891	797	656
Total	8,487	8,554	4,044

GRI
EC8

Investment incentives (R\$ thousands)

Company/Project	Incentive to Culture/ Rouanet Law		Incentive to Sports		Fund for Children and Teenagers		Cultural Action Program ⁽¹⁾	
	2009	2010	2009	2010	2009	2010	2009	2010
EDP Bandeirante	690	560	173	0	185	125	1,728	171
EDP Escelsa	400	295	140	0	75	95	-	-
Energest	296	110	27	0	45	27	-	-
Investco	400	34	161	0	110	36	-	-
Lajeado Energia	50	338	105	0	80	54	-	-
Enerpeixe	378	90	94	0	75	30	-	-
EDP comercializadora	100	50	59	0	0	0	345	0
Total	2,314	1,477	759	0	570	367	2,073	171

(1) Applies only to companies located in São Paulo

GRI
EC4

Community Development

Social inclusion

In 2010, the **EDP Solidarity** program supported 16 projects with an investment of R\$ 827.2 thousand. Through public selection, with the spread of public notice, the most appropriate initiatives are indicated for the organization's proposed activities. All projects must rely on actions related to the business, encouraging the rational and safe use of electricity. These projects are monitored by the Solidaritas consultants through indicators, which ensures the process is transparent and the evaluation free from results.

To encourage the participation of entities with social projects in the selection notice, the EDP Institute held a *workshop* with detailed explanations of how the program works. In 2010, projects were submitted to five stages of assessment, classification by the external selection committee, site visits and negotiation, document analysis and strategic assessment.

In the state of Tocantins a course was given on the Development and Management of Social and Environmental Projects, designed to equip local organizations for planning, organization, implementation and measurement of their projects. With this capacitation, they can be enrolled in public notices from both EDP and any company that employs this strategy of selection.

Social inclusion permeates the entire process of the EDP Solidarity Program, which emphasizes that value through support to projects for local development and education. Among them, the following stand out:

- Group for Assistance to Children with Cancer (GRAAC) - aims to reintegrate these young people to study. Part of the activities include working on prejudices and fears about people with cancer among elements of school and the family.
- The Quilombola - Seeks to rescue ethnic and cultural aspects of Africans in the community to Retiro, in the state of Espírito Santos, valuing and recognizing their contributions.
- Agape and Apae - Organizations that work with income generation among the target audience of young people with disabilities.
- Project Gaia - Facilitates the reintegration of young people under parole.
- Bem Brasil - Institute for Social Development - Works with the production of handicraft with groups of women in situations of social vulnerability, residing in the outskirts of Greater Vitória (ES).
- Integrated Center for Studies and Sustainable Development Programs (Cieds) - Capacitates young groups in the roles of waiters and hotel business, to act on the North coast of the state of São Paulo.

EDP Solidarity Project 2010

Organization	Project	Target Audience	Benefited in 2010
Association of Friends of the Guri Project (SP)	Guri Project	Children/teenagers	331
Integrated Center for Studies and Sustainable Development Programs (Cieds) - Brazil	Developing People, Strengthening the Local Development	Adults	66
Group for Assistance to Children with Cancer - GRAAC (SP)	GRACC Goes to School	Children/teenagers	10,280
Growing for Citizenship Institute	Grow in Network	Teenagers/adults	64
The "Tree House" - Art and Environment Education Association (TO)	What if I were the author? Literary video workshops	Children/teenagers	42
United Association of Residents of Vila Paulicéia, Jardim Juliana and Vila Nova Suissa (Mogi das Cruzes)	Digital Inclusion	Children/teenagers	600
Growing for Citizenship Institute	Grow in Network	Teenagers/adults	80
Girassolidário - Agency for the Defense of Children and Adolescents	Magic Lantern	Children/teenagers	25
Voice of Nature Environmental Association	The QUILOMBOLA	Children/teenagers	80
Community Action of Espírito Santos	Training Course for electricians	Young adults	100
Society of Friends of Vale do Castelo (Castelo-ES)	Recycling Together! – Converts the collection of recyclables into income for 26 families.	Teens/adults	825
Association of Parents and Friends of Exceptional Children of Vitória (ES)	Experimental Kitchen Shop of Apae	Teenagers/adults	160
Association of Pickers of recyclable materials of Guarapari (ES)	Itinerating Trash Art Project	Adults	20
Bem Brasil - Institute for Social Development	Making Art Project	Adults (women)	65
Community Engagement Service (SECRI)	Project of Life: Constructions and Resignification	Community/public school students	200

Education and health

Two programs centralize the actions of education and health: EDP in the Schools and Dentists of Good.

Held for the ninth consecutive year, the activities of the **EDP in Schools** program covered all the locations in which the company operates in Brazil and benefited 8,600 students from 28 institutions in the public school system. The activities included the distribution of school *kits* and oral hygiene sets (with guidance on the subject) and improvements in school facilities.

Integrating the program, the **Art with Energy** contest mobilized more than 1600 children in developing work with the theme "Biodiversity, how many different lives!". 130 works were produced, being 53 delivered at the itinerant exhibition and 15 prized. As 2010 was the International Year of Biodiversity, there was emphasis on the development of journals with different approaches on knowledge of biodiversity, Brazilian biomes as well as the world's flora and fauna.

The **Dentist of Good** has the support of the EDP and relies on the voluntary work of dentists, who provided free dental treatment for youths and teenagers between 11 and 17, who cannot afford to pay for the care of a professional. In 2010, more than 16 000 people were benefited. The patients enrolled in the project are selected according to the degree of need, through a screening of adolescents from public schools and institutions throughout Brazil. Priority is given to children with severe dental problems, the poorest and the closest to the first job.

EDP Program in Schools

Public involved	2008	2009	2010
Schools	53	72	28
Students	17,000	19,760	8,600
Educators	1,000	1,150	420
Volunteers	108	112	140
Partner Companies	14	12	12

Community

Tramandaí, a municipality of Rio Grande do Sul, was the scene of one more construction of EDP's renewable wind farm. In this context, the EDP Institute has exercised dialog with the community during bimonthly meetings between the company and the local population, with participation of representatives from government agencies, associations and leaders of the region. At each meeting, new topics are requested by the community in the quest for better living.

The local school participating in *EDP in Schools* - the municipal school *Jorge Enéias Sperb* - has served as the communication conductor in the municipality. It participates in actions undertaken by the program as well as initiatives for social inclusion and environmental conservation in the region, involving the whole school community.

Sports

The belief in the power of social transformation by sports maintains support for different types of sports. In 2010, EDP in Brazil received top honors from the Ministry of Sports as one of the companies that stood out in this sponsorship through the resources of the Law for Encouragement of Sports. The recognition is due to the fact that it was the company that invested more in sports projects in Tocantins and one of the three largest investors in the state of Espírito Santo.

Through the Law for Encouragement of Sports, EDP sponsors the Brazilian Judo Confederation, encouraging sports in the country. Investco supports the **Circuito Tocantinense de Enduro a Pé**, held in Environmental Preservation Areas (APA), which combines sports and environment preservation.

Three canoeing initiatives are developed in the state of Tocantins, in harmony with the activities of the UHE Lajeado and in partnership with the Federation of Canoeing of the State of Tocantins. The **Remando no Lago** (Rowing in the Lake) provides access to rowing activities for 250 children from public schools. The project complements the **Remando no Lago - Alto Rendimento** (Rowing in the Lake - High Performance), in which 80 young people in the community are selected for specialized training in competition, creating world-class athletes. Crowning the actions, in the 2010 the Brazilian Canoe Championship was carried out for the second time during the Lake Anniversary event, sponsored by EDP.

Art and culture

The **EDP Culture** promotes projects of their own or in partnership with other institutions, sponsors and supports specific initiatives within the pattern of traditional spectacles.

The project **Theater on Board** takes dramas, educational workshops, musical performances, storytelling and film sessions for municipalities that do not have adequate spaces for such cultural events. With the structure of a container, the initiative has served dozens of cities in the regions where EDP operates in Brazil.

Directed by the Victor Civita Foundation with EDP sponsorship and support of the Rouanet law for the Incentive toward Culture and from the EDP Institute the project **Letters of Light** benefited about 118,000 people in 2010, encouraging the reading habit in 26 municipalities. In its fourth year of activity, the Letters of Light project promoted 70 reading workshops, forming multipliers of public schools and cultural agents, and 170 theatrical performances, with an estimated audience of 35,000 spectators.

In its second edition, the **EDP in Arts**, a partnership with the Tomie Ohtake Institute, received over 300 enrollments of young artists as a stimulus to the production of art among the university public. For the year, a teacher was also prized as appointed the winning plastic artist. In Vitória (ES) and Palmas (TO), the activities involved training of local artists to create a portfolio and lectures in universities to expand the dissemination of the prize.

EDP Culture Program Culture - 2010

Project	City/State	Quantity	Spectators/ Participants
The Rayban wolverine - Theater	SP / ES / TO	10 presentations	1,412 viewers
Bark - A musical barking - Theater	SP	30 presentations	4,800 viewers
Itinerant EDP Movie - Vitoria Video Movie - Movie	ES	20 sessions	9,200 viewers
Baobá - Cisne Negro Cia de Dança	SP	6 presentations 2 workshops	1,968 viewers 40 dancers
European Concert 2010 - Music	DF	1 presentation	5,000 spectators
Rehearsing a better country - Workshops for training audiences for the theater	SP	2 workshops - 8 days	119 people
On-board Theater - Theater, Movie, Music, Cultural workshops	SP / ES / TO	167 presentations	45,180 spectators
Glorious - Theater	SP	30 presentations	15,000
Harsh Women - Theater	SP	64 presentations	40,500 spectators
EDP Award in Arts - Visual Arts	National	Trainings and Workshops Lectures Exhibition Awards	120 participants 100 participants 3,000 visitors 15 artists
Route Book - by Fernando Lemos - Visual Arts	National	Launch and exhibition	To be held in 2011
Vieira da Silva Exhibition - by Tomie Ohtake - Visual Arts	SP	Exhibition	To be held in 2011

Letters of Light - Reading Incentive	SP / ES / TO	Training of educators Theatrical Performances Donation Collection (7072 books)	70 workshops 170 presentations 35,149 spectators
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Volunteering

In Brazil, EDP encourages volunteerism among its collaborators and in 2010 launched a site specifically for communication between the EDP Institute and the company's volunteers. The Volunteer Portal (www.voluntariadoedp.com.br) presents the various projects of the Institute and has a space for adding results of studies carried out in four hours of work per month, authorized by the company. Approximately 140 employees participated in the program in 2010.

Another action of stimulus was the **EDP Voluntary Challenge 2010**, which showed the volunteers more involved in social action, winning a trip to meet the EDP Foundation in Portugal.

Among the voluntary actions in 2010, stood out the aid to cities victimized by the heavy rains earlier this year.

Access to energy

The assurance of access to electric energy spurs the Light for Everyone Program. Coordinated by the Ministry of Mines and Energy and implemented by Eletrobras, this program integrates the National Plan of Electric Power Globalization with the purpose of bringing electric energy to rural communities all over Brazil. This program was already concluded in the area of EDP Bandeirante, and its termination is expected to take place in 2011 in the region of EDP Escelsa, in the State of Espírito Santo. Prognosis is that the rural demand shall be 100% reached – however, being attentive to the fact that creation of small rural properties shall keep, at all times, the need of new facilities.

In 2010, the program has received resources amounting R\$ 23.6 million, what makes it possible to effect 5,821 lighting installations at EDP Escelsa area. Financing of the program counts on the following resources: 65% from the Global Reversion Reserve (RGR – in Portuguese), 10% from the Energy Development Account (CDE – in Portuguese), 10% from the State government, and 15% from distributor.

**GRI
EC4**

Light for Everyone Program

	2008		2009		2010	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Number of installations	1,317	9,822	1,420	6,581	0	5,821
Goal of installations	2,506	9,221	1,200	6,500	0	4,970
Origin of invested resources (R\$ thousands)						
Federal Government	2,857	49,633	4,004	24,495	0	20,074
Energy Development Account (CDE)	0	5,839	0	2,881	0	2,597
Global Reversion Reserve (RGR)	0	43,794	4,004	21,614	0	17,477
State Government	0	0	0	0	0	0
Own	952	8,759	1,335	4,323	0	3,542
Other	0	0	0	0	0	0
Total of applied resources	3,809	58,392	5,339	28,818	0	23,616
Average cost of installations	2.89	5.94	3.76	4.37	0	4.06

Populations of urban areas of the EDP distributors in Brazil are 100% covered. At EDP Bandeirante, the goal of installations to rural area was reached and the agreement to Light for Everyone Program was terminated in 12/31/2009. The current demand has been served pursuant to Resolution 414 of Aneel – Universalization Program.

Population not served with electric energy

Number of people	2009		2010	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Rural area	1,620	26,000	0	26,000
% of rural population	2.53	4.14	0	4.14

**GRI
EU26**

Social tariff

Another inclusion program performed by distributors is represented by the granting of a Social Tariff to those considered as low income families. Changes applied to criteria of this program can be reflected positively in the decreasing of non-payment rates. As of August 2010, only the economic condition was considered so that a family may be benefited with such tariff, which provides discounts up to 65% for the monthly consumption portion of electric energy under or equal to 30 kWh; 40% for the portion between 30 and 100 kWh; and 10% for consumption between 100 and 220 kWh.

To be entitled to such discount, the family should: 1) be enrolled in the Single Registry for Social Programs of the Federal Government and to have monthly family income per capita under or equal to half national minimum wage; 2) receive the Benefit of Continued Provision of Social Assistance (BPC). The benefit is extended to families with income up to three minimum wages, enrolled in the Single Registry, which have a member suffering of a disease or pathology whose treatment or medical procedure requires the continued use of devices, equipment or tools whose operation demand consumption of electric energy.

With the purpose of speeding the changing process and guaranteeing the consumers' right, EDP's distributors entered into agreements with the municipal governments to the correct registration of users.



Low Income Tariff

	2008		2009		2010	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Number of low-income households served	121,173	245,588	113,205	232,308	121,166	234,798
Total of low-income households from the total households served (%)	9.19%	27.57%	8.34%	25.25%	8.80%	24.35%
Revenue billing in subclass low-income residential (R\$ thousands)	13,955	29,219	14,814	32,288	15,419	31,695
Revenue billing in subclass low-income residential in relation to total revenue billing of Residential class (%)	1.85%	6.11%	1.95%	5.83%	1.70%	5.60%
Grant received (Eletrobras) concerning low-income clients (R\$ thousands)	1,608	53,208	2,470	9,629	854	22,939

GRI
EC4

Impacts under control

EDP in Brazil monitors and acts upon the impacts of its actions on communities. In the power generation business, the socio-environmental conditions are observed before, during and after the works of power generating plants construction, seeking to reduce the possible negative effects and to expand the options of local development. Programs of energy efficiency benefit the distributor's customers, which permanently evaluate opportunities of improvement in the consumption and monitor environmental aspects in the installation of new substations.

GRI
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Economical impacts

Through detailed studies, EDP in Brazil evaluates the impacts produced by its facilities, avoiding harms to the population. In the study of areas for plants installation, the applicable bodies are consulted, as well as the involved public, in order to guarantee acceptance of the projects. Topographical surveys determine affected areas and properties, as well as the eventual need to move people. In 2010 there were no cases of people moved physically and/or economically, since no work was initiated during the year.

In communities that suffer any impact due to EDP activities, professional development and income generation programs are carried out, such as the case with the inhabitants of the immediate surroundings of Peixe Angical Hydro Plant, in the State of Tocantins, which participated in training courses. In the State of Ceará, in the region of Pecém I Hydro Plant, the company graduated during the year 75 professionals to operate in the areas of civil construction, industrial welding and industrial mechanics.

GRI
EU19
EU20
EU22

GRI
EC9

Reinforcing commitment to sustainability and assuming responsibilities resulting from the company's operations, the EDP Institute supports social projects developed with a focus on education and on the development of the communities living in the immediate surroundings. Some of the projects selected in 2010 contemplate the digital inclusion, training of professionals to entrance into the marketplace, income generation through tourism and separation of recyclable waste, among other things. The complete list of sponsored projects is in the chapter of Social Performance - Attention to society – Community Development.

Social impacts

Just as it invests in the formation of customers through actions for the reasonable and safe use of electric energy, EDP in Brazil believes to be necessary to promote the continuous dialog of the surrounding communities. Some examples are the integration activities to discuss the impacts of works performed in Ceará (UTE Pecém I) and in Rio Grande do Sul (Tramandaí Wind Farm).

In São Gonçalo do Amarante (CE), the environmental program Electric Energy in the Community has reached approximately 13 000 people, which cleared their doubts and could have a closely look at the thermoelectric project. It included lectures at schools, visits with guides to the work site and visits to resident's homes. A free of charge phone line and with uninterrupted operation was made available to provide information, and weekly radio broadcasts announce data on the power generation plant. As it is a large enterprise, EDP representatives got into contact with the local government in advance of the works, in process of preparing the City for the temporary influx of workers during the construction.

In Tramandaí (RS), the EDP Institute and EDP Renováveis (EDP Renewable) performed some actions in partnership in the surroundings of the wind farm. Dialog with the Community that was held in September was the first meeting with the population, with the attendance of 94 people, which suggested actions to bring the community near the work.

Investco's interaction with the community of the surroundings of Luís Eduardo Magalhães Hydro Plant was highlighted in the annual events of the Anniversary of the Lake (sponsored by the EDP Institute and local governments) and Forum of the Lake (held by the Jaime Câmara Organization). In 2010, this anniversary celebration was attended by over 7 000 people and took several sporting and

cultural activities to the beaches of the surroundings of the lake created in with the hydro plant's reservoir. As regards to the Forum, that has been held since 2003, it promotes a debate on the multiple and sustainable use of the reservoir.

The preservation of cultural aspects is another company's concern, which promotes the maintenance of local knowledge and values. In the building area of one of the towers of the Tramandai Wind Farm, archaeological vestiges of nomadic people of the region were found, that let their utensils there. The situation was submitted to the State Foundation of Environmental Protection (Fepam – in Portuguese). In Tocantins, Enerpeixe has concluded the Research and Recovery Program of the Archaeological Heritage and Culture Peixe Angical Hydro Plant, developed since 2001. The actions peaked with an Archaeological Workshop Exhibition in the City of Paraná, which was attended by 150 people in the activities of recovery and value of the local history.

Environmental impacts

The influence on the environment is unavoidable when building and operating developments of the electric sector. To reduce impacts, EDP makes a mapping and monitoring of its interference with specific procedures of listing, qualification and classification, devising improvements and compensations actions.

The Distribution activities present low level of impacts in urban areas. All the new substations receive researches on electromagnetic field and noise. As an environmental compensation by the construction of the future ETD Pedreira, EDP Bandeirante has inaugurated in 2010 the Centro de Referência Ambiental Chico Mendes (Center of Environmental Reference), located at the Ecological Park of Itaquaquecetuba, with a socio-environmental focus.

None of the company's operating areas has a significant production of effluents. Emissions of Greenhouse Effect Gases (GEG) are monitored under parameters established by the Brazilian GHG Protocol Program and balanced whenever possible.

At Porto do Pecém I Hydro Plant, an advanced technology shall enable to reduce the environmental impact; besides, solutions shall be implemented in order to compensate part of CO² emissions of the plant. At Tramandai Wind Farm, the population has been provided with environmental education as a form of qualifying the residents' relation with the environment. At Investco, the Environmental Education Project - Anniversary of the Lake has a State highlight and seeks to make the population conscious on the value of environmental preservation coupled with a sustainable development. (More information in the chapter environment)

Better use of energy

The sponsorship of activities for the best use of electric energy integrates the Program of Energy Efficiency, which determines the electric energy distributors to be bound to invest part of their revenues in similar projects. Such investments amounted to R\$ 25 million in 2010, with a saving of 22.358 MWh/year, the equivalent to an annual average energy consumption of 9.3 thousand households.

EDP gives priority to initiatives that benefit low income consumers and non-profit entities, gathered in the Good Energy in the Community and Good Solar Energy projects. Such programs works for the benefit of the environment, stimulating the use of alternative sources of energy and reduction of consumption, promote a safer use and benefit consumers and health institutions with smaller costs, with a positive effect on the non-payment level. Modernization projects of public lighting and traffic signs, performed through the National Program of Efficient Public Lighting (Reluz), received investments of R\$ 4 million, with the substitution of about 10,203 public lighting points and reduction of demand and costs of energy to local governments.

In Espírito Santo, the Good Energy in the Community program contemplated roughly 46 000 consumer units, with an increased number of meetings with the community and lectures on energy efficiency. Through surveys applied by the NGO Ideaas, houses are selected to receive benefits of the initiative, with donation of proper equipment to the ordinary installation of energy. In the cycle 2009/2010, they represented 9,000 patterns, 6,680 installation kits (electric wires, circuit breakers, plugs), 127,000 operative lamps, with investments of R\$ 8 million. There is also raffle and donation of refrigerators for residents whose appliances are in bad condition.

Three initiatives stood out in São Paulo, operating area of EDP Bandeirante: 1) The improvement of the lighting systems of three benefit entities, with donation of equipment and provision of service to replacement of lamps, street lamps and ineffective reactors; 2) Holding of 26 community events, in needy districts, to encourage the efficient and safe use of electric energy, in addition to 33,000 visits; 3) Replacement of 10,219 low efficiency incandescent lamps, by high efficiency LED lamps in the traffic systems of Guarulhos, Mogi das Cruzes and São José dos Campos, with a saving of 2,607 MWh/year, which represents the annual average energy consumption of 1,086 housing units.

In partnership with the Housing and Urban Development Company of the State of São Paulo (CDHU –in Portuguese), EDP Bandeirante has accomplished improvements in 2,478 low income households in the Cities of Pindamonhangaba and Mogi das Cruzes. The Good Solar Energy project included the installation of solar panels in apartment buildings for water heating, replacement of the lamps and showers and efforts to promote consciousness. Investments totaled R\$ 13,3 million and the expected consumption reduction is of 1,290 MWh/year.

In 2011, EDP shall start two more major projects in its concessionaries, with investments of R\$ 62.01 million, benefiting over 128,000 consumers through educational projects to public schools, low income communities, public buildings and services. More than 512,000 people shall be reached with these actions.

In 2011, the EDP Institute, in partnership with NGO Ideaas and IADB's financing, shall develop a portable light project in the Southern region of the State of Pará. Photovoltaic panels, which convert solar energy into electric energy, shall be donated to poor communities of the region. Furthermore, the Institute will extend the integration of its actions with the energy efficiency initiatives.

Saving of energy

	Reduction of demand in the peak period (kw)		Saving (MWh/year)	
	2009	2010	2009	2010
Hospitals SP	282.0	55.5	1,092.0	377.7
Hospitals ES	140.5	72.0	452.7	108.3
Traffic Lights SP	312.1	301.2	2,665.3	2,607.3
Affordable Housing Development SP	876.7	0.0	3,075.7	0.0
Communities SP	6,188.0	5,409.0	9,195.0	8,672.0
Communities ES ^(*)	7,711.0	6,695.0	11,176.4	10,593.0
Total	15,510.3	12,532.7	27,657.1	22,358.3

(*) Forecasted total in the project

Investments of energy efficiency

Projects concluded in 2010	Investment (R\$ thousands)	Company
Energy Efficiency in Traffic Signs Systems of the City of Guarulhos/SP.	236.70	EDP Bandeirante
Energy Efficiency at Marcílio Guerra Gymnasium of Ferraz de Vasconcelos/SP.	38.70	EDP Bandeirante
Energy Efficiency in a Public Hospital - Associação Beneficente Jesus José e Maria	126.42	EDP Bandeirante
Energy Efficiency in Traffic Signs Systems of the City of Mogi das Cruzes/SP.	428.41	EDP Bandeirante
Energy Efficiency in Traffic Signs Systems of the City of São José dos Campos/SP.	1,797.86	EDP Bandeirante
Energy Efficiency at APAE São José dos Campos/SP	41.37	EDP Bandeirante
Energy Efficiency in Low Income Consumer Units and Regularization of Illegal Connections – 2009/2010. "GOOD ENERGY IN THE COMMUNITY"	9,315.54	EDP Bandeirante
Energy Efficiency Hospital of the Santa Casa de Vitória.	362.17	EDP Escelsa
Total	12,347.17	
Ongoing projects (conclusion in 2011)		
Energy Efficiency in Affordable Housing Development of Caixa Econômica Federal. PAR-CEF Residencial Cidade Brasília, Topásio, Jurema I, Jurema II and Araucárias.	3,933.51	EDP Bandeirante
Energy Efficiency in Affordable Housing Development – "Cezar de Souza" H, I and J – Mogi das Cruzes/SP	5,352.50	EDP Bandeirante
Energy Efficiency in Affordable Housing Development – "Cezar de Souza" K and P – Mogi das Cruzes/SP	3,523.51	EDP Bandeirante
Energy Efficiency in Affordable Housing Development - Pindamonhangaba Conj. D/E and F	4,469.33	EDP Bandeirante
Energy Efficiency in Traffic Signs Systems PEE 2011	1,061.37	EDP Bandeirante
Services to low income communities "Good Energy in the Community" Project	13,284.73	EDP Escelsa
Energy Efficiency CESAN – Application of Hydraulic Variators	1,288.28	EDP Escelsa
Energy Efficiency in 10 Benefit Institutions.	1,172.92	EDP Escelsa
Total	34,086.14	

Energy efficiency projects

Project	Direct benefits	Reduction of peak demand (kW) ⁽¹⁾	Energy saving (MW/year)
EDP Bandeirante			
Energy Efficiency in Traffic Signs Systems (Guarulhos, Mogi das Cruzes and São José dos Campos)	Modernization of 10,219 traffic signs points.	301.18	2,607.29
Low income communities – 2009/2010 (Regions of Alto Tietê, Vale do Paraíba and São Sebastião)	<ul style="list-style-type: none"> - 29,698 consumer units benefited with compact fluorescent lamps and instructions on the effective use of energy; - 120,000 inefficient lamps replaced by compact fluorescent lamps; - 13,508 adjustments and regularizations of illegal and irregular connections; - 30,000 visits of community agents, with a focus on the instruction about the energy use for the consumer unit; - 26 community events with educational focus; - 10,169 kits of internal connections donated for the consumer units; 	5,409.00	8,672.00

São Paulo: 3 low income entities and public hospitals (Regions of Alto Tietê, Vale do Paraíba and São Sebastião)	- 1,143 lighting points improved, with installation of high energy performance lamps; - 2,245 tubular fluorescent lamps replaced by other lamps of greater energy efficiency.	55.5	377.74
Subtotal		5,765.68	11,657.03
EDP Escelsa			
Assistance to low income communities – 2009/2010 (Regions of Grande Vitória and North and Southern parts of the State) *Anticipated Amount	- 45,560 consumer units benefited with compact fluorescent lamps and instructions on the effective use of energy; - 127, 185 inefficient lamps replaced by compact fluorescent lamps; - 8,919 adjustments and regularizations of illegal and irregular connections; - 132 community events with educational focus; - 414 malfunctioning refrigerators replaced by others with Procel saving stamp.	6,695*	10,593*
Energy Efficiency Hospital of the Santa Casa de Vitória ⁽²⁾ .	- 86 malfunctioning air conditioning appliances replaced by others high performance appliance with Procel/Inmetro saving stamp; - 11 malfunctioning refrigerators (fridge-bars) replaced by others with Procel/Inmetro saving stamp; - 108 electric showers replaced by 79 solar collectors for heating of water of rooms and infirmaries bathroom.	72.00	108.29
Subtotal		6,767.00	10,701.29
Total		12,532.68	22,358.32

(1) Reduction of demand in the front and economy of total energy found out in the project started in 2009 and ended on 2010

(2) Reduction of demand in the front and economy of total energy found out in the project started in 2009 and ended on 2010 - Hospital Santa Casa Vitória





EDP's environmental management in Brazil is aligned to his eight principles of sustainable development and seeks, by means of projects and innovative initiatives, to mitigate the impact of the controlled companies' activities.

In this context, in 2010, EDP promoted several actions seeking the best practices in environmental preservation, being worthy of highlight the release of the Biodiversity Corporate Policy, in which EDP states its commitment in reducing the loss of biodiversity, and partnerships with universities for development of environmental preservation studies.

In other front, EDP proceeded with the adjustment projects of assets and facilities of the companies for the environmental Certification ISO 14001 and occupational health and safety Certification OSHAS 18001. (More information can be found in the chapter Strategy – Management Tools).

Socio-environmental actions by EDP Bandeirante have received prominence in the Sustainability Report 2009 of the Interamerican Development Bank of (IADB), which stated that the company is an example to be followed as regards to sustainability practices. With that, the health and safety environmental management system and the solutions to mitigate the environmental impacts shall be used as example to other companies that shall rely on the support of IADB to implement projects in the area.

In 2010, the environmental investments amounted to R\$ 28.8 million, being the highest volume directed to activities of biodiversity and landscape protection.

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Investments and environmental expenditures (R\$ million)

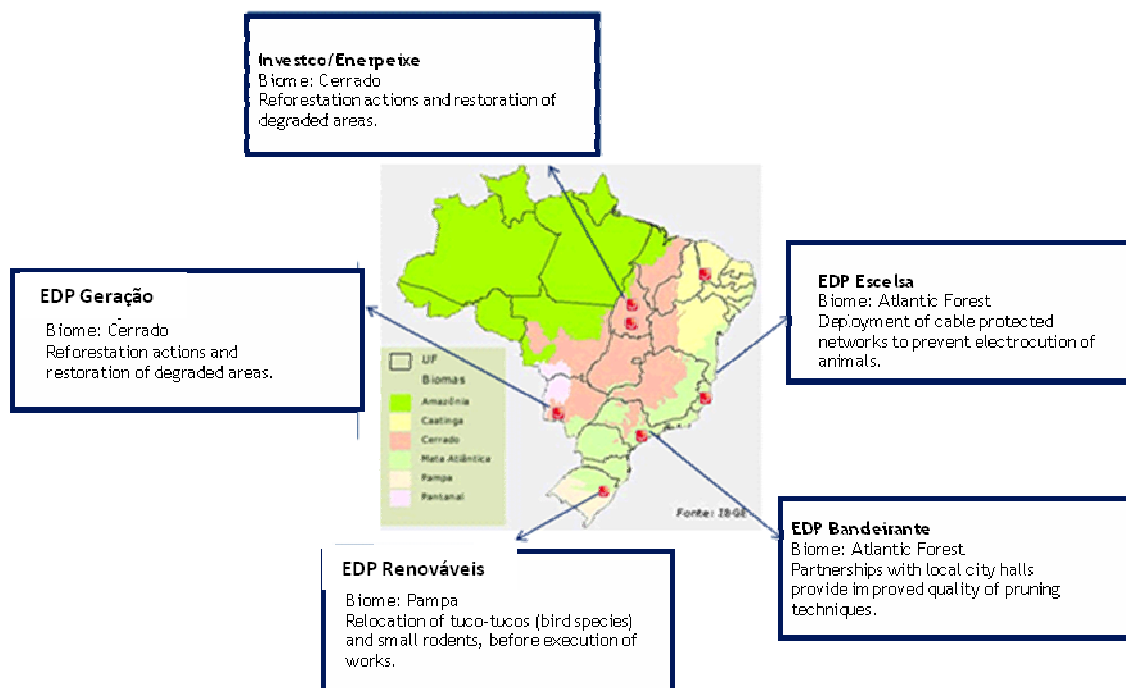
	2007	2008	2009	2010
Air and climate protection	0.02	0.00	0.01	0.11
Waste waters management	0.28	0.00	0.00	0
Wastes management	0.24	0.42	0.90	0.55
Protection and recovery of soils, underground and surface waters	2.43	1.51	2.31	1.35
Protection of biodiversity and landscape.	10.21	12.17	20.75	20.54
Other initiatives of management and protection of environment	17.80	4.96	4.98	4.20
Research and development in the environment area	0.20	0.00	0.27	2.06
Total	31.17	27.31	29.22	28.81

Commitment to biodiversity

In the International Year of Biodiversity, EDP renewed its commitment to the theme, establishing a new corporate policy. Through such policy, EDP asserts to evaluate the impacts of all its projects in the biodiversity, safeguarding the natural ecosystems. This theme was taken to co-operators in the meetings of Free Food Event and to the community through EDP at Schools.

Several controls of impacts in the biodiversity integrate the conditions to the building and operation of developments in the sector. At Enerpeixe, all requirements in the Operation License renewal were complied with – such renewal is valid for more six years, with the establishment of new conditions.





The power generating units execute, among other things, programs related to monitoring of water quality. In partnership with the Federal University of the State of Tocantins (UFT), Investco's survey is published every three months in a newspaper of great circulation, providing the population with information on balneability conditions in 17 strategic points of the reservoir. Investco and Enerpeixe also monitor the fauna (blue macaws, chelonians, botos -Amazon River dolphins, turtles etc.). Conducted by the Federal University of the State of Tocantins, ictiofauna research (fishes population) made by Investco in the creation of its reservoir was the most comprehensive study already conducted in Tocantins, in progress to this day.

To guarantee a zero mortality of fishes that enter into the turbines of the generating units during the pauses of the plant, Enerpeixe has started in 2010 a research and development pioneering project of isolation of these areas, preventing the entrance of animals or inducing fishes to go out from the suction tubes. The initiative, developed in collaboration with the Universidade Estadual Paulista (Unesp), aims to reduce the menace to fishes, almost discharging the recovery and rescue processes. Thus, the time of operation stoppage is reduced and there is less risk of casualties with co-operators. After its development and tests, the project may be applied in all Brazilian system plants.

One of the major actions to respect to the biodiversity in the building of Tramandaí Wind Farm involved the relocating of Brazilian tuco-tucos (*Ctenomys brasiliensis*), small rodents that live in subterranean galleries and are common in Brazilian Southern coast. Prior to the performance of the works, biologists mapped and transferred the existing burrows in the building area. Animals presented a good answer to the transferring process, adjusting themselves to the new burrows and not trying to come back to the origin places. In the adjacent areas to the transmission line, there was maintenance of protected species or species that are in risk of extinction, with an inventory and demarcation of flora, what has determined some adjustments in the original project of the Wind Farm. Bromeliads and orchids were recovered and donated to the local forest garden.

At the distributors, arrangements with the local governments provided an improvement on the quality of pruning techniques used by companies, as a way to diminish the interruption of electric energy supply and to preserve the flora. As a pilot project, EDP Bandeirante executed arrangements to foment the local biodiversity of the Cities of Guaratinguetá, Caçapava and Guararema. The company makes available to the local governments equipment for the municipal arboretum and seeds destined to the production of seedling of native forest species.

Protected areas

In 2010 actions of reforestation and recovery of degraded areas were conducted at EDP's generating plant region. In the Plants of Mimoso, Paraíso, São João I and II and Coxim, the restored areas totaled 115 hectares, while in the Peixe Angical Hydro Plan the conventional reforestation, enrichment and regenerating areas totaled 247 hectares. At Investco, there was a maintenance of the previously recovered (about 90 hectares), and reforested (around 380 hectares) areas. The project was virtually concluded in 2009, and in 2011 there would be a reforestation of approximately 6 hectares. At EDP Escelsa distributor, 3.73 hectares were reforested.

Distributors' concession areas totaled 50.9 thousand of square kilometers, a great portion located in locations abundant of biodiversity, specially the biome of Atlantic Forest. In 2010, the nets located in protection areas amounted to 29 square kilometer in the region of EDP Bandeirante and 3.5 square kilometers in EDP Escelsa. A tool specifically developed to control interventions in the protected areas allows the identification with advance of energy connections required for protection areas or for restricted use; in these cases, permission by environmental bodies is sought.

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In the region of EDP Bandeirante, these areas include state park, ecological station, environmental protection areas (APAs – in Portuguese), and the Springs Protection and Recovery Area in the region of Alto Tietê, in charge of part of the water supply in the City of São Paulo. In the area of EDP Escelsa, nine environmental protection areas are located, which totaled 36.8 thousand hectares (0,8% of the territory of Espírito Santo), in addition to natural reserve, forest and national park, biological reserves and state parks.

The Atlantic Forest, environment in which distributors and part of the generating plants operations are developed, is the habitat of approximately 60% of the species threatened with extinction, according to the Ministry of Environment (2004). Enerpeixe's influential area, in Tocantins, is in the cerrado biome, and eight species were identified as threatened with extinction. None of the species suffered direct impact of actions or assets by EDP.

**GRI
EN15**

The goal is, in 2011, to intensify actions regarding the biodiversity in the Cities, main operating areas of distributors. The initiative already gave its first steps in 2010, with a contest of pictures about the urban biodiversity with participation of co-operators of the company. The best pictures are part of the EDP Institute calendar 2011.

Impacts in the biodiversity

Direct impact	Indirect impact	Actions to minimize impacts
Aspect: Maintenance of corridors of transmission and distribution lines		
<ul style="list-style-type: none"> - Contamination of soil, water, materials, wastes, effect of agrochemicals handling. - Impact on the fauna and flora, by suppression of vegetation, removal of native ground cover, generating of wood wastes. - Erosive processes, silting up of bodies of water, due to the building and maintenance of accesses 	Barrier to the dispersion of some species and edge effects, for changes and disturbances in the boundary between the forested and non-forested areas.	Working instructions to management of hazardous wastes, giving guidance on proper procedures. Technical Specification of Environmental Aspects in the engagement and management of construction services of transmission lines and distribution substations. Procedure of environmental licensing, by matching economical development with preservation of environment.
Direct impact	Indirect impact	Actions to minimize impacts
Aspect: Fragmentation and isolation of areas		
Reduction of habitats for fauna, as an effect of suppression of vegetation.	Barrier to the dispersion of some species and edge effects	Procedure of environmental licensing, by matching economical development with preservation of environment.
Aspect: Pollution		
<ul style="list-style-type: none"> - Water and soil pollution, by installation and maintenance of equipment containing insulating oil, polychlorinated biphenyl, liquid acid lead - batteries. - Atmospheric pollution (leakage of SF₆) 	Impact on fauna and flora	Periodic inspection of equipment, utilization of absorbent blankets to avoid leakages. Working instructions to management of contaminated wastes give guidance on proper procedures. To prevent leakages of SF ₆ gas, a preventive maintenance of equipment is performed. During the process, the gas is stored in cylinders. Working Instruction of Monitoring of Greenhouse Effect Gases is used to give guidance on the proper procedures.

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Attention to climatic changes

Attentive to the issue of climatic changes, EDP in Brazil is actively engaged in programs and initiatives in order to monitor and reduce the emission of greenhouse effect gases (GEG): it invests in renewable energies, annually EDP in Brazil evaluates and monitors its emissions, mapping also risks and opportunities relating to climatic changes in its business activities.

External commitments

Founder-Member of the Brazilian GHG Protocol Program, which is engaged in the incentive to voluntary management of emissions of Greenhouse Effect Gases, EDP performs on an annual basis its inventory of emissions following internationally recognized patterns - the issue of 2009 was recognized by a Gold Seal. In compliance with this initiative, EDP became a member of the Companies for the Climate" (EPC) program, created in 2009 with the goal of bring together companies willing to operate in a low carbon economy and to create public policies related to climatic issues.

Risks and opportunities

The company adhered in 2006 to the Carbon Disclosure Project (CDP) and for the first time, in 2010, EDP in Brazil has reported its information in own instrument, that up to that time was jointly performed with EDP in Portugal. By evaluating the risks and opportunities arising out of the climatic changes, the Carbon Disclosure Project of 2010 revealed severe climatic events and alterations in hydrological cycle such as physical risks, which can cause reduction in the production of energy and interruptions in the distribution. These risks are monitored in the generating units, which have operating emergency plans to prevent interruptions in the operation.

In addition to teams trained for a quick intervention in case of interruption of energy distribution, a new climate monitoring tool is in development for the distributors, in partnership with the National Institute for Space Research (INPE). The results of the study shall

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assist to anticipate more significant alterations in the distribution network, acting in the prevention and promptness of maintenance in case of severe climatic events, such as rainfalls, winds and alterations in temperature.

Attentive to the municipal, state and federal climatic regulations, EDP was engaged in the development and executed a commitment in the document Managerial proposals of public policies for a low carbon economy in Brazil, published by the Companies for the Climate Program (EPC). The initiative is vital at the time of Brazilian law structure on climatic changes and shows the company's concern with the matter, acting in advance and contributing with proposals based on practical experiences.

The CDP also revealed physical and regulatory opportunities for the group, such as the increased demand by renewable energies, leading to opportunities of development of more efficient and less intensive in carbon technologies, and regulations restricting emissions of greenhouse effect gases, which should create new opportunities of investment in renewable energies.

Atmospheric emissions

Monitoring of emissions embraces all business areas, considering direct emissions from owned or controlled sources and indirect emissions - those related to technical impairments in the operations of energy distribution and to acquisition of electricity for consumption in administrative activities.

Emissions inventoried by the group companies in 2010 represent 97,054 tCO₂e. In the emissions of scope 1, from fuels and SF₆ gas there was a significant reduction of 18.2%, what demonstrates EDP's determination in opting for cleaner fuels. Other initiatives of emissions control refer to the adoption of on-board computers in EDP Escelsa vehicles, which provide analysis data for application in actions of efficiency increase and consumption decrease (Intelligent Expert System).

Emissions of scope 2, from energy consumption and technical impairments presented an increase when compared to 2009. This fact is due to an increased emission factor of the national electrical grid. The strong need to energy, impelled by economic growth leads to a dependence on thermal sources, for the constructions of renewable sources do not keep pace with this demand. Data published by CIMGC (Inter-Ministry Commission for Global Climate Changes) show that there was an increase in the emission factor of the national electrical grid of about 80% comparing to 2009, with an impact in the emissions of the group companies.

EDP's transportation activities are basically in maintenance of networks and moving of workers, which do not cause significant impact on the environment. In 2011, EDP established as a goal to make an inventory of emissions referring to moving of workers from their homes to the workplace, in order to spur a consciousness on the theme and what is the impact on environment.

At Energia Pecém Hydro Plant, under development in the State of Ceará, several equipment shall be installed to control and monitor the environmental impacts, among them, a desulfurization system - Flue-Gas Desulfurization - FGD, which shall perform a neutralization of pollutant compounds, and another system of emissions monitoring - Continuous Emissions Monitoring System - CEMS. The development adopted 17 Environmental Control and Monitoring Plan (PCMA - in Portuguese) that aim to control, monitor, reduce, and mitigate the probable impacts arising out of the operation of the aforesaid Hydro Plant. Besides, the company committed to the Interamerican Development Bank (IADB) to compensate part of the emissions with investment in renewable energies.

Total of direct and indirect emissions of greenhouse effect gases (tCO₂e)

	EDP Consolidated ⁽²⁾			EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Biomass emissions	417	720	885	277	446	591	80	142	170
Alcohol (ethanol)	417	637	743	277	411	528	80	102	101
Biodiesel		83	143		35	63		40	69
Emissions Scope 1	5,052	5,166	4,227	2,570	2,231	1,754	2,097	2,576	2,170
Gasoline	914	833	726	333	238	152	430	469	493
Diesel	2,826	2,844	2,927	1,299	1,223	1,291	1,293	1,388	1,414
GNV (Compressed Natural Gas)	26	5	0	26	5	0	-	-	-
SF ₆	1,286	1,484	574	912	765	311	374	719	263
Emissions Scope 2	718	39,921	91,941	322	19,143	45,026	384	20,694	46,793
Electric energy	718	464	894	322	153	310	384	227	462
Technical Impairments ⁽¹⁾	-	39,457	91,048	-	18,990	44,717	-	20,467	46,331
Total emissions	6,187	45,807	97,054	3,169	21,820	47,371	2,561	23,412	49,133
Variance		-640%	-112%		-589%	-117%		-814%	-110%

(1) The technical impairments of distribution were considered in EDP's inventory of emissions as of 2009 and in its Annual Sustainability Report 2010.

Total of direct and indirect emissions of greenhouse effect gases (tCO₂e)

	Energest	Enerpeixe	Investco
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	2008	2009	2010	2008	2009	2010	2008	2009	2010
Biomass emissions ⁽¹⁾	18	22	16	25	16	12	17	94	97
Alcohol (ethanol)	18	19	11	25	14	9	17	91	93
Biodiesel		3	5		2	2		3	4
Emissions Scope 1	81	99	105	278	117	96	26	143	102
Gasoline	20	11	7	130	68	47	1	47	27
Diesel	61	88	98	148	49	49	25	96	75
GNV (Compressed Natural Gas)	-	-	-	-	-	-	-	-	-
SF6	-	-	-	-	-	-	-	-	-
Emissions Scope 2	-	75	97	9	4	13	3	5	11
Electric energy	-	75	97	9	4	13	3	5	11
Technical Impairments ⁽²⁾	-	-	-	-	-	-	-	-	-
Total emissions	99	196	218	312	137	121	46	242	210
Variance		-98%	-11%		56%	11%		-426%	13%

Reduction and compensation of emissions

To encourage a sustainable development and reduction of emissions in developing countries, at the same time in which it assists the industrialized countries to reach their reduction goals, the Kyoto Protocol defined the Clean Development Mechanism (MDL – in Portuguese). Pioneering the electric sector in the preparation of carbon credit projects, EDP has five Clean Development Mechanism Projects registered in the Executive Committee of Climatic Changes of the United Nations: repowering of the fourth generating unit of Mascarenhas Hydro Plan, São João (Es) and Paraíso (MS) Small Hydroelectric Centers and Água Doce and Horizonte (SC) wind farms.

In the first half of 2010, the company sold 25,000 tons of carbon credits in the voluntary market, obtaining around R\$ 630.000 as revenue. Commercialized with the Switzerland Company First Climate, the credits were obtained through Mascarenhas Hydro Plan repowering, which shall prevent the average emission of 50,000 tons of CO₂. In the end of 2010 EDP has received a certification of the first credits issued by the United Nations to São João Small Hydroelectric Center project. Resources obtained with carbon credits negotiation are fully destined to social projects sponsored or developed by EDP Institute.

EDP believes that the direction is addressed to a low carbon economy and, therefore, in addition to an effort in carbon credits generation, other measures of emissions compensation are in course. In 2010, emissions of the events – such as the Innovation Day, inauguration of Saint Fé Small Hydroelectric Center and meeting of co-operators in São Paulo and Espírito Santo – were inventoried and compensated.

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Concern to natural resources

Econnosco project, created in 2009 with the goal of stimulating the conscious use of natural resources by EDP workers, has reported in 2010 new actions of incentive to reduction of consumption and generation of wastes. With campaigns of consciousness and expansion of the selective waste collection, the project reached all workers, which started sending local experiences such as: development of selective waste collectors for the vehicles that perform the network maintenance service, recovery and reuse of wood crossheads, reuse of storm water, to name but a few.

Sharing know-how

The 50 Econnosco ambassadors – co-operators who are engaged in the spreading of initiatives – participated in the workshops held by EDP Institute in partnership with Akatu Institute. The following themes were addressed: consumer transforming power; importance of recycling; conscious consumption of water, paper, energy and fuels; and greenhouse effect gases that cause the global warming.

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To spread the theme still more, an Econnosco Contest – Ambassadors EDP 2010 was held, which selected the best sustainable projects developed by ambassadors. The winner project addressed the reuse of distribution network materials, and the creator team was awarded with a trip to know the EDP Foundation in Portugal.

Throughout the year, in the several phases of the project, co-operators received inserts with information on the themes at issue, comprising a card index printed in paper certified by Forest Stewardship Council (FSC), which certifies the paper is from forests planted according to sustainability criteria. Through a monthly newsletter, Econnosco announces actions of workers and other improvements implemented at EDP, besides presenting the consumption evolution of the six themes covered by the project: water, energy, paper, fuels, wastes and emissions.

In the stage of atmospheric emissions, ecological calculators and seed papers were distributed, to calculate the amount of emissions and to convert such seeds into trees to be planted to compensate such emissions. In EDP Escelsa 900 seedlings of Brazilian wild flora were distributed among workers, with the purpose of promoting the environmental preservation and the importance of keeping the ecosystems in a sound condition in order to prevent loss of biodiversity.

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Water

At EDP Bandeirante the implementation of three water reuse projects in 2010 stands out. In São José dos Campos' building, water from the air conditioners is now being reused. ETD Boissucanga (São Sebastião) and Mogi das Cruzes building introduced projects to use storm water. In these places, hydrometers are being installed to monitor the quantity of the collected and, consequently, saved water. This water shall be used to wash yards and to irrigate green areas.

The water total consumption of the companies was of 116,2 thousand cubic meters, an increase of 27,3% compared to 2009. Despite of reductions demonstrated in the consumption of some EDP's companies, the increase in the consolidated data refers mainly to the inclusion of other measurement points of the generating units, not monitored until that time.

Consumption of water (m³)

	EDP Consolidated ⁽¹⁾			Bandeirante			Escelsa			Energest			Enerpeixe		
	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010	2008	2009	2010
Municipal water supply system	58,167	59,394	82,846	39,037	41,785	44,097	19,130	16,777	17,700	na	164	20,272	na	668	777
Underground water	17,938	28,679	24,547	0	0	0	17,938	27,918	24,547	na	0		na	761	0
Surface water	0	3,174	8,797	0	0	0	0	0	0	na	0		na	3,174	8,797
Total	76,105	91,247	116,190	39,037	41,785	44,097	37,068	44,695	42,247	na	164	20,272	na	4,603	9,574
Consumption by worker	76	94	78	38	47	39	38	47	39	na	-	-	na	-	-
Recycled and reused water	316	316	316	0	0	0	316	316	316	na	0	0	na	0	0
Reuse of water (%) ⁽²⁾	1	1	1	0	0	0	0.9%	0.7%	0.7%	na	0	0	na	0	0

(1) 2007 and 2008 do not include data from generating units; 2009 does not include Investco and Energest; and in 2010 only Investco was not considerate.

(2) Bandeirante uses reuse water; however in 2010 there was no report of volume that was used. As of 2011 hydrometers shall be installed for that control.

na= not available.

There are no hydric sources materially affected by water draw-off. Most water consumption is supplied by the municipal water supply system. In the case of EDP Escelsa and Enerpeixe, grants issued for water intakes (underground and surface water) are of little significant use.

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Energy

In 2010, consumptions of renewable and not renewable energy sources at EDP increased 10.3% and 1%, respectively, in respect to 2009. The direct energy consumption was of 57,479 GJ, 3% above the previous year. EDP in Brazil has a fleet management program for control and monitoring, which contemplates periodic maintenances and direction to drivers for an efficient driving. It enables, also, the development of actions to make the company's fleet more efficient.

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Consumption of direct energy

	EDP Consolidated			EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Renewable (GJ)	9,851	11,309	12,472	5,697	6,201	7,469	2,893	3,209	3,326
Alcohol (ethanol)	3,637	5,426	7,044	3,252	4,235	5,852	0	41	46
Portion of renewable (in gasoline and diesel)	6,214	5,883	5,428	2,445	1,965	1,617	2,893	3,168	3,280
Not renewable (GJ)	47,537	44,523	45,006	22,172	17,930	18,106	20,681	22,356	23,215
Gasoline	12,733	11,726	10,060	4,632	3,347	2,105	5,989	6,611	6,832
Diesel	37,423	37,518	39,425	17,119	16,141	17,389	17,040	18,313	19,043
GNV (Compressed Natural Gas)	422	86	7	421	86	7	1	0	0
Total Consumption (GJ)	57,388	55,833	57,479	27,870	24,131	25,575	23,574	25,565	26,540
↑ Increase/ ↓ Reduction in consumption	-	↓ 2,7%	↑ 3%	-	↓ 13,4%	↑ 6%	-	↑ 8,5%	↑ 3,8%

Consumption of direct energy

	Energest			Enerpeixe			Investco		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Renewable (GJ)	356	309	217	708	353	253	197	1.238	1.207

Alcohol (ethanol)	221	197	116	0	0	0	164	952	1.030
Portion of renewable (in gasoline and diesel)	135	112	101	708	353	253	33	286	177
Not renewable (GJ)	974	1,216	1,329	3,219	1,330	1,117	491	1,691	1,240
Gasoline	278	152	95	1,814	956	656	20	659	371
Diesel	806	1,160	1,323	1,956	645	657	501	1,259	1,012
GNV (Compressed Natural Gas)	0	0	0	0	0	0	0	0	0
Total Consumption (GJ)	1,330	1,525	1,546	3,927	1,683	1,370	688	2,929	2,447
↑ Increase/ ↓ Reduction in consumption	-	↑ 14.6%	↑ 1.4%	-	↓ 57.1%	↓ 18.6%	-	↑ 326%	↓ 16.5%

The consumption of indirect energy – electric energy from the administrative and production areas – totaled 19,911 MWh (71,678 GJ), 4,9% above the previous year. Distributors presented a reduction in the energy consumption as regards to the previous year, while the group generating units presented a growth comparing to 2009. Part of such increase is due to an inclusion of energy consumption data of Mato Grosso do Sul plants. Other services, such as travels and transportation of workers, are considered as indirect energy and, in this sense, EDP adopted measures in its effort of reducing moving of workers, by means of investments in the quality of video conference equipment in several units of the group, besides instructing workers for priority of its use.

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Consumption of indirect energy

	EDP consolidated			EDP Bandeirante			EDP Escelsa		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Consumption of electric energy (MWh)	14,813	18,982	19,911	6,617	6,242	6,080	7,944	9,289	9,074
Consumption of electric energy (GJ)	53,327	68,335	71,678	23,821	22,471	21,888	28,598	33,440	32,666
Increase↑/ reduction in consumption ↓	-	↑ 28.1%	↑ 4.9%	-	↓ 5.7%	↓ 2.6%	-	↑ 16.9%	↓ 2.3%

Consumption of direct energy

	Energest ¹			Enerpeixe			Investco		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
Consumption of electric energy (MWh)	0	3,080	4,273	193	164	263	59	207	221
Consumption of electric energy (GJ)	0	11,611	15,382	695	590	946	212	745	795
Increase↑/ reduction in consumption ↓	-	0	↑ 38.7%	-	↓ 15.3%	↑ 61.7%	-	↑ 250.8%	↑ 6.7%

(1) Energest's electric energy consumption now includes also demand of Mato Grosso do Sul plants (Pantanal and Costa Rica) as of the fourth quarter/2010

Materials

By integrating Econnosco's phase paper, the monthly invoices of electric energy and all commercial correspondences issued by EDP Bandeirante has received the FSC - Forest Stewardship Council certification. That stamp certifies that wood used to produce the paper has its origin on a sustainable process, with forests planted according to a model of respect to environment and reliable working conditions. Such measure embraces about 1.4 million of invoices and 159,000 documents/month (18 million papers per year).

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The recycled paper and/or with FSC stamp is used in the offices of all EDP's companies in Brazil. Materials acquired by the company comply with legal criteria and principles of sustainable development. Among other recycling actions, the placement of collectors of cells, batteries and cellular appliances in the building of the holding in São Paulo and in the places of EDP Bandeirante in Guarulhos, São José dos Campos and Mogi das Cruzes stands out. These materials are delivered to a recycling company that gives a proper disposal to that stuff. Another measure is the reuse of measuring instruments and burnt or damaged transformers, which are repaired in specialized repair shops.

Other initiatives of products use and seeking of solutions that do not damage the environment include: posts of treated eucalyptus from reforestation; crossheads acquired from licensed companies and with a Document of Forest Origin (DOF), which certifies about the regular origin of the wood product according to Ibama (Brazilian Institute of Environment and Renewable Natural Resources); toilet papers produced from cellulose obtained from planted forests; agreement with a company to recharge tonners of copiers; use of ecological inks, taps with sensors to water saving, among other sustainable construction materials.

Investco has improved the survey of materials data and registered 671 lamps and 220 reactors.

Materials employed - EDP distributors

		EDP Bandeirante		EDP Escelsa	
Materials	Unit	2009	2010	2009	2010
Not renewable					
Hardware ¹	kg	4,189	2,546	1,122	862,090
Bare aluminum cables and copper	kg	-	137,640	-	323,173
Covered aluminum cables and copper	Meter	2,384,836	2,491,869	4,638,793	3,982,083
Miscellaneous cables	Meter	152,803	125,495	-	1,782,131
Special works (Light for Everyone and regularization of connections)	Part	27,961	47,915	-	-
Switches and sockets	Part	1,047,144	1,113,086	1,104,008	902,099
Fuses connections	Part	69,676	71,313	130,206	118,066
Insulators	Part	119,719	117,677	97,222	130,960
Measuring instruments	Part	134,911	151,418	143,504	187,008
Sealing stamp	Part	76,618	-	8,600	919,681
Lightning-conductor	Part	11,245	13,193	14,577	13,109
Transformers	Part	8,723	8,329	7,504	9,778
Steel crossheads	Part	64	2,550	104	173
Posts of concrete	Part	0	-	5,939	16,191
Arms of lamps and lamps	Part	7,503	21,064	-	-
Lamps	Part	82,322	111,702	-	-
Reactors, relays and igniters	Part	49,614	75,267	-	-
Renewable					
Wooden crossheads	Part	15,990	16,140	19,765	19,707
Wooden posts	Part	3,005	1,372	2,001	1,738

(1) In 2010, the inventory of EDP Escelsa hardware was conducted in the "parts" unit.

Materials from recycling

Materials from recycling							
Materials	Unit	EDP Bandeirante			EDP Escelsa		
		2008	2009	2010	2008	2009	2010
Measuring instruments							
Total removed	Part	117,699	134,911	107,075	57,284	124,046	57,998
Recovered	Part	18,958	39,400	54,231	46,203	85,898	19,016
% recovered		16.1	29	50.6	80.7	69.3	32.8
Transformers							
Total removed	Part	4,104	4,291	1,334	810	811	1,555
Recovered	Part	1,334	1,286	1,299	1,239	325	1,407
% recovered		32.5	30.0	97.3	153.0	40.1	90.4

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Management of environmental impacts

Wastes and effluents

Wastes generated in the distribution represented 6,054.5 tons in 2010. Wastes from office are collected by companies or associations of waste collectors, which are responsible for the recycling or sale process for companies specialized in the treatment of these material. That does not happen only in Enerpeixe that, even separating the wastes, does not rely on local initiatives of recycling, sending such material for the municipal landfill. In 2010 EDP Escelsa entered into a new partnership for wastes destination, with the donation of materials separated in the selective collection set up in Cachoeiro de Itapemirim, for the Sociedade dos Amigos do Vale do Castelo (Savac), an association supported by EDP Institute.

Companies engaged for maintenance activities are responsible for handling and disposal of wastes they produce. Hazardous wastes (57.7 tons in 2010) are fully delivered to specialized companies, which provide their refining (used oils) or decontamination (mercury lamps). At EDP Escelsa, workers from Guarapari (Es) region created the Clean Nature project, adopted in the entire distributor. Through such project, safety stamps of boxes and measurement blocks are recycled. The collected material is taken to incineration in Carapina.

The company acts to eliminate polychlorinated biphenyls (PCB - ascarel), insulating oil already completely discarded in EDP Escelsa equipment since 2005. The wastes contaminated with this insulating oil, as well as equipment that contains PCBs, are incinerated. In 2010, EDP Bandeirante destined for proper treatment the last 17,016 kg of oil and other equipment contaminated with PCBs that were still stored in the company. Metallic wastes and concrete posts are commercialized with recycling and reuse companies and are generally reinserted in the own system of distributors.

Water consumption and the generated effluent are of domestic kind, being collected through a public sewage disposal system or, in the case of EDP Escelsa, by septic tanks built according to the technical rules, without significant impacts. EDP complies with the law and uses its efforts to reduce the volumes of effluents. A modern Treatment Station of Effluents shall be introduced into Pecém I Hydro Plant.

During the year, six leakages were registered in EDP Escelsa, with 2,070 kilograms of oil, and one leakage in EDP Bandeirante, with 600 liters of oil. In EDP Escelsa, due to the method employed by the company in charge of the cleaning (use of rock dust to absorb the spilt oil), the report of leakage is recorded in mass units (kilograms) and not in volume (liters). Leakages occurred when transformers of the distribution network burnt and were properly handled by third party companies specialized and qualified for the decontamination and collection of waste, avoiding water and soil contaminations.

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Wastes management – EDP generators

	Unit	Energest	Investco
Hazardous wastes (Class I)			
Contaminated wastes (oil, ink, glue)	Ton	5.2	1,245
Lamps	Unit	806	1,119
Cells and batteries	Unit	40	58
Transformers and capacitors	Unit	2	-
Generators	Unit	1	-
Lubricant oil – used and/or contaminated	Liters	-	650
Acid-lead battery	Unit	-	1
Tonner and cartridges for printer and/or xerox	Units	-	18
Non hazardous wastes (Class II – A)			
Wastes of reservoir (garbage, macrophytes, sediments of silting up)	m ³	388	-
Metal scraps	Tons	6,185.65	-
Wood	Tons	1.05	-
Plastics	Tons	4.21	-
Paper and Cardboard	Tons	0.17	-
Ferrous and non-ferrous metals	Tons	-	0.7
Computer stuff	Tons	-	0.17

Wastes management – EDP distributors

Wastes management – EDP distributors							
	EDP Bandeirante		EDP Escelsa		EDP Consolidated		Disposal Method
	2009	2010	2009	2010	2009	2010	
Hazardous wastes (tons)							
Used oils	-	-	57	-	57	-	Refining
Lamps containing mercury	31	29	2	-	34	29	Decontamination

Wastes and broken stones contaminated with oil	5	8	-	-	5	8	Storage
Oil and wastes with PCBs	3	17	-	-	3	17	Storage
Batteries	-	4	-	-	-	4	Storage
Silica gel	-	-	-	-	-	-	Storage
Paints and solvents	-	-	-	-	-	-	Storage
Aluminum cables	186	103	649	-	835	103	Recycling
Non hazardous wastes (tons)							
Carcass (transformers and capacitors)	6	3	21	-	27	3	Recycling
Insulators and reactors	90	55	-	-	90	55	Recycling
Iron and steel	368	250	56	9	424	259	Recycling
Non hazardous cables	160	105	27	-	187	105	Recycling
Posts of concrete	3,140	1,914	4,066	2,813	7,206	4,727	Recycling
Wood	-	-	50	610	50	610	Recycling
Paper and cardboard	37	35	20	18	56	52	Recycling
Plastics	2	3	2	1	4	4	Recycling
Metals	41	28	3	2	44	30	Recycling
Copper, bronze and brass	12	3	-	-	12	3	Recycling
Glass	-	-	-	-	-	-	Recycling
Mix (wastes of paper, cardboard, plastic, aluminum, glass)	3	4	-	-	3	4	Recycling
Wastes from office	42	42	-	-	42	42	Recycling

- (1) Wastes delivered to specialized and licensed companies
(2) Stored wastes, without destination

Hazardous wastes transported (tons)

	Quantity (tons)		Destination		% internally handled		% handled by third party suppliers	
	2009	2010	2009	2010	2009	2010	2009	2010
Lubricant oil	0	0	0	0	76.4		0	
Oil and wastes with PCB	3.4	17	Stored	17	0	0	0	100
Bearing inserts	1.1	1.4	1.1	1.4	0	0	100	100
Lamps	30.7	28.8	30.7	28.8	0	0	100	100
Infectious	0.05	0.03	0.046	0.03	0	0	100	100
Broken stones with oil	2.8	6.2	Stored	Stored	0	0	0	0
Wastes contaminated with oil	1.7	1.5	Stored	Stored	0	0	0	0
Batteries	0.1	3.8	Stored	3.8	0	0	0	0
Silica gel	0.2	0.3	Stored	Stored	0	0	0	0
Paints and solvents	0.2	0.4	Stored	Stored	0	0	0	0
Total	40.2	59.4						

Mitigation of environmental impacts

Companies by EDP in Brazil operate based on policies and practices that seek to reduce and mitigate impacts inherent to their operation. They keep structured initiatives that embrace the main aspects, as described as follows:

Management of environmental impacts

Initiative	Actions in 2010
Aspect: Noise pollution	
Monitoring and control of noise levels in substations, to guarantee the acoustic comfort to populations living nearby the facilities.	EDP Bandeirante: samples collected in 13 substations. From these, 9 presented to be fully in compliance with the applicable rules, being the remaining subject to environmental adjustment and listed to be monitored at 2011 campaign. EDP Escelsa: a specialized company was contacted to prepare an Appraisal Report on

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the Sound Pressure issued by SD Manguinhos.	
Aspect: Wastes	
Selective waste collection system in the companies of EDP group.	<p>EDP Escelsa: Selective waste collection implemented in two Distribution substations, and in the Southern Regional in Cachoeiro de Itapemirim.</p> <p>EDP Bandeirante: 38 tons of wastes from office were collected and 57,563 fluorescent lamps were decontaminated.</p> <p>Plants: in the repowering units 6,185 tons of metallic scraps (copper and mixed scraps) were counted and commercialized. Scales were purchased for plants to monitoring and to controlling waste generation.</p>
Aspect: Used oils	
Oil filtration systems (dialysis) in power transformers of the substations.	EDP Escelsa: 10 new filters were installed in 2010, totalizing 72 filters of insulating oil.
Aspect: Pruning	
To minimize the effect of the transmission lines on the landscape, vegetation and local fauna.	<p>EDP Bandeirante: it was executed arrangements with the local governments for the improvement of the quality of pruning techniques used by the company and its regulation in the municipal bodies, thus diminishing the interruption of electric energy supply.</p> <p>EDP Escelsa: by maintaining the Technical Cooperation agreement Escelsa-Idaf/ES, the company received 100% of requested permissions to cutting/pruning.</p>
Aspect: Contamination of soils and underground water	
Management Program on the Quality of Soil and Underground Water developed in the companies of EDP group.	<p>EDP Escelsa: monitoring of the water quality of the artesian well located at the Operating Center of Carapina.</p> <p>EDP Bandeirante: detailed investigation of 12 facilities in 2010.</p> <p>Generation investigation of potential liabilities in its assets. In 2010, in São João Small Hydroelectric Center an evaluation was conducted in an old patio of machinery used during construction of the development. No contamination was identified. In Mato Grosso do Sul, the company initiated analyses on the soil and underground water in two thermal assets disabled in 2005. In one of these assets no contamination was identified and in another a detailed investigation shall be made of the development area in 2011, as well as the necessary actions to decontamination shall be defined.</p>
Aspect: Ichthyofauna in the dams of hydroelectric plants	
Studies and preparation of Working Instructions to recovery of fishes during the pauses of the generating units.	Activities haven't started, it is schedule only to 2011.
Aspect: Hydric resources	
Qualitative/Quantitative, Hydrological Monitoring Programs.	Generation: continuity of field campaigns for monitoring of water quality. There are already 168 monitoring points in projects of management of hydric resources.
Aspect: Generation of effluents	
periodic inspections of separators of water-oil (SAO) and septic tanks	Generation: Implementation of the system of integrated management in the companies, which in this way intensified their control on the management of effluents, promoting periodic inspections in the separators of water-oil and septic tanks, enabling the proper disposal of effluents and wastes from these systems.
Aspect: Electrocution of animals	
Monitoring of occurrences caused by animals in lines, networks and substations, with or without disconnection.	EDP Escelsa: the use of networks with protected and isolated cable was intensified. There was a replacement of bare cables for protected and isolated cables at Condomínio Parque das Hortências, in Domingos Martins/ES, due to the occurrence of electrocution among the capuchin monkeys.
Aspect: Emergency sceneries	
Implementation of Contingency and Emergency Plans in the plants	Generation: Simulations of sceneries of fire, explosions and oils spills in plants equipment, with an invitation to the licensing bodies to integrate the team.

Legal compliance

Despite monitoring and follow-up of risks inherent to its activities, the Group has ended 2010 with eight ongoing legal proceedings and ten administrative proceedings arising out of environmental claims.

During the year, two administrative proceedings were entered in EDP Escelsa that deals with environmental licensing. In both cases, administrative defenses were presented that refer to granting of beneficial results. Claims were also presented to Investco during 2010, in proceedings related to environmental compensations at the time of the plant construction. These proceedings refer to events determined by the environmental authorities and/or Public Prosecution Service as noncompliance to environmental laws. Amounts discussed in the administrative proceedings are about penalties charged by environmental bodies. Public civil actions, generally, do not enable a reliable disbursement estimate, since, in its majority, it constitute a specific performance, an amount for such contingencies not being possible to be set up.

Administrative and judicial claims

EDP in Brazil	Proceedings initiated in 2010	Outstanding proceedings in the	Total Amount (R\$ mil)
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Companies	closing of 2010					
	Administrative	Judicial	Administrative	Judicial	Administrative	Judicial
EDP Bandeirante	0	0	0	0	0	0
EDP Escelsa	2	0	5	1	708	(*)
Energest	0	0	4	1	970	(*)
Enerpeixe	0	0	0	3	0	160,000
Investco	0	1	1	3	179	(*)
EDP Consolidated	2	1	10	8	1,857	160,000





SCHEDULES

Balance Sheet Ibase

EDP in Brazil 2010 – CONSOLIDATED

1 – Calculation Base	2010 Amount (thousand Reais)			2009 Amount (thousand Reais)		
Net income (RL)	5,034,316			4,648,348		
Operating result (RO)	1,013,168			947,480		
Gross payroll (FPB)	231,296			208,625		
2 – Internal Social Indicators	Amount (thousand)	% over FPB	% over RL	Amount (thousand)	% over FPB	% over RL
Meal	16,810	7.27%	0.33%	16,465	7.89%	0.35%
Compulsory social contributions	57,395	24.81%	1.14%	60,554	29.03%	1.30%
Private pension plan	11,872	5.13%	0.24%	22,699	10.88%	0.49%
Health	17,305	7.48%	0.34%	21,949	10.52%	0.47%
Occupational safety and health	2,466	1.07%	0.05%	30	0.01%	0.00%
Education	614	0.27%	0.01%	3	0.00%	0.00%
Culture	-	0.00%	0.00%	0	0.00%	0.00%
Training and professional development	3,938	1.70%	0.08%	4,235	2.03%	0.09%
Nurseries or nursery-allowance	157	0.07%	0.00%	361	0.17%	0.01%
Profit or results sharing	20,873	9.02%	0.41%	27,063	12.97%	0.58%
Voluntary Dismissal Program - PDV	-	0.00%	0.00%	0	0.00%	0.00%
Other	2,342	1.01%	0.05%	3,193	1.53%	0.07%
Total - Internal social indicators	133,772	57.84%	2.66%	156,552	75.04%	3.37%
3 – External Social Indicators	Amount (thousand)	% over FPB	% over RL	Amount (thousand)	% over RO	% over RL
Education	1,438	0.03%	0.03%	2,213	0.05%	0.05%
Culture	1,737	0.17%	0.03%	4,498	0.47%	0.10%
Health and sanitation	80	0.01%	0.00%	254	0.03%	0.01%
Sport	133	0.01%	0.00%	792	0.08%	0.02%
Combat to hunger and safe food	-	0.00%	0.00%	0	0.00%	0.00%
Other	656	0.06%	0.01%	797	0.08%	0.02%
Total of contributions to community	4,044	0.40%	0.08%	8,554	0.90%	0.18%
Taxes (excluding social contributions)	2,708,169	267.30%	53.79%	2,606,723	275.12%	56.08%
Total – external social indicators	2,712,213	267.70%	53.87%	2,615,277	276.02%	56.26%
4 – Environmental Indicators	Amount (thousand)	% over RO	% over RL	Amount (thousand)	% over RO	% over RL
Investments related to production/ operation of the Company	29,402	2.90%	0.58%	29,223	3.08%	0.63%
Investments in external programs and/or projects	-	0.00%	0.00%	0	0.00%	0.00%
Total of investments in environment	29,402	2.90%	0.58%	29,223	3.08%	0.63%
As regards to the establishment of “annual goals” to minimize wastes, the consumption in general in production/ operation and to increase effectiveness in the use of natural resources, the Company	() does not have goals () complies with 51 to 75% () complies with 0 to 50% (x) complies with 76 to 100%			() does not have goals () complies with 51 to 75% () complies with 0 to 50% (x) complies with 76 to 100%		
5 - Indicators of Staff	2010		2009			
No. of employees at the end of the period	2,378				2,331	
No. of admissions during the period	256				193	
No. of outsourced employees	3,886				3,259	
No. of trainees	109				181	
No. of employees over 45 years of age	833				819	
No. of women working in the Company	577				561	
% of leadership positions held by women	24.26%				18.00%	
No. of black working in the Company ^(*)	361				359	
% of leadership positions held by black	5.59%				6.45%	
No. of people with disability or special needs	98				49	
6 – Relevant information regarding the exercise of corporate citizenship	2010		Goals 2011			

Relation between the largest and minor remuneration in the Company	60,71			60,71		
Total number of working casualties	46			0		
The social and environmental projects developed by the Company were defined by:	<input type="checkbox"/> leadership <input checked="" type="checkbox"/> leadership and managements <input type="checkbox"/> all employees			<input type="checkbox"/> leadership <input checked="" type="checkbox"/> leadership and managements <input type="checkbox"/> all employees		
Safety and healthfulness standards in the working environment were defined by:	<input type="checkbox"/> leadership and managements <input type="checkbox"/> all employees <input checked="" type="checkbox"/> all + Cipa (Internal Commission for Accident Prevention)			<input type="checkbox"/> leadership and managements <input type="checkbox"/> all employees <input checked="" type="checkbox"/> all + Cipa (Internal Commission for Accident Prevention)		
As to the union trade freedom, to the right of collective bargaining and to the internal representation of employees, the Company:	<input type="checkbox"/> is not engaged <input checked="" type="checkbox"/> complies with OIT rules <input type="checkbox"/> encourages and comply with OIT			<input type="checkbox"/> is not engaged <input checked="" type="checkbox"/> will comply with OIT rules <input type="checkbox"/> will encourage and comply with OIT		
Private pension plan contemplates:	<input type="checkbox"/> leadership <input type="checkbox"/> leadership and managements <input checked="" type="checkbox"/> all employees			<input type="checkbox"/> leadership <input type="checkbox"/> leadership and managements <input checked="" type="checkbox"/> all employees		
Profit or results sharing contemplates:	<input type="checkbox"/> leadership <input type="checkbox"/> leadership and managements <input checked="" type="checkbox"/> all employees			<input type="checkbox"/> leadership <input type="checkbox"/> leadership and managements <input checked="" type="checkbox"/> all employees		
In the selection of suppliers, the same ethical and of social and environmental liability standards adopted by the Company:	<input type="checkbox"/> are not considerate <input type="checkbox"/> are suggested <input checked="" type="checkbox"/> are required			<input type="checkbox"/> will not be considerate <input type="checkbox"/> shall be suggested <input checked="" type="checkbox"/> shall be required		
Regarding the employees' participation in programs of voluntary work, the Company:	<input type="checkbox"/> is not engaged <input type="checkbox"/> supports <input checked="" type="checkbox"/> organizes and encourages			<input type="checkbox"/> shall not be engaged <input type="checkbox"/> shall support <input checked="" type="checkbox"/> shall organize and shall encourage		
Total number of consumers complaints and negative comments:	in the Company 160,554	at Procon 8,297	in the Courts 3,812	in the Company 153,523	at Procon 7,882	in the Courts 3,621
% of complaints and negative comments that were resolved:	in the Company 91.9%	at Procon 99.9%	in the Courts 49%	in the Company 100%	at Procon 100%	in the Courts 49%
Total added value to distribute (in thousand R\$):	In 2010: 4.085.004			In 2009: 3.894.141		
Distribution of the Added Value (DVA):	67% government 6% workers -3% shareholders 12% third party 18% withheld			68% government 6% workers 8% shareholders 10% third party 8% withheld		

7 – Other Information

(*) Includes black and brown that work in the company.

(1) Data reclassified according to the International Financial Reporting Standard (Net Income, Operating Income, Distribution of the Added Value, Taxes).

This company does not use child labor or slave labor, nor is engaged with prostitution or child or teenager sexual exploration and is not involved with corruption. The EDP in Brazil group is signatory of the agreement against slave and child labor.

Our company values and respects diversity both internally and externally.

Responsible for Information: Sustainable Executive Management (sustentabilidade.edp@edpbr.com.br).

GRI (Global Reporting Initiative) Summary

ES	Essential indicator
AD	Additional Indicator
SU	Indicator of the sectorial supplement of energy
	Correlation with Global Agreement

		Global Agreement Principle	Page / Comment
	STRATEGY AND ANALYSIS		
1.1	Statement on the relevance of sustainability		12
1.2	Description of the major impacts, risks and opportunities		25, 30-32, 89
	ORGANIZATIONAL PROFILE		
2.1	Name of the organization		4
2.2	Major brands, products and/or services		4
2.3	Operating structure		4
2.4	Localization of the main office		4
2.5	Number of countries in which the organization operates		4
2.6	Kind and legal nature of the property		4
2.7	Served markets (regions, sectors and kinds of customers/ beneficiaries)		4
2.8	Size of the organization		4, 10
2.9	Major changes during the period covered by the report referring to size, structure or equity		2
2.10	Awards received in the period covered by the report		6
EU1	Settled capacity (MW), by primary energy source		42
EU2	Liquid production of energy, by source of primary energy		40
EU3	Number of residential, industrial, institutional and commercial units		36
EU4	Length of transmission and distribution lines		95
EU5	Permissions of allocations of CO ₂ equivalents		91
	PROFILE OF REPORT		
3.1	Period covered by the report for the presented information		2
3.2	Date of the more recent previous report		2
3.3	Cycle of reports issuance (annual, every two years)		2
3.4	Data to contact		2
	Scope and limit of report		
3.5	Process to definition of contents		2
3.6	Report limit (countries, divisions, subsidiary, suppliers)		2
3.7	Statement on any specific limitations as regards to the scope or to the limit of report		2
3.8	Basis for the preparation of report with regard to joint ventures, subsidiaries, etc.		2
3.9	Techniques of data measurement and base of calculations		2
3.10	Consequences of any reformulations of prior information		2
3.11	Material changes in comparison to previous years		2
3.12	Table that identifies the location of information in the report		102
	Verification		
3.13	Policy and current practice relating to the search of external verification for the report		2
	GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
	Governance		
4.1	Governance structure	1 to 10	28
4.2	Indication in case the chairman of the highest governance body is also an officer	1 to 10	29
4.3	Independent or non executive members of the highest governance body	1 to 10	29
4.4	Mechanisms so that shareholders and employees perform recommendations	1 to 10	28
4.5	Relation between remuneration and performance	1 to 10	30
4.6	Processes in force to assure that conflicts of interest be avoided	1 to 10	27
4.7	Process to determination of qualifications and knowledge of advisers	1 to 10	29

4.8	Statement of mission and values, conduct codes and relevant internal principles for the economic, environmental and social performance, as well as the stage of its implementation	1 to 10	14, 26
4.9	Procedures from the highest governance body to oversee the identification and management by the organization of the economic, environmental and social performance, including risks and relevant opportunities, as well as the adhesion or compliance with rules globally agreed, conduct codes and principles	1 to 10	27
4.10	Processes for the self evaluation of the highest governance body performance, especially regarding the economic, environmental and social performance	1 to 10	29
	Commitments with external initiatives		
4.11	Precaution principle	7	31
4.12	Letters, principles or other external initiatives subscribed or endorsed		15
4.13	Participation in associations and/or national/ international bodies		15, 18
	Engagement of stakeholders		21-22
4.14	Relation of stakeholders groups engaged by the organization.		21-22
4.15	Basis for identification and selection of stakeholders with which to engage		21-22
4.16	Approaches for stakeholders engagement		21-22
4.17	Main themes and concerns raised through stakeholders engagement		21-22

MANAGEMENT FORM

			Global Agreement Principle	Page / Comment
		ECONOMIC PERFORMANCE	1, 4, 6, 7	23-27, 30, 31, 32, 33-37, 64, 73, 75, 81, 83-85
		Economic Performance		23-25, 27, 30-32
		Presence in the market		24, 26, 64, 73, 75
		Indirect economical impacts		24, 26, 81
		Availability and reliability		31
SU	EU6	Management to assure availability and reliability of supply		31
		Management on the side of demand		83-85
SU	EU7	Consumption management programs		83-85
		Efficiency of the system		46, 47
		Research and development		33
SU	EU8	Activities and expenditure of R&D		33-37
		Decommissioning of plants		NA
SU	EU9	Reserve for decommissioning of nuclear plants		EDP in Brazil does not generate nuclear energy.
		ENVIRONMENTAL PERFORMANCE	7, 8, 9	24, 32, 86-89, 91-96, 98-99
		Materials		24, 86, 91, 92, 94
		Energy		24, 86, 91, 92, 93, 94
		Water		24, 87, 91, 92
		Biodiversity		24, 86-89
		Emissions, effluents and wastes		24, 89-91, 95, 96
		Products and services		24, 86, 98
		Compliance		24
		General		24, 86
		EMPLOYMENT PRACTICES AND FAIR WORK	1, 3, 6	24, 63-66, 69-71, 73, 77
		Employment		24, 26, 63
SU	EU14	Programs and processes that assure the offer of skilled labor		65-66
SU	EU15	Percentage of employees entitled to retirement in the next 5 to 10 years, listed by staff category and region		65
SU	EU16	Policies and demands referring to health and safety of employees and of subcontracted and outsourced workers		69
		Relationship between workers and governance		24, 26, 73, 77
		Occupational safety and health		24, 26, 69-71
		Training and education		24, 26, 66
		Diversity and equal opportunities		24, 26, 64
		HUMAN RIGHTS	1, 2, 3, 4,	26, 73

			5, 6	
		Practices of investment and purchase processes		26, 73
		Non discrimination		26
		Freedom of association and collective bargaining		26, 73
		Child labor		26, 73
		Forced labor or similar to slave labor		26, 73
		Safety practices		26
		Indigenous rights		EDP did not report cases of violation of indigenous rights
		COMMUNITY	10	24, 26, 75
		Community		24, 26, 75
SU	EU19	Stakeholders participation in decisions of energy and infrastructure planning		17, 81
SU	EU20	Approach for management of moving impacts		81
		Corruption		26, 27
		Public policies		18, 26
		Anticompetitive practices		26
		Compliance		24
		Prevention and preparation for emergencies and disasters		81
SU	EU21	Measures and contingency plans for disasters/emergencies		81
		PRODUCT LIABILITY	1, 8	24, 26, 31, 59, 61, 79
		Health and safety of customer		26, 31, 61
		Labeling of products and services		There is no labeling in energy services
		Marketing communications		26, 61
		Customer Satisfaction		26, 61
		Customer privacy		26, 61
		Compliance		24
		Access		79
SU	EU23	Programs to improve or to keep the access to electricity		79
		Provision of information		59
SU	EU24	Practices to deal with barriers to access (education, special needs, etc.)		59

PERFORMANCE INDICATORS

			Global Agreement Principle	Page / Comment
		ECONOMIC PERFORMANCE		
		Economic Performance		
ES	EC1	Direct generated economic and distributed value (DVA - Distribution of the Added Value)		50
ES	EC2	Financial implications, risks and opportunities of climatic changes	7	89
ES	EC3	Coverage of obligations of defined benefit pension plan		69
ES	EC4	Material financial allowance received from government		75, 79, 81
		Presence in the market		
AD	EC5	Lower salary compared to local minimum wage	1	69
ES	EC6	Policies, practices and proportion of expenditures with local suppliers		74
ES	EC7	Procedures for local contracting	6	64
		Indirect economical impacts		
ES	EC8	Investments in infrastructure and services in the community		75
AD	EC9	Relevant indirect economical impacts		68, 81
		Availability and reliability		
SU	EU10	Planned capacity in comparison to energy demand projection		43, 45
		Efficiency of the system		
SU	EU11	Average efficiency of generation from thermoelectric power plants		Actually, there is no thermal generation.
SU	EU12	Losses of transmission and distribution relating to the total of energy		45, 47

ENVIRONMENTAL PERFORMANCE				
Materials				
ES	EN1	Materials used by weight or volume	8	84
ES	EN2	Percentage of materials used from recycling	8, 9	95
Energy				
	EN3	Consumption of direct energy listed by source of primary energy	8	93
ES	EN4	Consumption of indirect energy listed by primary source	8	93
AD	EN5	Saved energy due to improvements in preservation and efficiency	8, 9	93
AD	EN6	Initiatives to supply products and services with low consumption of energy	8, 9	83
AD	EN7	Initiatives to reduce the consumption of indirect energy and the reached reductions	8, 9	91
Water				
ES	EN8	Total of water draw-off by source	8	92
AD	EN9	Hydric sources materially affected by water draw-off	8	92
AD	EN10	Percentage and total volume of recycled and reused water	8, 9	92
Biodiversity				
ES	EN11	Location and size of the Company area in protected areas or of high biodiversity	8	88
ES	EN12	Description of significant impacts on biodiversity	8	88
SU	EU13	Biodiversity of substitution habitats	0	87
AD	EN13	<i>Protected or restored habitats</i>	8	88
AD	EN14	Management of biodiversity impacts	8	87
AD	EN15	Number of species in IUCN's Red List and in national lists of preservation	8	88
Emissions, effluents and wastes				
ES	EN16	Total of direct and indirect emissions of greenhouse effect gases, by weight	8	90
ES	EN17	Other material indirect emissions of greenhouse effect gases, by weight	8	90
ES	EN18	Initiatives to reduce emissions of greenhouse effect gases and the achieved reductions	7, 8, 9	90, 92
ES	EN19	Emissions of substances able to destroy the ozone layer, by weight	8	Such substances are produced by refrigeration equipment and not so significant.
ES	EN20	NOx, SOx and other significant atmospheric emissions, by kind and weight	8	There are no emissions, since the current generator park is comprised of hydroelectric and wind plants.
ES	EN21	Full disposal of water, by quality and destination	8	96
ES	EN22	Total weigh of wastes, by kind and disposal method	8	96
ES	EN23	Number and total volume of significant spills	8	96
AD	EN24	Weight of hazardous wastes transported, imported, exported or handled	8	96
AD	EN25	Biodiversity of bodies of water and habitats affected by disposals of water and drainage	8	96
Products and services				
ES	EN26	Initiatives to mitigate the environmental impacts of products and services	7, 8, 9	97
ES	EN27	Percentage of products and their recovered packaging	8, 9	There is no use of packaging in the generation, distribution and commercialization of energy.
Compliance				
ES	EN28	Penalties and sanctions for non-compliance with environmental laws and regulations	8	98
Transportation				
AD	EN29	Environmental impacts of products, goods, materials and workers transportation	8	90
General				
AD	EN30	Total of investments and expenses in environmental protection, by kind	7, 8, 9	86
EMPLOYMENT PRACTICES AND FAIR WORK				
Employment				
ES	LA1	Workers by kind of employment, employment agreement and region		64

ES	LA2	Total number and rate of employees turnover, by age group, gender and region	6	65
SU	EU17	Days worked by outsourced employees (activities of construction, operation and maintenance)		65
SU	EU18	Training in health and safety of subcontracted and outsourced workers		71
AD	LA3	Benefits that are not offered to temporary or part time workers		69
		Relationship between workers and governance		
ES	LA4	Percentage of employees covered by collective bargaining agreements	1, 3	73
ES	LA5	Minimum term for previous notice regarding operating changes	3	73
	-{}-	Occupational safety and health		
AD	LA6	Percentage of employees represented in safety and health formal committees	1	70
ES	LA7	Rates of injuries, occupational diseases, lost days, absenteeism and deaths	1	70
ES	LA8	Education, training, counseling, control and prevention of risk programs	1	70, 71
AD	LA9	Themes regarding to safety and health covered by formal agreements with trade unions	1	There are no specific clauses. Programs are aligned with the regulatory rules and are prepared based on the needs of each company.
		Training and education		
ES	LA10	Average of training hours per year, by employee, by staff category	6	65
AD	LA11	Programs for management of competences and continuous learning and end of career		66
AD	LA12	Percentage of employees who receive regularly evaluation of performance		65
		Diversity and equal opportunities		
ES	LA13	Responsible for governance and employees by gender, age group, minorities	1, 6	29, 64-65
ES-{}-	LA14	Proportion of base salary between men and women, by staff category	1, 6	69
		HUMAN RIGHTS		
		Practices of investment and purchase processes		
ES	HR1	Investments agreements that include clauses referring to human rights	1 to 6	55
ES	HR2	Suppliers subject to human right evaluations	1 to 6	74
AD	HR3	Training to employees in human rights	1 to 6	There are no formal programs
		Non discrimination		
ES	HR4	Total number of discrimination cases and taken measures	1, 2, 6	26
		Freedom of association and collective bargaining		
ES	HR5	Operations with risk to the right to exercise the freedom of association	1, 2, 3	73
		Child labor		
ES	HR6	Operations with significant risk of child labor occurrence	1, 2, 5	74
		Forced labor or similar to slave labor		
ES	HR7	Operations identified with risks of forced labor or similar to slave labor	1, 2, 4	74
		Safety practices		
AD	HR8	Safety team trained in human rights	1, 2	100% of the outsourced team of Property Safety is trained in policies of human rights.
		Indigenous rights		
AD	HR9	Total number of cases of violation to rights of the indigenous people and measures taken	1, 2	EDP in Brazil did not report cases of violation of indigenous people rights.
		COMMUNITY		
		Manner of management	10	
		Community		
ES	SO1	Programs and practices to evaluate and to manage the impacts of operations on communities		81-82
SU	EU22	Number of people physically and economically displaced and indemnification		31
		Corruption		

ES	SO2	Business units subject to risks evaluations relating to corruption	10	26
ES	SO3	Employees trained in policies and procedures on anti-corruption	10	27
ES	SO4	Measures taken in response to corruption cases	10	26
		Public policies		
ES	SO5	Positions and participation in the preparation of public policies and <i>lobbies</i>	1 to 10	18
AD	SO6	Contributions to political parties, politicians or related institutions	10	EDP in Brazil does not support political parties or related institutions
		Unfair competition		
AD	SO7	Proceedings by unfair competition, trust and monopoly practices		Were not reported in 2010.
		Compliance		
ES	SO8	Penalties and sanctions for non-compliance with laws and regulations		Were not reported in 2010.
		PRODUCT LIABILITY		
		Manner of management		
		Health and safety of customer		
ES	PR1	Phases of life cycle of products and services in which health and safety impacts are evaluated	1	61
AD	PR2	Compliance with regulations and voluntary codes relating to health and safety	1	Were not reported in 2010.
SU	EU25	Casualties and death of users of the service involving Company's goods	-0-	62
		Labeling of products and services		
ES	PR3	Kind of information on products and services required by labeling procedures	8	There is no labeling in energy services.
AD	PR4	Cases of non-compliance relating to information and labeling	8	There is no labeling in energy services.
AD	PR5	Practices related to customer satisfaction, including results of researches		60
		Marketing communications		
ES	PR6	Adherence to laws, rules and voluntary codes of marketing communications		61
AD	PR7	Cases of non-compliance with marketing communications		Were not reported in 2010.
		Customer privacy		
AD	PR8	Proved complaints referring to violation of privacy and loss of data of customers	1	Were not reported in 2010.
		Compliance		
ES	PR9	Penalties for non-compliance in the supply and use of products and services		62
		Access		
SU	EU26	Population not served in areas with regulated distribution or service		80
SU	EU27	Number of household disconnections due to non-payment		47
SU	EU28	Occurrence of interruptions in energy supply		48
SU	EU29	Average duration of interruptions in energy supply		48
SU	EU30	Factor of average availability of energy generation plants		41

NBCT-15 – Brazilian Accounting Rule

INFORMATION OF ENVIRONMENTAL AND SOCIAL NATURE - PERIOD 2010

Gross Remuneration ¹ (R\$ Thousands)	
Employees	173,902.00
Officers	10,602.00
Outsourced workers	-
Freelance employees	-
Total	184,504.00
Remunerations of the entity (R\$)	
Adult	42,500.00
Minor	700.00
Relation adults/minor	60.71

Expenditures (R\$ thousand) with workers referring to	Employees	Officers	Outsourced workers	Freelance employees
Social contributions	57,395	2,120	-	-
Meal	16,810	-	-	-
Transportation	842	-	-	-
Private pension plan	11,872	-	-	-
Health	17,305	-	-	-
Working safety and occupational health	2,466	-	-	-
Education	614	-	-	-
Culture	0	-	-	-
Training and professional development	3,938	-	-	-
Nurseries or nursery-allowance	157	-	-	-
Voluntary Dismissal Program - PDV	0	-	-	-
Profit Sharing	20,873	-	-	-
Other	1,509	-	-	-
Staff	EDP Total			
Admissions				256
Layoffs				210
Trainees				109
Holders of special needs				98
Outsourced service providers				3,886
Percentage of male holders of leadership positions (%)				75.74%
Percentage of female holders of leadership positions (%)				24.26%
Classification by gender				
Male employees				1,801
Female employees				577
Classification by age				
Employees under 18 years of age				0
Employees from 18 to 35 years of age				920
Employees from 36 to 60 years of age				1,442
Employees over 60 years of age				16
Classification by education level				
Illiterate employees				0
Employees with complete fundamental education				174
Employees with complete high school education				1,276
Employees with complete technical education				3
Employees with complete higher education				600
Post graduated employees				325
Labor Claim				
Total of labor claim entered against the entity				352
Number of proceedings judged as having merit				79
Number of proceedings judged as not having merit				201
Total amount of indemnifications and penalties paid for court determination (R\$)				3,148,597.00
Relations with community				
Investments in education (R\$ Thousands)				1,438
Investments in culture (R\$ Thousands)				1,737
Investments in culture and sanitation (R\$ Thousands)				80
Investments in sport and leisure (R\$ Thousands)				133
Investments in food (R\$ Thousands)				0
Other				656

Relations with customers	
	160,554
Number of complaints received directly in the entity	
Number of complaints received through bodies of protection and defense of consumer	8,297
Number of complaints received - in the Company (%)	91.9%
Number of complaints received – at Procon (%)	99.9%
Number of complaints received - in the Courts (%)	49%
Total of penalties of indemnifications to customers, determined by bodies of protection and defense of consumer or by the Court (RS)	1,431,063.00
Actions taken by the entity to solve or to minimize complaints	0
Relations with Environment	
Investments and expenditures with maintenance for the development of the environment (R\$ thousands)	28,810
Investments and expenditures with environmental education to workers (R\$ thousands)	80
Investments and expenditures with environmental education to the community (R\$ thousands)	40
Investments and environmental expenditures with other environmental projects (R\$ million)	27
Quantity of environmental, administrative and judicial proceedings entered against the entity	5
Amount of penalties and compensations referring to environmental matter, determined administratively and/or judicially (R\$)	0
Liabilities and environmental contingencies	0

(1) Gross Remuneration= salaries, allowances, additional, bonuses, premiums, Annual Christmas Bonus salary and Profit Sharing).

Assurance of the independent auditors

Limited assurance report of independent auditors

To
Management Board and Board of Directors
EDP – Energias do Brasil
São Paulo - SP

Introduction

We were engaged to the purpose of applying limited assurance procedures on sustainability information, disclosed in the Annual Sustainability Report by EDP – Energias do Brasil (“EDP” and/or “Company”) relating to the year ended on December 31st, 2010, prepared under the responsibility of EDP Institute. Our responsibility is to issue a Limited Assurance Report on this sustainability information.

Applied procedures

Limited assurance procedures were performed according to Brazilian Accounting Rule TO 3000 – Assurance Work Other Than Audit and Review, issued by the Accounting Federal Board - CFC and with ISAE 3000 - *International Standard on Assurance Engagements*, issued by the *International Auditing and Assurance Standards Board - IASB*, both for assurance jobs other than auditing or reviewing of historical financial information.

Procedures of limited assurance included: (a) planning of the jobs, considering the relevance, consistency, the volume of quantitative and qualitative information and the operating and internal controls systems that served as basis for the preparation of the Annual Sustainability Report of the Company; (b) understanding of the calculation methodology and of indicators consolidation through interviews with managers in charge of the preparation of information; (c) matching, based on sampling, of the quantitative and qualitative information with indicators disclosed in the Annual Sustainability Report; and (d) matching of indicators of financial nature with financial statements and/or accounting records.

Information preparation criteria

Sustainability information disclosed at EDP Annual Sustainability Report, base year 2010, were prepared according to the guidelines for sustainability reports issued by *Global Reporting Initiative (GRI G3)* and to the principles of AA 1000 APS (2008) rule.

Scope and limitations

Our work had as a goal the application of limited assurance procedures on the sustainability information disclosed at EDP Annual Sustainability Report, base year 2010, in items of profile (information that provides the general context for the understanding of the organizational performance, including its strategy, profile and governance), in the form of management and in indicators of sustainability performance, not including an evaluation of the fitness of its policies, practices and performance in sustainability.

The applied procedures do not represent an assessment according to audit rules of financial statements. Additionally, our report does not provide limited assurance on the reach of future information (such as: goals, expectations and ambitions) and descriptive information that are subject to subjective evaluation.

Level of Application GRI (- G3

In compliance with instructions of the GRI-G3 guidelines, EDP states a Level of Application A+ in its Annual Sustainability Report, relating to sustainability information for the year ended on December 31st, 2010.

EDP reported the profile items, the essential indicators of performance and the indicators of the sectorial supplement “Sustainability Reporting Guidelines & Electric Utility Sector Supplement – RG Version 3.0 / EUSS Final Version 2009”, in addition to additional indicators considered as material to its stakeholders. Therefore, the applied procedures were considered satisfactory so that we could assure that application level stated by EDP is in compliance with the instructions of the GRI-G3 guidelines.

Conclusion

Based on our review, we are not aware of any material change that should be made to the sustainability information disclosed at EDP Annual Sustainability Report, relating to the year ended on December 31st, 2010, so that such report could be in compliance with the GRI-G3 guidelines and with the records and files that served as basis to its preparation.

São Paulo, March 15, 2011



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National Council of Accountancy SP-023233/O-4
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Corporate Information

Administration Board

António Luis Guerra Nunes Mexia - President
António Manuel Barreto Pita de Abreu
Nuno Maria Pestana de Almeida Alves
Ana Maria Machado Fernandes
Modesto Souza Barros Carvalhosa
Pedro Sampaio Malan
Francisco Carlos Coutinho Pitella

Executive Board

António Manuel Barreto Pita de Abreu - Director-president
Miguel Nuno Simões Nunes Ferreira Setas - Director vice-president of Distribution
Luiz Otavio Assis Henriques - Director vice-president of Generation & Commercialization
Miguel Dias Amaro - Director vice-president of Finance & Investors Relations & Management Control

Investors Relations

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Auditores independentes

KPMG (dados financeiros e socioambientais)

Credits

Editing

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Instituto EDP
Editora Contadino

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