



all we need is earth

Mother Earth is the source of all our energy.
For her sake, we believe that the future is generating cleaner energy.
For her sake, we are at the cutting edge of sustainable development.
For her sake, we use the most advanced technologies.
For her sake, we are so close to nature.
For her sake, we are us.





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profile

Holding of a group of companies engaged in the generation, distribution and sale of electric power, EDP in Brazil has assets in seven Brazilian states - São Paulo, Espírito Santo, Tocantins, Mato Grosso do Sul, Ceará, Santa Catarina and Rio Grande do Sul - and covers around 2.7 million customers concentrated in the residential, commercial and industrial segments.

It is the fourth private company for distribution in the country, according to the volume of energy sold criteria; the fifth in installed capacity for generation; and the third for energy trading - according to Energy Research Company (EPE) and Electric Energy Trading Chamber (CCEE) data. (GRI 2.8)

The generation activities are integrated by the companies Investco, Enerpeixe, Energest and Cenaeel, which have hydroelectric plants and wind farms with total capacity of 1,738.7 MW at the end of 2009. Holds direct and indirect interest in the hydroelectric plants of Lajeado and Peixe Angical, both in the Tocantins River, in 15 small and medium hydroelectric plants in the states of Espírito Santo and Mato Grosso do Sul, and in Cenaeel, which operates two wind farms in Santa Catarina. It is constructing the Pecém Thermal Plant, in Ceará, with capacity of 720 MW, in partnership with MPX Energia, and a wind farm in Rio Grande do Sul, in conjunction with EDP Renováveis.

In the distribution segment, the companies EDP Bandeirante and EDP Escelsa are present in 98 municipalities of the states of São Paulo and Espírito Santo, which concentrate a population of approximately 7.8 million people.

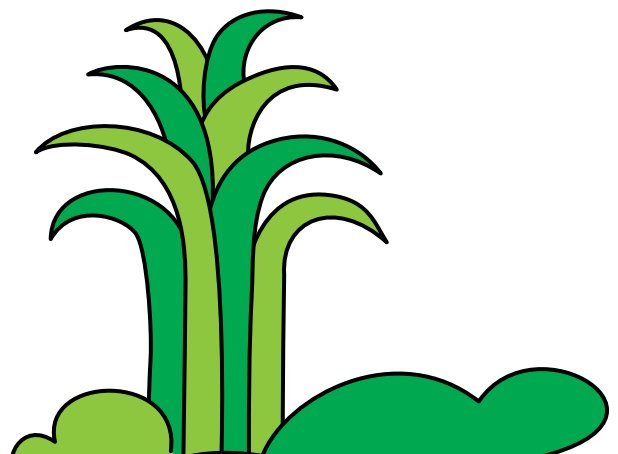
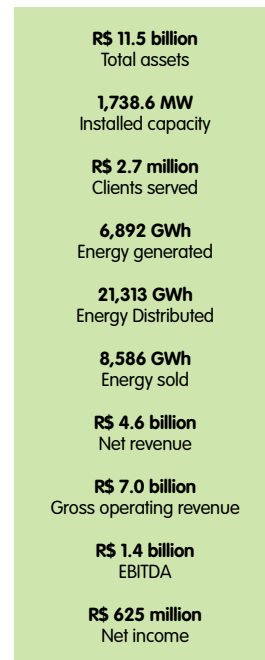
The trading company Enertrade focuses its activities on the sale of power and provision of services to free consumers. (GRI 2.3)

In 2009, the Company generated 6,892 GWh of energy, distributed 21,313 GWh and traded 8,586 GWh. Net revenue totaled R\$ 4,648 million, the cash generation (EBITDA - Income before interest, taxes, depreciation and amortization) amounted to R\$ 1,419 million and the net income was R\$ 625 million. On December 31, it had 2,331 direct employees and 3,259 employees contracted by third parties. (GRI 2.8)
In the year, it sold the 100% interest held in ESC 90 Telecomunicações Ltda., in order to maintain the focus on the primary business, the electric sector. (GRI 2.9)

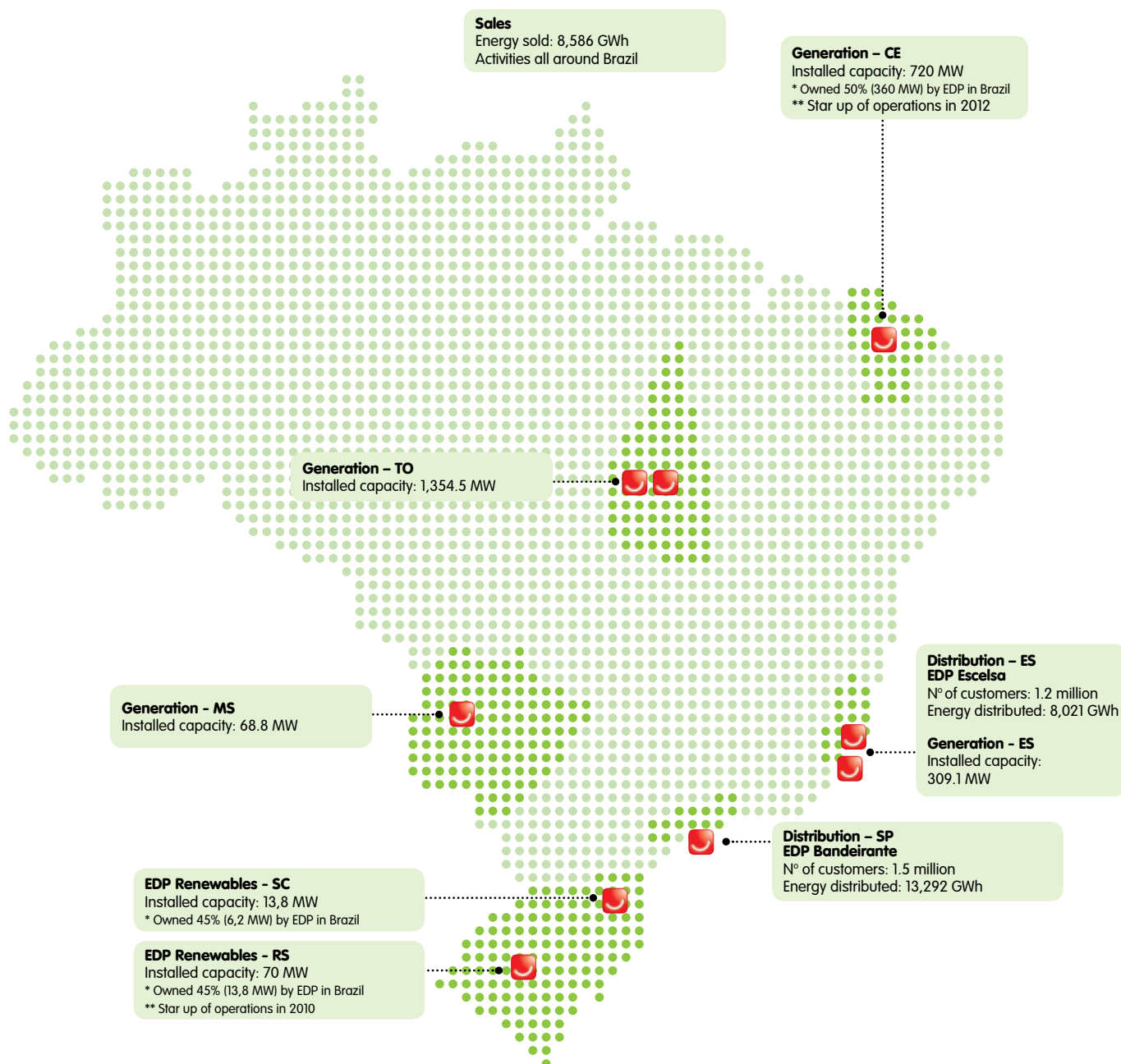
A public company, headquartered in the city of São Paulo, which maintains shares traded since July 2005 in the New Market Segment of the São Paulo Stock Exchange - Bovespa (BM&F Bovespa), a segment that group companies which undertake additional commitments of Shareholders' transparency and equal treatment. The controlling interest (64,8% of total capital) belongs to EDP - Energias de Portugal, one of the largest European operators in the electric sector and the fourth largest wind energy generator in the world. (GRI 2.4, 2.6)

Recognized as one of the 20 model companies in corporate responsibility, EDP in Brazil was listed for the second consecutive year in the Sustainability Guide of "Exame" magazine. It also received the Climate Changes Award of "Época" magazine, which honors companies' leaders in climate policies.

These highlights reveal the search for balance between the Company's operations and its strategic public, with different initiatives to deepen the dialogue, expand and improve practices and relationships with employees, clients, suppliers, communities, entities and government agencies. All actions are in line with the Sustainable Development Principles, the Sustainability Policy and the Code of Ethics that guide the Company's operations.

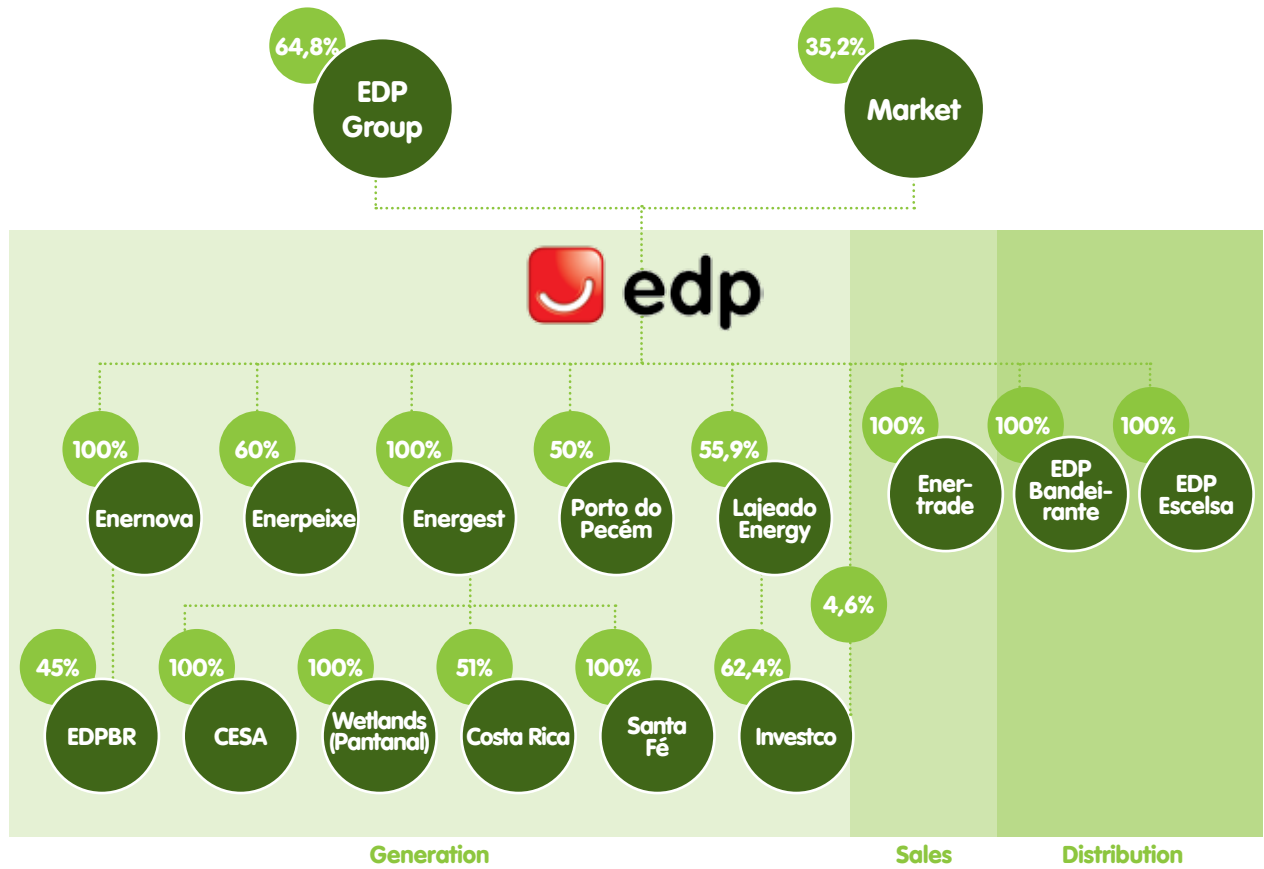


PRESENCE IN BRAZIL





profile



HIGHLIGHTS

- Secondary Public Offering of Shares, held in November, distributed instruments held in treasury. The demand exceeded four times the offer, which reached R\$ 441.8 million and attracted Brazilian and foreign investors.
- Winning Program Consolidation as instrument for internal restructuring of EDP in Brazil. It included reduction of hierarchical levels and defined competencies and behaviors which offer improvement in the efficiency and agility in the organization.
- Start-up of Pequena Central Hidrelétrica (PCH) Santa Fé, in the municipality Alegre, in the State of Espírito Santo. With 29 megawatts of installed capacity and assured energy of 16.4 MW on average, sufficient to supply a city of 100 thousand inhabitants, PCH represented an investment of R\$ 160 million.
- Sale of 100% ownership in the ESC 90 Telecomunicações to NET Serviços de Comunicação S.A., in June 2009. The amount of the operation was R\$ 94.6 million.
- Acquisition of Elebrás, in March 2009. The company has many wind projects in the state of Rio Grande do Sul, totaling 532 MW, in different stages of development.
- EDP became part of the global agreement for climate changes, adhering to the Copenhagen Climate Change Accord, an initiative of the University of Cambridge, UK, promoted in Brazil in partnership with Getulio Vargas Foundation. The text was one of the documents presented regarding the COP 15 (15th Conference of the Parties) discussion, held in Copenhagen, in December.
- Approval of three important credit lines: (a) long-term loan, in the value equivalent to R\$ 270 million, by Banco Europeu de Investimentos (BEI) to the Group's distributors; (b) financing package by the Interamerican Development Bank (IDB) for the Pecém thermoelectric plant; and (c) R\$ 76 million by BNDES for the construction of PCH Santa Fé.
- EDP in Brazil is the first company in the electric sector to obtain

financing under the Credit Opening Agreement (Calc), and the amount of R\$ 900 million was available for draft during five years. Created by BNDES in 2005, this type, without the intervention of a financial agent, simplifies the procedures of access to facilities for large groups that represent low credit risk.

- Improvement, by Moody's, of the ratings of the Group and its distributors, with steady outlook.
- Launching of the EDP 2020 Award, to incentive innovation. With distribution of R\$ 1 million over ten years, it seeks to incentive the development of innovative projects in the Brazilian power sector, promoting the entrepreneurship.
- Recognized as one of the 20 model companies in corporate responsibility, according to the Sustainability Guide of "Exame" magazine.
- Maintenance of Company's shares in the Business Sustainability Index (ISE) of São Paulo Stock Exchange - Bovespa, for the fourth consecutive year.
- Effective June 2009, EDP Energias do Brasil began to sign its brand under the name EDP only. The change in the corporate identity is part of a global alignment and uses the power of the brand of its controlling shareholder.

AWARDS AND RECOGNITIONS (GRI 2.10)

Achievements of the EDP Group companies in Brazil in 2009

Operation of the year in the electric energy sector in Latin America

– Recognition of financing project of EDP in Brazil for the first stage of UTE Porto do Pecém, granted by the international publication Euromoney.

Climate Changes – EDP represented for the second consecutive year, among the 21 Brazilian companies honored as Leading Company in Climatic Policies and received the Climate Changes Award of "Época" magazine.

Imprensa Magazine - The EDP in Brazil was present among the fifty most sustainable companies according to the press.

Sustainability model – For the second consecutive year, the Company is part of 20 model companies with activities in Brazil, according to 2009 Sustainability Guide of "Exame" magazine.

11th Abrasca Award – The 2008 Annual Report of EDP in Brazil won Honorable mention for the 11th edition of Abrasca Award, of the Brazilian Association of Publicly-Held Companies, as the best approach for the social/environmental responsibility theme and was ranked as the fifth in the general ranking.

150 Best Companies in People Management Practices – EDP

in Brazil was in the list of the 150 Best Companies in People Management Practices and highlight in the category of leadership and development, according to the award granted by the Editora Gestão & RH.

Conservation and Rational Use of Energy – EDP Bandeirante received the National Award for Conservation and Rational Use of Energy - edition of 2009, granted by the Ministry of Mining and Energy (Eletrobrás/Procel and Petrobrás / Conpet). The recognition refers to the "Reluz" Project, which replaced 15,426 points of public lighting in the municipality of Suzano (SP). Mercury vapor lamps were replaced by sodium vapor lamps, which consume less power and provide better lighting.

TOP Vale 2009 – For the second consecutive year, EDP Bandeirante won the best core services provider award of São José dos Campos and Taubaté. Award granted by the Valeparaibano newspaper, which selects the companies most remembered by the consumer.

Brazil's Most Admired Companies 2009 - EDP Bandeirante was ranked among the eight first companies in the ranking of suppliers of electric energy, in the 12th edition of the research Brazil's Most Admired Companies, organized by Carta Capital magazine. The publication highlights the companies that build corporate respectability and, at the same time, contribute to the corporate ethics dissemination and to the social and economic development of the country.

Transparency Award – Initiative of the National Association of the Finance, Administration and Accounting Executive (Anefac) awarded 20 companies that presented the major accounting transparency in their balance sheets, among which EDP Bandeirante.

Gold in the Quality Award 2009 - EDP Escelsa received in this category the award for the Program for Increase of System Competitiveness of Espírito Santo (Compete), granted by the state government.

The Best and Biggest – EDP in Brazil holds the 57th position among the 100 biggest publicly-held companies operating in Brazil, according to the Exame magazine in 2009. In the category of the 500 biggest companies in sales, the trading company Enertrade jumped from the 504th to the 459th position. The commercial company Enertrade is also in the 20 most profitable companies' list and it is the second in the classification of the wealth generated by employee.

Aneel Consumer Satisfaction Index (IASC) - EDP Bandeirante held the third position in the Southeast region, according to the client, in the category of companies above 400 thousand consumer units.

Mogi News newspaper - The "Boca Livre" Program was awarded as the best program directed to the internal public.



main indicators (GRI 2.8)

	2007	2008	2009	Variation 2009/2008
Results (R\$ million)				
Gross revenue	6,908.4	6,953.0	6,995.6	0.6%
Net revenue	4,527.6	4,610.5	4,648.3	0.8%
Manageable and unmanageable expenditures	3,718.2	3,693.7	3,533.4	-4.3%
Service result (EBIT)	809.5	916.8	1,114.9	21.6%
EBITDA ⁽¹⁾	1,123.0	1,363.4	1,418.9	4.1%
Financial result	-291.5	-320.9	-165.7	-48.4%
Net income before minority interests	514.8	498.2	801.2	60.8%
Net income	450.4	388.8	625.1	60.8%
Margins (%)				
EBITDA margin (EBITDA/net revenue)	24.8	29.6	30.5	0.9 p.p.
Net margin (net income/net revenue)	9.9	8.4	13.4	5.0 p.p.
Financial				
Total assets (R\$ million)	9,687.7	10,469.9	11,527.6	10.1%
Shareholders' equity (R\$ million)	3,895.8	3,542.9	4,268.7	20.5%
Minority interest (R\$ million)	694.7	1,613.3	1,641.1	1.7%
Net debt (R\$ million) ⁽²⁾	1,936.8	2,442.1	1,985.3	-18.7%
Net debt / Shareholders' equity (times)	0.5	0.7	0.5	-28.6%
Net debt/ EBITDA (times)	1.7	1.8	1.4	-22.2%
Investments (R\$ million)	665.2	1,076.4	785.8	-27.0%
Shares				
Total number of shares (thousand)	165,017	158,805	158,805	0.0%
Total number of treasury shares (thousand)	861.3	15,780.2	280.2	-98.2%
Net income per share (R\$)	2.74	2.72	3.94	44.9%
Closing price of the share - ON (R\$) ⁽³⁾	27.62	20.94	33.55	60.2%
Appreciation in the year (%)	-9.6	-18.2	60.2	-
Market Capitalization (R\$ million)	4,558.5	3,589.0	5,327.9	48.5%
Operational				
Distribution ⁽⁴⁾				
Energy distributed (GWh)	25,029	22,206	21,313	-4.0%
Energy sold to end customers (GWh)	15,436	13,226	13,426	1.5%
Residential	5,074	4,402	4,704	6.9%
Industrial	4,482	4,156	3,906	-6.0%
Commercial	3,154	2,642	2,781	5.3%
Rural	921	625	609	-2.6%
Other	1,804	1,399	1,425	1.9%
Conventional Supply (GWh)	376	404	417	3.2%
Energy in transit (GWh)	9,197	8,563	7,423	-13.3%
Own consumption (GWh)	21	12.8	13.7	7.0%
Average price of energy sold to end customers (R\$/MWh) ⁽⁵⁾	284.22	305.08	280.42	-8.1%
Purchased electricity (GWh)	20,572	19,916	17,691	-11.2%
Technical and Commercial Losses (GWh)	3,903	3,026	3,149	4.1%
Technical and Commercial Losses (%)	13.5	12.0	12.9	0.9 p.p.
Number of customers (thousand)	3,207	2,583	2,668	3.3%
Energy distributed by customer (MWh)	7.8	7.4	8.0	8.1%
Number of own employees	2,723	2,025	2,008	-0.8%
Productivity (MWh) distributed /employee	9,192	10,996	10,614	-3.2%
Nº of customers/ employees	1,178	1,276	1,329	4.2%

	2007	2008	2009	Variation 2009/2008
Generation				
Energy generated (GWh)	4,704	5,473	6,892	25.9%
Installed capacity (MW)	1,043.7	1,702.9	1,738.6	2.1%
Average price of energy sold (R\$/MWh) ⁽⁶⁾	103,27	115,97	119,77	3,3%
Sales				
Sale of energy (GWh)	7,188	7,282	8,586	17.9%
Social				
Number of own employees	2,920	2,322	2,331	0.4%
Number of third-party employees	6,141	4,265	3,259	- 23.6%
Internal social investments (R\$ million)	260.4	229.1	208.6	-8.9%
External social investments(R\$ million)	8.3	8.5	8.5	0.0%
Taxes paid (R\$ million)	2,559.4	2,587.0	2,606.7	0.8%
Environment				
Environmental investments (R\$ million)	31.2	27.3	29.2	7.0%

(1) EBITDA = earnings before taxes, interest, depreciation, amortization and non-operating income.

(2) Net Debt = Gross debt – cash and securities – net balance of regulatory assets

(3) Share value in Dec/2008 excluding dividends paid.

(4) Data from 2007 includes to Enersul, a distributor that is not included in the business portfolio.

(5) Average price of the power sold to end-customers = income billed from end-customers /volume of power sold to end-customers.

(6) Average price of the power sold = income from power supply/volume of power sold from generation.

The information presented here is in accordance with the criteria of Brazilian corporation law, based on audited financial statements. The operating information was not audited by the independent auditors.

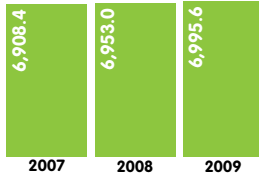
Pursuant to Aneel Decision No. 3.073 of December 28, 2006, as from 2007 the power distributors began to account for the CCC (fuel consumption account), CDE (power development account) and R&D charges as "Deductions from operating revenues".



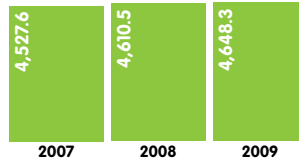


main indicators (GRI 2.8)

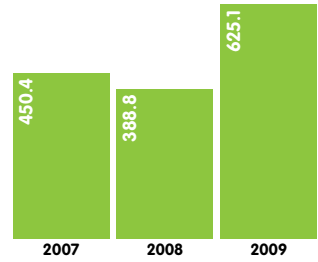
Gross revenue (R\$ million)



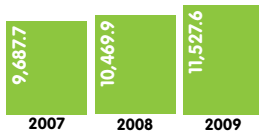
Net revenue (R\$ million)



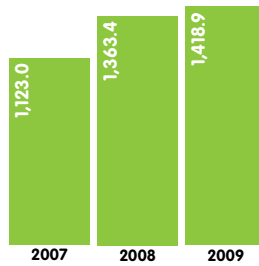
Net income (R\$ million)



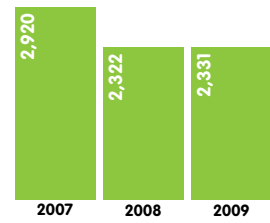
Total assets (R\$ million)



EBITDA (R\$ million)

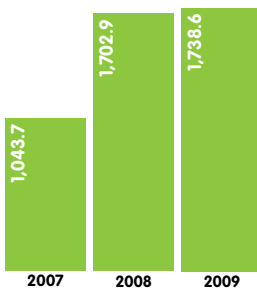


Number of collaborators



Não inclui terceiros

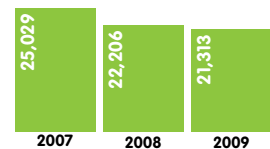
Evolution of installed capacity (MW)



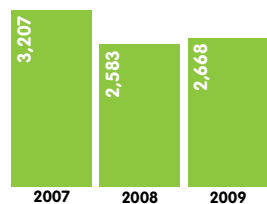
Energy generated (GWh)



Energy distributed (GWh)



Number of customers (thousand)*



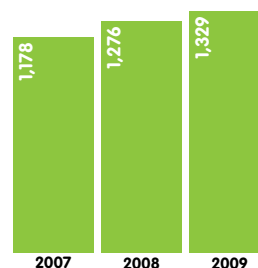
* Data of distributors

Productivity (MWh/contributors)*



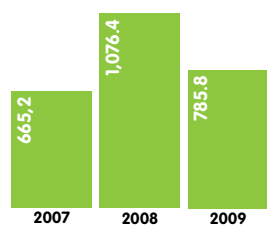
* Data of distributors

Nº of customers/contributors

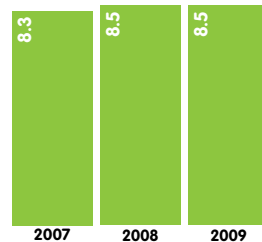


Employees in distribution without third parties

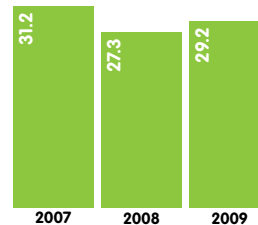
Investments (R\$ million)



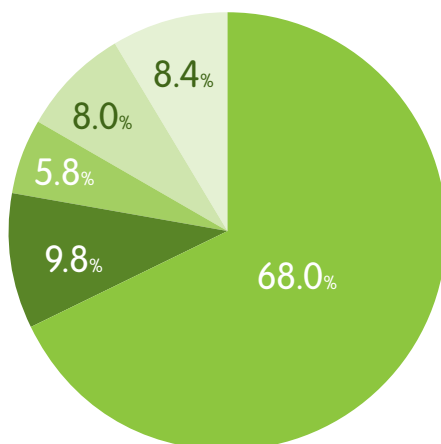
External social investments (R\$ million)



Environmental investments (R\$ million)



Distribution of added value



● Government and company
 ● Financers
 ● Employees
 ● Shareholders
 ● Retained earnings



message from management (GRI 1.1)



The year 2009 was crucial for the future of EDP in Brazil. In an external environment marked by the volatility of the markets and credit restrictions, we made significant changes in the Company, making it stronger and more competitive, and continued to travel our strategic path of oriented growth, superior efficiency and controlled risk.

One year of oriented growth

Naturally, our operations were subject to the uncertainty scenario triggered by the international financial crisis, and sought to prioritize the maintenance, as far as possible, of operating profit margins and to ensure the financing required for our expansion plan.

We advanced in our strategic determination to increase revenues. We opened Santa Fé Small Hydroelectric Plant, in Espírito Santo State, proceeded with the construction of the Pecém Thermoelectric Plant, in Ceará State, in strict compliance with the schedule established, moved forward with the repowering projects of three other plants, and, in partnership with EDP Renováveis S.A, launched the implementation of the new wind power park of Tramandaí, to be constructed in Rio Grande do Sul State. This venture falls within the commitment we made to expand our renewable energy portfolio. We will not grow at any cost, since, to be sustainable, our investments, in any areas of activity, must provide return adequately higher than the cost of capital and enable the maintenance of our operating and financial risk profile, within well-established limits.

A financial strength year

In order to properly guarantee our growth plan, we obtained financing from the BNDES (R\$ 1.4 billion) and the BID (US\$ 327 million) for the Pecem Thermoelectric Power Plant I. We also obtained from the BNDES a credit facility of R\$ 900 million of the credit revolving facility type, an innovation in the electric energy sector, and issued Promissory Notes in the amount of R\$ 230 million. The success of these transactions in a year marked by a financial crisis evidenced the recognition of our financial strength by the capital market. Incidentally, this recognition was reinforced by the assignment of the investment grade rating to our Distributors EDP Bandeirante and EDP Escelsa by Moody's rating agency.

The company also drew more attention to itself through the public stock offering corresponding to 9.9% of total capital, which had been held in treasury since late 2008. Demand was four times greater than supply. We attracted new investors from Brazil, USA, Canada and several European countries, increasing the diversity of our shareholding portfolio. We raised R\$ 441.8 million, an amount we immediately used to reduce and extend our debt, making it cheaper. Further, we significantly increased the liquidity of our shares on the Stock Exchange.

A year of deep change

Within the company, our actions were based on the challenge of promoting changes to our employees' behavior and efficiency gains, which are key aspects of the Business Transformation Program we launched: "Winning Program". This Program entailed the reduction of hierarchical levels and area heads, a revision of production processes, the start-up of 12 transverse, integration projects, and the development of a new business philosophy. Under this Program, we established management commitments among Executive Officers and each of the persons responsible for the Company's units, defining individual audacious aspirations and targets directly related to the Company's transformation.

Developed on a constructive manner, with personal commitment of the Executive Board, the "Vencer" Program was the highlight in the People outlook. We defined behaviors and gold rules that should guide the day by day of our professionals. We also combine new development policies with new growth opportunities to our employees.

A year of good results

In addition to this internal transformation, which was beneficial for the health, competitiveness and strength of our Company, 2009 was, beyond doubt, a positive year for the other relationship publics. This was the year when we fully consolidated the EDP brand in the Brazilian market. We believe to have consistently evolved from various perspectives, consolidating what it means to be "EDP".



message from management (GRI 1.1)



The returns delivered to shareholders were better than those for 2008. Operating revenue reached R\$ 4.65 billion, a figure which is consistent with that recorded in the previous year; manageable expenses decreased by 10.6% as compared with 2008; EBITDA grew by 4.1%, to R\$ 1.42 billion; and the net income amounted to R\$ 625 million, an increase of 61% over that for 2008; this results not only from our good operating performance, but also from the sale of our ownership interest in the company ESC 90 Telecomunicações, fulfilling our goal of concentrating our operations in our main business.

This good performance was reflected in the quotation of the shares of EDP on the stock exchange: Which appreciated by 60% during the year.

We invested in programs and revised processes to improve our relationship with customers, with initiatives included in the Mais Cliente Project. We carried out Energy Efficiency projects aimed at lower income customers and health institutions, which involved the distribution of 263 thousand efficient bulbs, the regularization of 13 residential connections, enabling a global saving of over 27 MWh per year.

As far as our suppliers are concerned, we intensified our partnerships and made our goods and service purchase processes more encompassing and competitive.

In the environmental scenario, we increased the commitment of all employees to the Econosco Project, which combines the raising of awareness of our employees to responsible consumption and the saving of natural resources. As regards the community, the projects of the EDP Institute placed emphasis on education and local development through initiatives which consolidate our closeness with the communities, and served over 157 thousand people throughout the year.

As a result of our environmental, social and economic engagement, our performance in the sustainability area was renowned. For the fourth consecutive year, we were named to the Business Sustainability Index of BM&Bovespa, having attained a score of excellence in 3 of the 6 categories which comprise this index. In addition, we obtained a number of public recognition for our sustainable policies and practices, aligned to the principles of the Global Compact, which we signed in 2007.

A year of preparation for the future

In preparation for the future, we launched the 2020 EDP Program aimed at promoting, within and outside the Company, innovation and entrepreneurship in the electric energy sector. To this program, we associate the award we consider as the largest one in Brazil. Over the next ten years, we intend to award prizes to the ideas and projects which contribute toward the creation of new patterns in the electric energy sector. Under the EDP 2020 Program, we intend to combine today's flexible approach to the indispensable long-term vision in order to ensure the Company's sustainability.

We are now faced with the challenges of completing and extending the transformation started in 2009, revising and improving our processes, developing the ongoing growth projects and increasing compliance of the entire Company with our strategy. We have a clear investment plan, with financing guaranteed up to 2012. We have policies of development of our human structure which support our operating plans.

We enthusiastically work under the belief that we can make EDP a company which fully satisfies its Customers, Shareholders, Employees, Business Partners, the Society and the Communities in which we operate in 2020 and all the years before and after that. We work everyday with this ambition. We work everyday to build a better future.



report profile

This is the fourth consecutive year in which EDP in Brazil prepares its Annual Sustainability Report based on the guidelines of the Global Reporting Initiative (GRI). The previous document was published in June 2009. (GRI 3.2, 3.3)

The information of this report covers the period from January 1 to December 31, 2009, and comprises all the direct subsidiaries of the Company: the distributors EDP Bandeirante and EDP Escelsa, the commercial company Enertrade and the generators Enerpeixe, Energest, Investco and Ceneael. In the case of Enerpeixe and Ceneael, financial information is consolidated in proportion to the ownership interest, of 60% and 45%, respectively. There was no significant change in the size of the company in the year, limited to the sale of a telecommunications company, not related to the company purpose, and to the beginning of operation of a generation asset - the small hydroelectric plant (PCH) of Santa Fé, with capacity of 29 MW. (GRI 3.1, 3.6, 3.7, 3.8, 3.11)

The economic and financial indicators are based on the Brazilian accounting standard and have been audited by KPMG. The social and environmental indicators observed by the GRI were externally checked by PricewaterhouseCoopers. When applicable, these data are checked based on standards defined by quality standards, such as ISO 9001, ISO 14001 and OHAS




18001. Possible corrections of data disclosed in prior reports are identified and explained in the document. (GRI 3.9, 3.10, 3.13)

The definition of the content was based on consultations made with strategic public through four panels – in São Paulo and Mogi das Cruzes (SP), Vitória (ES) and Palmas (TO). Also, individual interviews were made by phone with parties interested in the projects under construction – Porto do Pecém Thermoelectric (CE) and Wind farms (SC). Participation of representatives of shareholders, customers, suppliers, employees, communities, government and regulatory agencies, identified as parties that affect or are affected by the company's business decisions.

The process, conducted by an external consulting firm and based on the principles and guidelines of the Global Reporting Initiative, identified the priority (material) issues for the management of the sustainability at EDP in Brazil, reflecting its significant economic, social and environmental effects. The results, presented in the form of a matrix of materiality, are disclosed in the chapter Relationship with stakeholders. (GRI 3.5)

Questions related to the content of this report may be clarified at the website www.edpbr.com.br or by e-mail instituto.edp@edpbr.com.br. (GRI 3.4)

GRI LEVEL OF APPLICATION

	C	C+	B	B+	A	A+
Self-declared						
Examined by third parties						
Examined by GRI						





commitments (GRI 4.12)

EDP Energias do Brasil sees sustainability as a concept that represents a new approach to doing business, as it creates value for the shareholders at the same time as it contributes to the sustainable development of all its stakeholders. It is an outlook that aligns the interests of all types of public that relate to the Company and focuses on the long-term horizon.

The Company defined policies, codes and principles and assumed international and local commitments that express the concepts of economic, social and environmental responsibility, (the triple bottom line). These aspects, associated to a corporate governance model based on transparency, lead to effective actions and compose its vision and values.

PRINCIPLES OF SUSTAINABLE DEVELOPMENT

EDP in Brazil is ruled by eight principles of sustainable development, which are crucial rules to be observed in its operations.

1. CREATION OF VALUE

- Create value for the shareholders;
- Increase productivity and efficiency and reduce the exposure to risks resulting from economic, environmental and social impacts of the activities;
- Assume a commitment of guidance to the customer, ensuring high levels of quality service;
- Integrate environmental and social aspects into the planning and decision-making processes.

2. EFFICIENCY IN THE USE OF RESOURCES

- Promote the development of cleaner and more efficient power technologies;
- Develop production based on renewable power;
- Promote the improvement of power efficiency and the rational and safe use of power;
- Promote innovation in sustainable products, services and technologies and the transfer of knowledge to the society.

3. ENVIRONMENT PROTECTION

- Minimize the environmental impact of all the activities developed;
- Participate in initiatives that contribute to the preservation of the environment and promotion of the biodiversity;
- Expand the adoption of environmental criteria to the entire value chain

4. INTEGRITY

- Ensure the compliance with ethical standards in every activity;
- Respect the human rights in its zone of influence;
- Prepare specific codes of conduct.

5. DIALOGUE WITH STAKEHOLDERS

- Ensure an open, transparent and trustful relationship with the different stakeholders;
- Introduce consultation and communication channels with the stakeholders and of integration of their concerns;
- Report, on a trustful and objective basis, the economic, environmental and social performance.

6. HUMAN CAPITAL MANAGEMENT

- Adopt management policies and systems that ensure the health, safety and welfare of the employees;
- Promote the development of individual capabilities of all employees and reward the excellence and merit;
- Fight abusive and discriminatory practices, incentive the diversity and promote inclusion in every operation and in the value chain.

7. PROMOTION OF ACCESS TO ELECTRIC ENERGY

- Promote the trustful and generalized access to electric power;
- Practice a transparent and socially fair price policy;
- Develop a production system of adequate quality and lower cost.

8. SUPPORT SOCIAL DEVELOPMENT

- Support initiatives of social and cultural promotion, based on transparent evaluation criteria of relevance to the community;
- Promote the technological cooperation in Brazil and abroad;
- Support actions for local and community development.

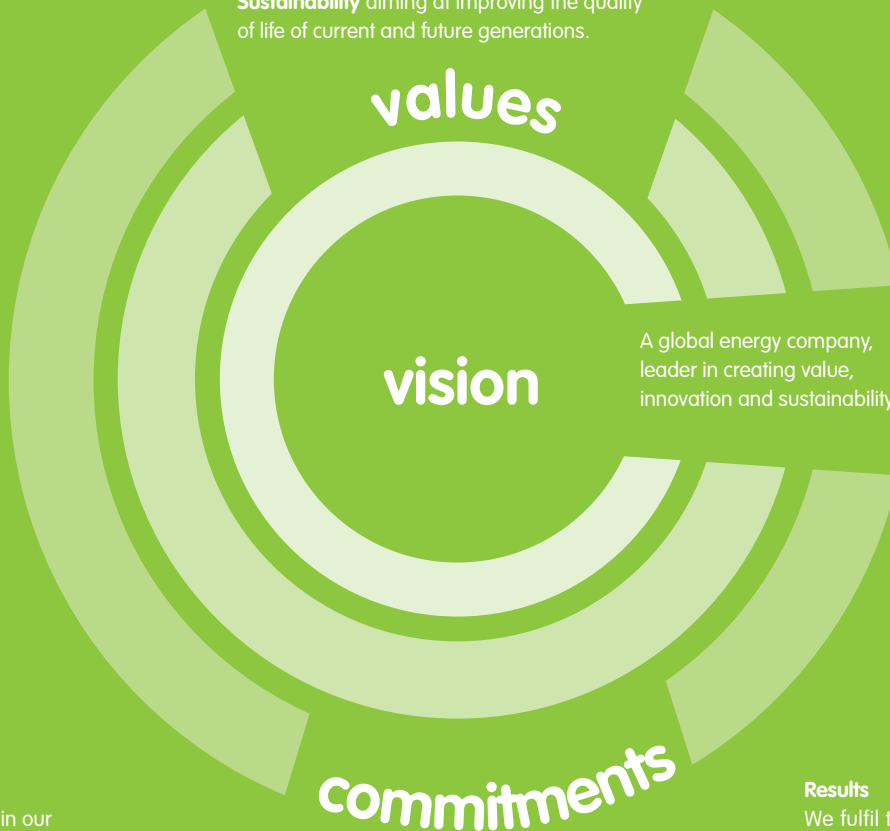
Occupational safety for all of our employees and business partners.

Trust of shareholders, customers, suppliers and other stakeholders.

Excellence in the way we perform. Initiative manifested through the behavior and attitudes of our people.

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

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



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

Customers

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

Individual

We join ethical conduct and professional rigor to enthusiasm and initiative, emphasizing team work. We believe that the balance between personal life and professional life is crucial for our success.

Sustainability

We assume the economic, social and environmental responsibilities that result from our activities, contributing to the development of the regions where we are present and ensuring the sustainable growth of the company. We reduced, on a sustainable basis, the specific emissions of greenhouse gases from the power produced by us. We actively promote the power efficiency.

Results

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

**commitments** (GRI 4.12)**EXTERNAL COMMITMENTS**

The principal external commitments voluntarily assumed by the Company include the Global Compact and the Eight Millennium Goals, two initiatives coordinated by the United Nations (UN); the Brazilian Corporate Council for Sustainable Development (CEBDS); the Pact Against Slave Work; the Business Pact for Integrity and Against Corruption; children's and adolescents' rights; and the responsible consumption, with Akatu Institute.

Global Compact - In 2007, EDP in Brazil signed the Global Compact, an initiative of the United Nations (UN) to promote the alignment of corporate policies and practices with values and purposes applicable abroad and universally agreed-upon. It involves the commitment with ten crucial principles in the human rights, labor rights, environmental protection and anticorruption areas. Hundreds of companies joined the program, in special, in respect to the concept of citizenship as significant part of the globalization. The initiative operates as an international network, in line with four United Nations agencies - the Office of the High Commissioner of Human Rights, the International Labor Organization (ILO), the United Nations Environment Program (UNEP) and the United Nations Development Program (UNPD).

Millenium Goals - In integration with the Global Compact, the Company also aligns with the compliance with the Eight Millenium Development Goals, an initiative signed by 191 countries during a United Nations forum held in 2000. At the turn of the millennium, the leaders assumed eight general targets and 15 goals to be met up to 2015 for the construction of a more equal and inclusive world. Brazil includes additional and more challenging goals for the reduction of hunger and poverty, the universalization of education and health to pregnant women.

The Business Pact for Integrity and Against Corruption - Presented in 2006, at the International Ethos Conference, is a voluntary commitment of the companies to promote ethics in the business. The Company is a signatory of the pact since 2007, together with other 500 companies and 100 institutions. It is a joint initiative of Ethos Institute, of Patri Government Relations & Public Policies, of the United Nations Development Program (UNDP) and of the United Nations Office on Drugs and Crime (UNODC).

National Pact for the Eradication of Slave Labor in Brazil - EDP in Brazil joined the initiative in September 2009, when it formally assumed the commitment to increase its efforts to prevent the risk of forced labor or equivalent to slavery in its production chain. The signatories of the Pact keep a "dirty list" of companies that have maintained workers under conditions equivalent to slavery. The coordination and monitoring committee is formed by the Ethos Institute of Companies and Social Responsibility, by the Social Observatory Institute, by the NGO Repórter Brasil and by the International Labor Organization.

Brazilian Corporate Council for Sustainable Development - Adhesion to the World Business Council for Sustainable

Development - WBCSD) was held in 2007. It is an association of around 200 global leading companies seeking to deepen the discussions related to the environmental excellence and to the sustainable development principles. In Brazil, there is the Brazilian Business Council for Sustainable Development (CEBDS).

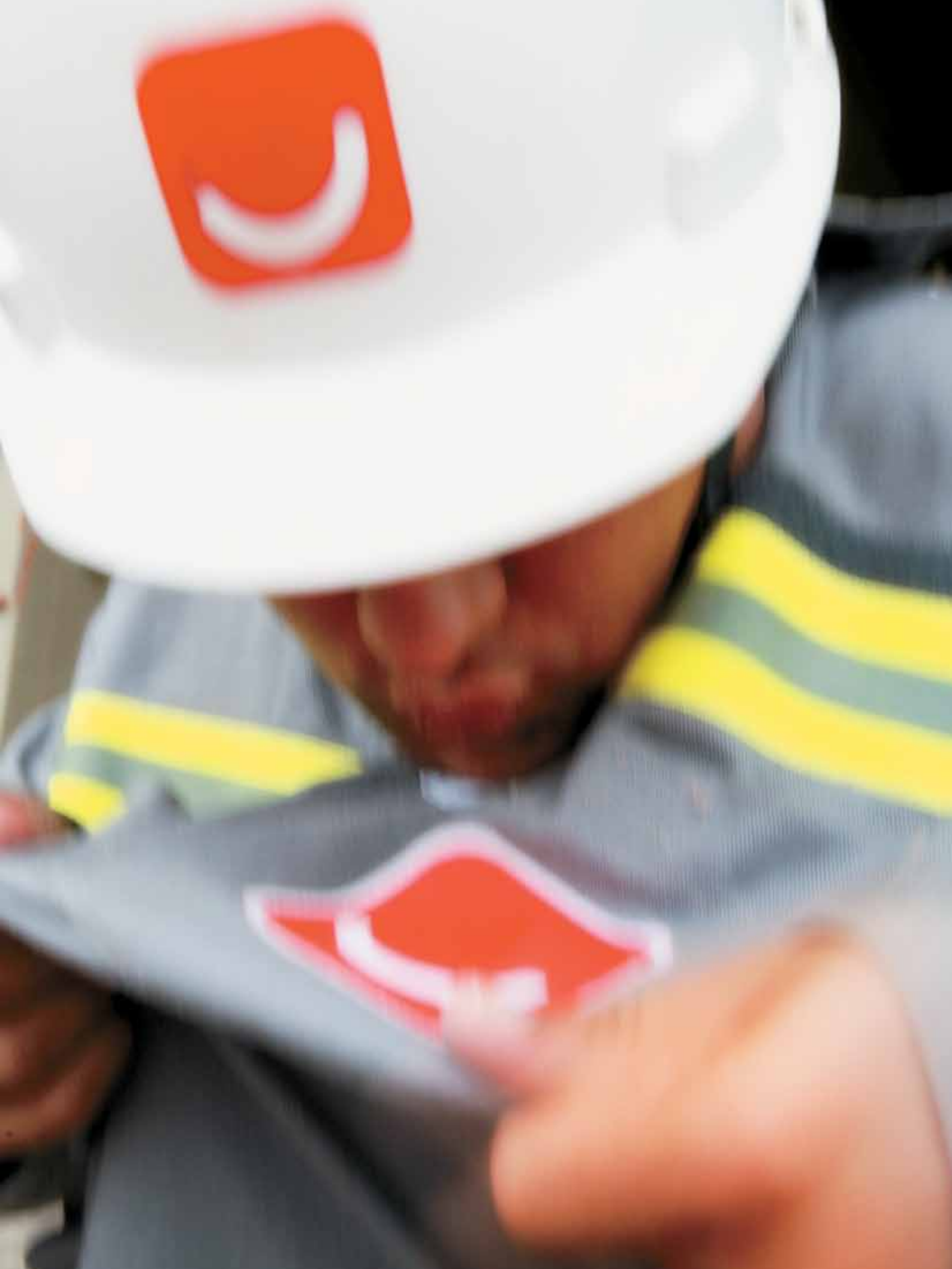
Abrinq Foundation - The foundation granted to EDP in Brazil distributors the Children-Friendly Seal for the work performed in favor of the child and adolescent. Abrinq is a not-for-profit institution, created in 1990, year of the enactment of the Statute of the Child and Adolescent (ECA), aimed at the mobilization of the society for questions related to the rights of the child and adolescent.

Instituto Akatu - EDP in Brazil supports the action for change of the consumer behavior, through communication and education. Akatu Institute is a non-governmental organization, whose purpose is to teach the Brazilian citizen to prevent waste and to inform about the importance of the conscious consumption of natural resources for reduction of impacts on the planet.

Ethos Institute - Ethos Institute of Companies and Social Responsibility was created with the purpose of assisting the companies to assimilate the concept of social business responsibility and incorporate it into the daily management, in an ongoing process of evaluation and improvement. Its associates - companies of different sectors and sizes, among which is EDP in Brazil - receive incentive to establish ethic standards of relationship with their employees, customers, suppliers, shareholders, and in the communities where they operate, as well as the interaction with the government and environment.

GHG Protocol - In 2008, EDP in Brazil joined the Brazilian Program of GHG Protocol (Greenhouse Gases), an initiative whose purpose is to promote the voluntary management of emissions. It is the tool most used by the companies and governments to understand, quantify and manage emissions of gases in the atmosphere. It was developed by the World Resources Institute (WRI) in partnership with the World Business Council for Sustainable Development (WBSCD), on the basis of an extensive process of public consultation.

Carbon Disclosure Project (CDP) - Financed by the British Government's Carbon Trust and by a group of foundations led by the Rockefeller Foundation, the project is the largest alliance of investors worldwide, gathering 534 signatories that manage assets over US\$ 64 trillion. Through questionnaires sent every year to over 3 thousand companies in every continent, CDP maintains the most extensive databank with trustful information about emission of greenhouse gases, and its annual reports offer a detailed analysis on the positions of large corporations in relation to climate changes. EDP in Brazil joined the initiative in 2006 and, as from 2008, its information was disclosed in the report of EDP of Portugal, consolidating the actions and results of EDP worldwide.





relationship with stakeholders

EDP in Brazil seeks to maintain a constant dialogue with the different stakeholders, through several communication channels. This open and transparent relationship with its public is essential for the strategic planning of the Company, since it enables the identification of opportunities, the pursuit of innovative solutions and the detection of flaws.

The annual sustainability report is an important tool in this commitment with the transparency and the rendering of accounts at economic, social and environmental levels, in accordance with the interest and concerns of its public. And it is the respect with its public that makes EDP in Brazil to make regular public consultations, whether in relation to projects already consolidated or under construction.

(GRI EU19)

Recently, in the construction of Peixe Angical Power Plant, in Tocantins, and of the PCH Santa Fé, in Espírito Santo, forums with the community were held to discuss solutions related to the physical move of residents, infrastructure works in benefit of the community and social and environmental initiatives. This process involved representatives of the communities, municipal, state and federal authorities, environmental agencies and nongovernmental organizations.

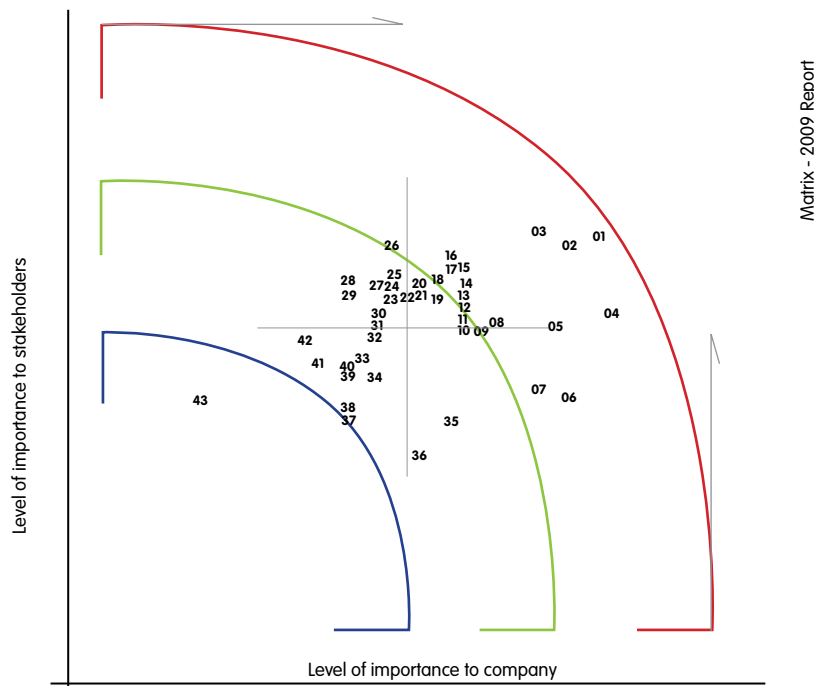
In addition, at the beginning of 2010, the Company made consultations with its major stakeholders in order to

identify priority sustainability issues, based on the GRI G3 instructions. The consultations were made in person, by e-mail and by telephone and involved 109 stakeholders (representatives of the shareholders, customers, suppliers, employees, communities, government and regulatory agencies), who expressed their opinions in regard to issues such as their relationship with EDP in Brazil, the quality of the communication channels and the most important issues to be included in the 2009 report.

To choose the most relevant sustainability issues, the interviewed individuals received a table to inform the importance that they gave to each listed subject. The results obtained enabled the company to prepare its materiality matrix, composed of two axes: one representing the priority issues from the internal point of view and the other from the external point of view.

EDP in Brazil believes that the process of stakeholders' commitment, basis for the preparation of the materiality matrix, strengthens the relationship between the parties and the rendering of accounts, increases the receptivity and makes the report more useful to its different public. The matrix is presented below and shows the issues that will be given major highlight in this document and which will be priority for the sustainability management in EDP in Brazil over 2010.

MATERIALITY MATRIX



ADDRESSED ISSUES

High

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Transparency and disclosure of results 2. Compliance with the environmental legislation 3. Social and environmental effects of hydroelectric plants 4. Licensing of hydroelectric plants 5. Bribery, fraud and corruption. 8. Climate change impact 11. Rate of accidents and occupational safety 12. Power safety 13. Alternative Sources of Electricity 14. Investment in new technologies 15. Social and environmental effects of transmission and distribution lines 16. Customer Service and Customer Satisfaction 17. Relationship with the surrounding communities 18. Net protection to prevent accidents | <ol style="list-style-type: none"> 22. Forced labor 23. Expansion of electric energy access 24. Sexual exploitation of children and adolescents 25. Environmental awareness and education 26. Investments in social, cultural and sports projects 27. Evaluation of the performance of social investments 28. Rational use of the water 29. Research and development 30. MDL projects 31. Management of effluents and waste 32. Clear information about services 33. Cost reduction policy 34. Use of askarel 35. Non-technical energy losses 36. Consumer default 37. Remuneration and benefits 38. Development of suppliers 39. Charged fees 40. Work conditions of third parties 41. Other emissions of gases in the atmosphere 42. Generation of jobs |
|---|--|

Average

6. Relationship with the Regulatory Agency - Aneel
7. Participation in the portfolio of Corporate Sustainability Index of Bovespa (ISE)
9. Compliance with the labor legislation
10. Greenhouse gas emissions
19. Training and development for employees
20. Energy Efficiency
21. Child labor

Low

43. Reserve energy

MORE IMPORTANT ISSUES BY DIMENSION

Scenario	Themes
Economic	<ul style="list-style-type: none"> • Safety for the supply of electric energy • Innovations through alternative sources • Investment in new technologies • Transparency and disclosure of results • Company's action in order to avoid bribery, fraud and corruption • Customer service and customer satisfaction
Environmental	<ul style="list-style-type: none"> • Social and environmental effects of hydroelectric plants • Social and environmental effects of transmission and distribution lines • Compliance with the environmental legislation • Licensing of hydroelectric plants • Climate change impact • Greenhouse gas emissions
Social	<ul style="list-style-type: none"> • Rate of accidents and occupational safety • Net protection to prevent accidents • Compliance with the labor legislation • Training for employees • Child labor • Company's relationship with the surrounding communities



relationship with stakeholders

Engagement actions

We describe below the key communication mechanisms of EDP in Brazil with its different groups of stakeholders. With all these actions, the Company seeks to be in constant contact with the sustainability demand from the public involved in the business, seeking to continuously improve its social responsibility activities.

ENGAGEMENT BY THE STAKEHOLDERS (GRI 4.14, 4.15, 4.16, 4.17)

Interested party	Relationship channels	Shares	Main themes and concerns
Shareholders <ul style="list-style-type: none"> Shareholders (Controlling and minority shareholder) São Paulo Stock Exchange (Bovespa) 	General Shareholders' Meetings Investors relations area Quarterly meetings with analysts and investors Press releases Internet Annual Sustainability Report	Disclosure of information and results at regular meetings Quarterly sustainability report to the majority shareholder (EDP Energias de Portugal),including economic, environmental and social indicators of the companies of the Group in Brazil	Transparency and disclosure of results Rate of accidents and occupational safety Net protection to prevent accidents Work conditions of third parties Major access to electric power
Internal public <ul style="list-style-type: none"> Direct employees and third parties Employees' families Unions Unions 	Intranet ON magazine (corporate publication) ON TV (internal television channel) Sustainability Channel Communication and Denouncement Channel "Boca Livre" Annual Sustainability Report	Training and awareness in regard to social responsibility, citizenship and environment, ensuring the alignment with the sustainability principles in daily activities Climate survey Cooperation and ethics in the relationship with unions.	Social and environmental effects of hydroelectric plants Relationship with the surrounding communities Compliance with the environmental legislation Transparency and disclosure of results Child labor
Customers <ul style="list-style-type: none"> Customers (industrial, commercial, public and free power) Consumer Council Competitors (commercial company and generator) Electric Energy Trading Chamber (CCEE) 	Power fee Call center Stores Internet Media campaigns Informative folders and banners Annual Sustainability Report	Regular satisfaction surveys related to the services provided Social projects and relationship with the customers of the communities Visits to consumer defense agencies Meetings with corporate customers Streamlining of the power bills.	Transparency and disclosure of results Bribery , fraud and corruption Customer service and customer satisfaction Net protection to prevent accidents Social and environmental effects of hydroelectric plants
Suppliers Suppliers of power, services and materials and outsourced	Supply area Forum of suppliers Internet Annual Sustainability Report	Contractual clauses with social and environmental and human rights criteria for contracting of services and products Incentive to the adoption of the sustainability principles of the Group, the Code of Ethics, the corporate policies and to the promotion of sustainability Formation in prevention and safety.	Transparency and disclosure of results Investment in new technologies Energy Efficiency Customer service and customer satisfaction Expansion of electric energy access
Company <ul style="list-style-type: none"> Surrounding communities NGOs and social entities Industry entities (Abradee, Abracel,Abrage, Acende, Apimec) Education and research institutions Cultural Institutions Media 	Meetings with community entities, NGOs, education and research institutions Participation in industry entities ON magazine Press Interviews Press releases Internet Annual Sustainability Report	Social, cultural and environmental programs directed to the communities of the areas of operation Public consultations about he projects Proactive and ethical relationship with the media and local press and of regional or national representativeness. Partnership in R&D projects.	Investment in social, cultural and sport projects Transparency and disclosure of results Customer service and customer satisfaction Sexual exploitation of children and adolescents Child labor
Government <ul style="list-style-type: none"> Regulatory Agencies (Ministry of Mining and Energy; Brazilian Electricity Regulatory Agency (Aneel); National Water Agency (ANA); state agencies) Development agencies and councils(public policies) Environment protection agencies, Ministry of the Environment, Ibama Public Ministry, Federal Revenue Service 	Regulation area Meetings of the Company's management and government representatives Quarterly financial reports Internet Annual Sustainability Report	Compliance with the standards established by the respective government agencies Projects in partnership with municipal, state and federal governments to promote the sustainable development of communities Representation in workgroups and forums for preparation of industry policies of public interest.	Social and environmental effects of hydroelectric plants Compliance with the environmental legislation Environmental awareness and education Alternative Sources of Electricity Expansion of electric energy access

COMMUNICATION

EDP Group invests in different communication initiatives to interact with its different relationship targets. The purposes are to share the vision, the values and the strategy of the Company, to maximize the value of the brand and to ensure that the flow of information transmits rigorously and positively its activities.

TV ON – The corporate television seeks to inform and integrate all the employees, dynamizing the exchange of ideas and uniting the targets and the vision of a Group formed by many companies, in many continents and countries. In Brazil, in 2009, 186 interviews were broadcast and around 80 videos were produced, covering different themes, such as culture, internal projects, employees, business, sustainability, social responsibility, economy, awards, among other.

ON magazine – Disclosed every two months for the entire EDP Group, with approximately 30 thousand copies. It has a light, modern and attractive design and an informal language familiar to the employee. Reports and articles show the Company and its people.

intranet – Internal communication channel accessed by PCs and from Information and Citizenship Points (PICs). It is updated

every day, with information about the company's developments and decisions, courses, training and events, and also provides suggestions related to leisure, culture, health and cooking and contests and raffle of tickets for shows sponsored by EDP. In 2009, 870 issues were published.

MEETING 2009

Every year, since 2005, a meeting is held aimed at integrating and motivating all the employees, as well as to promote the strategic alignment of the Group's information. In 2009, it was adopted the format of a TV program, named One world, a good energy, presented by the journalist Renata Ceribelli, who conducted interviews, videos and interactions with the audience.

Around 1.4 thousand employees were in São Paulo and in Espírito Santo to listen to the Executive Board of EDP in Brazil, the global CEO of EDP, Antônio Mexia, and the advisor in the organizational change area, Pedro Mandelli. The highlights:

- (1) Strategic alignment of the Group, focused on the integration of the different business units and on the new organizational structure.
- (2) Reinforcement of the "Vencer" Program.
- (3) Change of EDP Energias do Brasil brand to EDP, and presentation of the new signature A good energy and of the advertising campaign.
- (4) Awarding of the "For me to win is ..." contest

NEW TRADEMARK

Effective June 2009, EDP Energias do Brasil began to sign its brand under the name EDP only. The change is part of a global alignment and uses the power of the brand of its controlling shareholder. The distributors also began to adopt the EDP acronym in front of their logo brands and to present under the EDP Bandeirante and EDP Escelsa brands.

The communication also began to have the signature A good energy, reflecting the belief that this is what EDP does by investing in clean power, covering millions of Brazilians with quality, being reference in the sustainability policies and growing with responsibility. This positioning is in line with the sustainability policy of the Group and to the global leadership position in the development of clean power.

The strategy strengthens the EDP brand as a global Group and increases its visibility, enables to concentrate investments, standardize office materials, internal and external signaling, as well as streamlines the process of brand management. EDP is considered the most valuable Portuguese brand (around 3.3 billion euros), according to a study prepared by Brand Finance, consulting firm in evaluation and management of brands.



Store with a new identity



corporate governance

Listed on the Novo Mercado segment of Bolsa de Valores de São Paulo (BM&F Bovespa), EDP in Brazil assumed additional commitments related to transparency, rendering of accounts and fair and equal treatment to shareholders, employees, customers and suppliers. To ensure these conditions, the financial statements are prepared based on internal procedures and controls of the Internal Control System of the Financial Reporting (SCIRF) methodology, based on the Sarbanes-Oxley Act (SOX), even if the Company does not trade shares in the US market.

The model is based on the practices recommended by the Brazilian Institute of Corporate Governance (IBGC), such as: issuance of common shares only; officers with experience in operating and financial issues; forbidden access to information and voting right to officers in situations of conflict of interest; arbitration as the fastest and specialized way to solve conflicts between the shareholders and the Company. Possible divergences may also be solved by the Sustainability and Corporate Governance Committee, which operates in support to the Board of Directors. (GRI 4.6)

Also grants to all shareholders the right to participate in the public offering for acquisition of shares in view of the sale of control, for the same price per share paid to the controlling block (tag along of 100%) and distributes dividends of, at least, 50% of adjusted net income (compared to 25% established in the Company's By-Laws, under the legislation in force).

GOVERNANCE STRUCTURE (GRI 4.1)

The Shareholders' Meeting, Board of Directors and Executive Board are the principal governance bodies of the Company. All the members of the Board of Directors and Executive Board of the Company signed a term of consent to act in accordance with the Listing Rules of the Novo Mercado segment of BM&F Bovespa.

The shareholders exercise their voting right at Annual Shareholders' Meetings, held every year, and at Extraordinary Shareholders' Meetings, held at any time. Each share represents one vote at the shareholders' meetings, whose decisions are made by majority of votes. In 2009, two General Shareholders' Meeting were held: an Annual Shareholders' Meeting and an Extraordinary Shareholders' Meeting, the latter approved the change of article 28 of the By-Laws, to better provide for the representation of the Company before third parties.

The Fiscal Council is non-permanent and is installed only when requested by the shareholders, under the provisions of the legislation in force. In this context, pursuant to the By-Laws, and when installed, it will be composed of three members and of an equal number of alternates, whether shareholders or not, elected by the Annual Shareholders' Meeting.

Furthermore, the Audit Committee that acts as an advisory committee to the Company's Board of Directors, plays the role, among other competencies, of ensuring the performance and the correct application of the accounting principles and standards, of issuing an opinion on the accounts

of the directors and of the Company's financial statements, of appraising the performance of external and internal auditors, and of establishing procedures for the receipt, safekeeping and handling of claims in the scope of the Communication and Denouncement Channel of EDP in Brazil (EDP Energias do Brasil).

BOARD OF DIRECTORS

The Board of Directors establishes the general business policies, including the long-term strategy, and is responsible for the supervision of the Company's management. According to the Bylaws, the Board should have at least 5 and at most 11 members, with one chairman and one vice-chairman. It is currently formed by eight members elected by the General Meeting for a term of office of one year, with possibility of reelection. The Board of Directors will meet ordinarily every three (3) months, and under special circumstances, whenever necessary.

All its members are shareholders of the Company, while four are considered independent under the terms of the Listing Regulation of the Novo Mercado (New Market) of BM&F Bovespa. The election of members of the Board of Directors observes criteria that evaluate their competencies to perform their duties. Additionally, the chairman of the Audit Committee must be knowledgeable in finance, through academic background or professional experience. (GRI 4.7)

The chairman of the Board of Directors is the chief executive officer of EDP in Portugal, but does not perform an executive role at EDP in Brazil. A member of the Board of Executive Officers of EDP in Brazil is on the Board of Directors, comprised of seven men and one woman, between 47 and 77 years of age, elected in 2009. (GRI 4.2, LA13)

Four of the members are independent, and this appointment follows the recommendations of BM&F Bovespa and of the Brazilian Institute of Corporate Governance (IBGC): not have any relationship with the company, except possible ownership interest; not be a controlling shareholder, member of the control group, spouse or relative up to second degree thereof, or be connected to organizations related to the controlling shareholder; not have been an employee or officer of the company or of any of its subsidiaries; not be supplying or purchasing, directly or indirectly, services and/or products from or to the company; not be an employee or officer of an entity that is offering services and/or products to the company; not be a spouse or relative up to second degree of any officer or manager of the company; and not receive other remuneration from the company in addition to the board member's fees, excluding dividends originating from possible ownership interest. (GRI 4.3)

The main channel of shareholders for recommendations to the Board of Directors is the General Meeting, an area of jurisdiction that has the power to verify and judge the entire extent of the Company's business. In addition, both

shareholders and employees may send correspondence by post or via e-mail to the members of the advisory committees of the Board and to the area of Investor Relations, and also use the Communication and Denouncement Channel, available through a link on the Company's website (www.edpbr.com.br). To facilitate contact with the capital market, the Investor Relations area held four teleconferences for disclosure of quarterly results in 2009, took part in conferences held by various banks and in the international road show related to the public offering of shares held in the month of November 2009. (GRI 4.4)

The members of the Board of Directors

Antônio Luis Guerra Nunes Mexia – Chairman of the Board of Directors and of the Remuneration Committee

Antônio Manuel Barreto Pita de Abreu – Member and Chief Executive Officer of EDP in Brazil

Nuno Maria Pestana de Almeida Alves – Board member

Ana Maria Machado Fernandes – Board member

Francisco Roberto André Gros – Independent Board Member and Chairman of the Audit Committee

Pedro Sampaio Malan – Independent Board Member and Chairman of the Corporate Governance and Sustainability Committee

Modesto Souza Barros Carvalhosa – Board Member appointed by the Minority Shareholders

Francisco Carlos Coutinho Pitella – Independent Board Member

COMMITTEES

Three committees act in support of the Board of Directors: Audits; Remuneration; Sustainability and Corporate Governance. These are comprised by three members, Board of Directors' members, that can request information and suggestions from members of the Board of Executive Officers or from members of Company Management.

- **Audit Committee** – Responsible, among other competencies, for ensuring compliance with and correct application of the principles and of the accounting standards; issuing a report on the accounts of the directors and the financial statements of the Company; appraising the performance of external and internal auditors; and establishing procedures for the receipt, safekeeping and handling of complaints in the scope of the Communication and Denouncement Channel of EDP in Brazil. An independent Board Member (Mr. Francisco Roberto André Gros) is the chairman, a member is appointed by the controlling shareholder (Mr. Nuno Maria Pestana de Almeida Alves) and the third member, considered independent (Mr. Francisco Carlos Coutinho Pitella). Six Audit Committee meetings were held over the course of 2009.

- **Remuneration Committee** – It advises the Board of Directors in decisions relating to the remuneration policies of EDP in Brazil and of its subsidiaries. Two of its members, Sr. Antônio Luis Guerra Nunes Mexia (Chairman of the Remuneration Committee) and Nuno Maria Pestana de Almeida Alves are appointed by the controlling shareholder and third member, Mr. Pedro Sampaio Malan, is an independent member. The Remuneration Committee held a meeting in March 2009. The Remuneration Committee held a meeting in March 2009.

It is incumbent upon the shareholders to determine, annually, at a General Meeting, the overall or individual sum of remuneration of the members of the Board of Directors and of the Board of Executive Officers of the Company. The Remuneration Committee proposes the remuneration criterion for the top executives of the Company and of its subsidiaries, as well as other remuneration mechanisms suited to market practices, as a result of the appraisal of economic/financial, environmental and social performance. Ordinary General Meeting held on April 8, 2009, approved the annual and overall remuneration of the members of the Board of Directors for the period from April 2009 to March 2010, the amount of R\$ 4.6 million. (GRI 4.5)

- **Sustainability and Corporate Governance Committee** - Of a permanent nature, it is charged with looking out for the perpetuity of the Organization, with a view of the long term and sustainability, incorporating considerations of a social and environmental kind in the definition of businesses and operations. It is incumbent upon the committee to ensure the adoption of best practices of corporate governance and respect for ethical principles, to increase the value of the company, facilitate access to capital at lower costs, and thus contribute toward the empowerment of the Group. It is also incumbent upon this committee to propose to the Board of Directors the system for evaluation of the Board of Directors and of its members, besides the analysis and the monitoring of business, whereas no formal process of self-evaluation of the Board has been adopted yet. The Chairman of the Committee, Mr. Pedro Sampaio Malan, is an independent member and the other members are: Mrs. Ana Maria Machado Fernandes, representative of the controlling shareholder and Prof. Modesto Souza Barros Carvalhosa, appointed by the minority shareholders. The Committee held a meeting in December 2009. (GRI 4.10)

The performance of the Company is also estimated by Brazilian and international institutions with experience in the analysis of economic, social and environmental indicators. The indicators used in this evaluation were developed by the entities themselves. They are: Social Accounting, of the Brazilian Institute of Social and Economic Analyses (Ibase); Global Compact, a practice proposed by the UN; Global Reporting Initiative (GRI), developed in partnership with the United Nations Environment Programme (Unep); Ethos Questionnaire, prepared by Instituto Ethos de Empresas e Responsabilidade Social; and Criteria of Excellence of the National Quality Award (Prêmio Nacional da Qualidade), created by the National Quality Foundation (Fundação Nacional de Qualidade - FNQ). Financial performance is demonstrated according to Brazilian general accounting principles and international standards. (GRI 4.9)



corporate governance

BOARD OF EXECUTIVE OFFICERS

According to the resolutions of the Company's Board of Directors during 2009, the Company's Board of Executive Officers is formed by four members elected for a term of office of three years, up to January 2011, with possibility of reelection. These are all men between 39 and 60 years of age. (GRI LA13)

It is responsible for managing business and adopting necessary or convenient acts, and for executing the decisions of the Board of Directors. The members of the board of executive officers have individual responsibilities in keeping with the positions that they occupy.

Members of the Board of Executive Officers

- (1) Antônio Manuel Barreto Pita de Abreu – Chief Executive Officer
- (2) Luiz Otávio Assis Henriques – Director Vice-President of Generation and Trading
- (3) Miguel Dias Amaro – Director Vice-President of Finance, Investor Relations and Management Control
- (4) Miguel Nuno Simões Nunes Ferreira Setas – Vice-President of Distribution

ETHICAL BEHAVIOR

The Code of Ethics applies to all the internal and external agents involved in the Company's business: shareholders, contributors, customers, suppliers, company and government. Its application is the assurance that all the company's procedures and its relations with the different audiences are in line with its Vision and Values, as well as with the principles and commitments that drive its management. (GRI 4.8)

The commitments assumed reiterate the concern with transparency and ethics in business. The corporate policies - including the Policy against corruption, graft and bribery and its Code of Ethics - are available on the Internet and may be referred to by the collaborators on bulletin boards, in folders and on the Intranet. In this manner, the Company seeks to take its values and ethical principles to the entire staff.



“Working at Enerpeixe represents much more than a simple employment relationship. The Company’s affairs and coexistence with the other collaborators significantly potentialize my professional activity on a daily basis. We are in a small number, but are also facing in the same direction with a common purpose, acting in harmony. The board of executive officers is located in the same environment, with doors always open to provide clarifications, answer questions, for team work etc.”

Rosana Alves, Enerpeixe’s collaborator

The Code clearly establishes standards and rules of conduct and assumes principles such as respect for human rights, non-discrimination, equality of opportunities, strict compliance with legislation and the prohibition of practices of bribery and corruption. Suppliers are informed of the content of the Code of Ethics in order to step into line with its practices. Conducts that are not in keeping with the principles of the Code may be denounced through the Company’s website, via the link of the Communication and Denouncement Channel, which guarantees absolute anonymity. It is available on the Internet page and on the Intranet, with the option of contact via mail (Caixa Postal n° 55.001 - CEP: 04733-970 – Santo Amaro – São Paulo – SP). Complaints received are evaluated by the Audit Committee which did not identify any punishable practices in non-compliance with the Code in 2009. (GRI HR4, SO4)

The risks related to corruption are mapped periodically by the Internal Audit Department, covering all the business units and including all the companies with financial indicators that are important to the Group. This process involves the evaluation of the various business processes, with the weighing of rate of probability and dimension of impact, as a means of guaranteeing the adequacy of internal controls and thus mitigating these factors. The annual plan of the Internal Audit Department is submitted to the formal approval of the Board of Executive Officers and of the Audit Committee of the Company. (GRI SO2)

A quarterly report is sent to the Ethics Provider in Portugal, the professional that took part in a meeting held in Brazil in October. The initiative is part of the Boca Livre program, which is focused on the dissemination and discussion of the Group’s policies. The speech was recorded and reproduced at the 12 sites where the program is underway.

A discussion was held in 2009 with a basis on the following declaration: Corruption, bribery? Include me out of this. Run by guest speakers, in ten cities from the business areas, the activity featured the participation of 401 collaborators, representing 16.7% of the staff. The objective was to reinforce the importance of individual responsibility for actions - such as bribery and piracy - and collective commitment to saying no to corruption. (GRI SO3)

Another initiative included the creation of an ethics management study group, which concentrated on understanding collaborators’ perception of the Code of Ethics, the preparation of managers for ethical matters and the development of an e-learning training program on the topic, to be applied to all the collaborators in 2010.

Moreover, EDP in Brazil is a signatory of the Code of Socio-environmental Ethics of Instituto Acende Brasil, a study center geared toward the development of actions and projects to increase the degree of transparency and sustainability of the Brazilian electrical sector. The aim of this code is to share with Brazilian society the values and the vision that the participant companies assumed to reconcile growth, environment and social development.

The ethical issue was also a highlight in the EPD Forum of Suppliers, when the NGO Transparência Brasil presented the topic Combating of Corruption, Bribery and Kickbacks. One hundred sixty suppliers took part in the states of São Paulo and of Espírito Santo, also receiving a document prepared by the Workgroup of the Business Pact for Integration and Against Corruption, of which EDP in Brazil is a member.

The same material was delivered to non-governmental organizations and government agencies that attended the workshops for launching of the public notice of Programa EDP Solidária 2009/10. Strategic Public was also involved in the campaign for the Anti-Corruption Day, which covered behaviors and examples of anti-ethical actions that may occur in the everyday life and included initiative common to the company members of the Pact.

CORPORATE POLICIES

The corporate policies of EDP in Brazil aim to detail the modus operandi of the Company involving subjects already addressed by the Code of Ethics and considered crucial to guarantee the highest standards of governance and sustainability.

These include the Policy for Disclosure and Maintenance of Secrecy and the Policy for Trading with Securities, which adhere to the rules of regulatory agencies of the Brazilian capital market and guarantee the disclosure of relevant acts and facts with the transparency, the scope and the time necessary for all the investors to make their decision. These policies are applicable to all the directors, officers and employees that have access to information that may be considered secret and privileged.

Corporate policies also involve the following topics: sustainability; communication; environment, occupational health and safety; union relations; combating of corruption, bribery and kickbacks; child and slave labor; sexual exploitation of children and adolescents; discrimination and sexual and moral harassment; valuing of diversity and intangible assets. These policies are available on the Company’s website on the Sustainability link, and may be referred to by the collaborators on bulletin boards, in folders and on the Intranet as well.

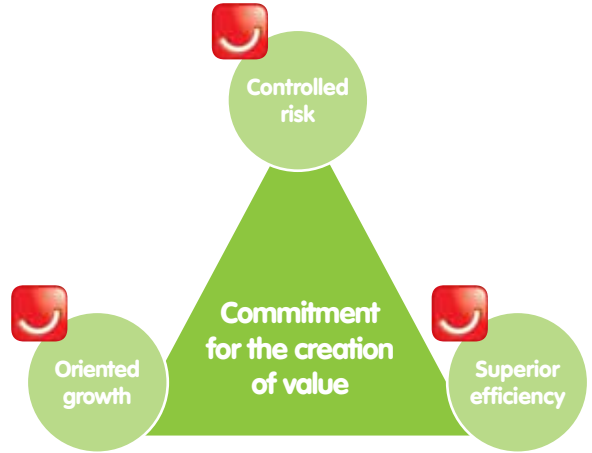


strategy and investments

Driven at the Company's sustained development, with the consequent creation of value for all the audiences with which it has a relationship, the strategy of EDP in Brazil is based on three cornerstones: oriented growth focusing the energy increase; controlled risk, which is present in all the work activities and the business plans; and superior efficiency, a topic that was the focal point of attention in 2009.

Programa Vencer was implemented to address the strategic pillars. This program is structured around four levers and 12 branches that provide further support to the business strategy. Organizational restructuring, for example, provided the bases for the plans and the growth goals of the Company, with a senior staff committed to results to be attained on the short, medium and long terms.

Through Vencer the company structured financial and operating goals shared by all the areas of the Organization, which aim at the consolidation of EDP in Brazil as a company of reference in the market, committed to creating value with sustainability for all its stakeholders.



Levers



The execution of the strategy is backed by management tools that allow the splitting, detailing and monitoring of the pillars - oriented growth, controlled risk and superior efficiency - in specific action plans:

Expand activity in generation – By means of its vast experience in the development and management of generation projects, combined with the capacity to form partnerships with other important firms in this segment, EDP in Brazil has a strategic position to take advantage of growth opportunities in electricity generation. The Company's main initiatives are in the segments of hydroelectric and thermoelectric energy. In the first, it aims to expand its market share by means of auctions of new hydroelectric power plants, through the development of viability studies in progress, focused on small and mid-sized hydroelectric power plants, and through the acquisition of assets that already exist. In the segment of thermoelectric power, in 2008 the company started the works of UTE Porto do Pecém I, in Ceará, a mineral coal-fired plant erected in a 50% partnership with the company MPX Energia, which will add 360 MW to its installed capacity. This project is designed to fulfill the country's demands of expanding its energy capacity to guarantee safe economic development. The project was conceived according to the environmental standards required at thermoelectric power plants set up in Europe, to guarantee the low emission of pollutants. Part of the greenhouse gas emissions will be compensated by new investments in clean technology.

Grow organically in distribution – Investments will be maintained in the distribution of electric power, in organic growth and improvement of operating efficiency, as well as in preparation for the next tariff review cycles proposed by the Brazilian Electricity Regulatory Agency (Aneel). The financial balance of costs and concession agreements is thus guaranteed.

Maintain strong trading activity – The focus on the trading of energy is a strategic response to the development of the market of free consumers in Brazil. The Company intends to focus on keeping the loyalty of our customers located in and out of our distribution areas and opting for the condition of “free customers”, by providing them with electric power by means of its energy trader. It will also advise these customers with the supply of solutions adapted to their energy requirements, adding value to the service rendering.

Focus on the development of renewable energy – All the generation projects of EDP in Brazil, with the exception of Pecém, are hydro or wind-based. The Company holds the controlling interest of 13 hydroelectric power plants - PCHs and two wind farms in partnership with EDP Renováveis, which represents total generating capacity of 165.3 MW of renewable energy. In addition, it has another 24 PCHs in the viability study phase and wind projects in different phases of preparation. With this base, it intends to achieve a leading position in the Brazilian renewable energy market, in alignment with the current context of the Brazilian electrical

sector, progressively turned toward alternative sources and in accordance with the growing global demand for clean energy.

To encourage the sustainability and the innovation – EDP Energias do Brasil has assumed the commitment to conduct its business and use its resources in a sustainable manner, under international sustainability standards. Strives to use and provide natural resources in the production processes, minimizing waste, using energy efficiently, trusting in renewable energy sources and reducing, across the production chain, emissions of greenhouse gases. It also promotes safe working conditions, preserving the health of the collaborators, besides investing in social programs. To potentialize the furtherance of innovation, the company launched EDP 2020, an award that will allow the prospecting of new ideas and the encouragement of the development of innovative projects in the Brazilian energy sector, promoting entrepreneurship. The award will be focused on the area of renewable energies, intelligent networks, electrical mobility, energy efficiency, micro-generation, sustainable cities and other areas that mark the new paradigms of the energy sector.

Consolidate the position as a relevant player of the electrical sector– The Company aims to adopt a position as a central participant in the development of the Brazilian electrical sector, by means of the identification of the best business opportunities in its segments of activity and observing stringent ROI criteria.

INVESTMENTS

The investments of EDP Energias do Brasil totaled R\$ 785.8 million in 2009, 27% lower than the funds allocated to the business areas in the previous year. In distribution, there was a reduction mainly on account of the withdrawal of Enersul from the Enersul's business portfolio. In generation, the amount 31.2% lower reflects the conclusion of works in the year.

Investments in generation totaled R\$ 409.3, in relation to the R\$ 595.3 million in 2008. The variation of the investment is explained by reductions at Energest (effect of the conclusion of the works of PCH Santa Fé and investments for repowering) and in Pecém (consequence of the construction stage of the thermoelectric power plant Porto do Pecém I, which absorbed expressive funds in 2008) and increase at Enerpeixe, resulting from investments in the load transformer and higher amounts allocated to the reservoir of UHE Peixe Angical for environmental reasons.

In distribution, investments amounted to R\$ 369.0 million, down 22.9% against 2008. The biggest volume, (R\$ 159.5 million or 43% of the total) were set aside for the expansion of lines, substations and distribution networks for connection of new customers and in the installation of measurement systems; (ii) R\$98.4 million (27%) represent the network improvement for replacement of equipment, obsolete and depreciated meters,

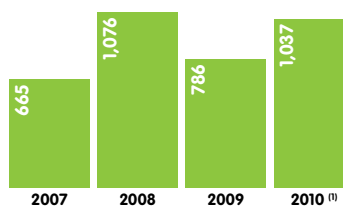


strategy and investments

reconductoring of networks at the end of their useful lives; R\$ 43.4 million (12%) were set aside for urban and rural universalization and for Programa Luz para Todos (Light for All Program), favoring the connection and the access of consumers to the electricity services; and R\$ 67.6 million (18%) were invested in telecommunications, IT and other activities.

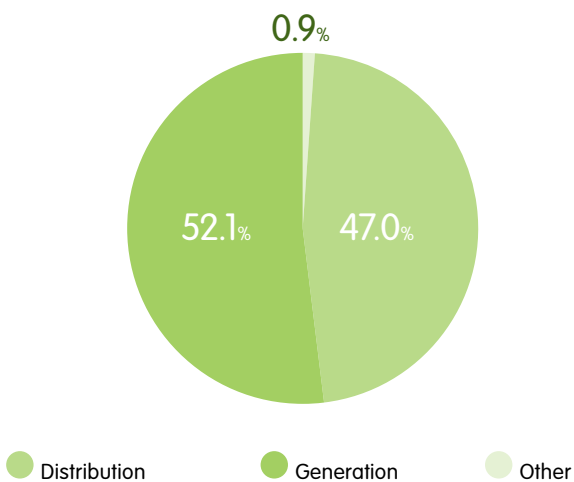
The Company's budget provides for investments of R\$ 1,037 million for 2010, primarily for the generation activities, with the works of the UTE Porto do Pecém I and repowering of UHE Mascarenhas, both with conclusion in 2012, and finalization of the repowering of PCH Rio Bonito.

Investments (R\$ million)

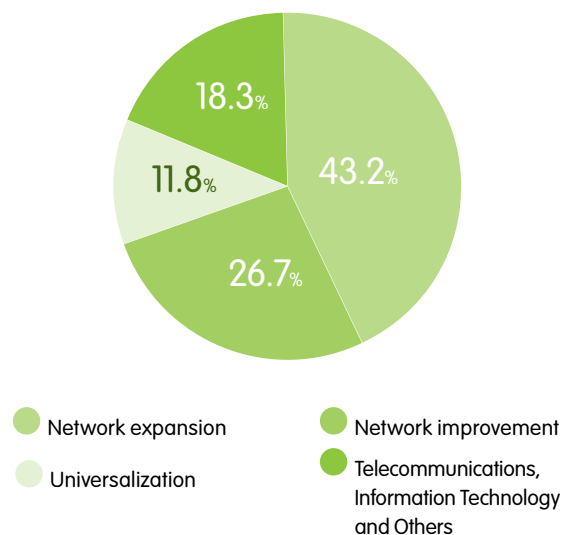


(1) Forecast

Investments (R\$ 785.8 million)



Investments (R\$ 785.8 million)



INVESTMENTS (R\$ THOUSAND)

	2008	2009	Variation
Distribution	478,887	368,996	-22.9%
EDP Bandeirante	160,089	147,565	-7.8%
EDP Escelsa	224,765	221,431	-1.5%
Enersul	94,033	-	-100.0%
Generation	595,269	409,307	-31.2%
Enerpeixe	12,311	21,080	71.2%
Energest	92,250	67,348	-27.0%
Lajeado/Investco	8,766	12,368	41.1%
Santa Fé	74,936	41,758	-44.3%
Pecém	407,006	266,753	-34.5%
Other	2,217	7,471	237.0%
Total	1,076,373	785,774	-27.0%

INVESTMENTS IN DISTRIBUTION (R\$ THOUSAND)

	Total 2008 ⁽¹⁾	Total 2009	EDP Bandeirante	EDP Escelsa
Network expansion	151,117	159,545	66,267	93,278
Network improvement	107,341	98,438	52,136	46,302
Universalization (rural+urban)	85,037	43,446	10,809	32,637
Telecommunications, Information Technology and Others	135,392	67,567	18,353	49,214
Subtotal	478,887	368,996	147,565	221,431
(-) Special Obligations	(32,662)	(47,880)	(9,962)	(37,918)
Net investment	446,225	321,116	137,603	183,513

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

HUMAN RIGHTS IN INVESTMENT CONTRACTS (GRI HR1)

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

In the new ventures or in works for expansion and improvement of the electrical network, all the investment agreements and derived projects, cover requirements relating to social and environmental aspects and respect for human rights. (GRI HR1)

OBJECTIVES AND GOALS (GRI 1.2)

Estimates	Objectives 2009	Realized 2009	Objectives 2010
Shareholders	Continue growth in the energy generation area, particularly, consolidating activity in renewable energies.	Fulfilled - Official opening of PCH Santa Fé; acquisition of Elebrás, with a portfolio of 532 MW; repowering construction work and thermoelectric construction	Repowering of Mascarenhas and Rio Bonito (MS); continuity of the works at Pecém (CE); construction of the wind turbine farm in Tramandaí (RS).
	Ensure the adequate financing of the Group's investment plan (Pecém II, PCHs, repowering).	Fulfilled - Contracting of loans at BID (Interamerican Development Bank) and at BNDES (National Bank for Economic and Social Development)	Ensure the adequate financing of the Group's investment plan (PCHs, distributors and new projects).
	Remain in the Business Sustainability Index (ISE) of the São Paulo Stock Exchange.	Fulfilled - EDP an integral part of the portfolio for the 4th year running.	Continuation in the ISE BM&F Bovespa portfolio.
Customers	Increase the supply of technical and energy efficiency services to free and regulated customers.	Fulfilled	Extend the supply of technical and energy efficiency services to the customers from the base of EDP Escelsa.
	Reach a maximum of 342,537 claims from customers filed at the company, at Aneel, at Procon and in the courts.	Fulfilled - Reduction of 5%, with the recording of 331,609 claims.	Decrease of 17%, to 275,989.
Collaborators	Deploy organizational transformation program, with improvement of efficiency and agility.	Fulfilled - Implementation of the Vencer program.	Broadcasting of the Let's talk more about ethics program to 95% of the collaborators.
Suppliers	Expand training for suppliers considered strategic.	Fulfilled - Performance of the II Forum of Suppliers; training of 132 critical suppliers in the Chronos tool.	Potentialize partnerships and engage suppliers in the social programs coordinated by EDP Institute.
The environment	Certify at least one generation asset and another distribution asset.	Partially fulfilled - Certification of the PCHs São João and Paraíso with standard ISO 14001	Certify at least one generation asset and another distribution asset.
	Increase the share of EDP in Brazil in the global carbon market.	Fulfilled - Trading of credits in the voluntary market (VERs).	To introduce a ecological footprint methodology in the company.
Company	Consolidate EDP Institute in Brazil as a vehicle of activity in sustainability of the Company.	Fulfilled	Adopt standard AA1000ES (engagement of stakeholders) at the Company.
	Consolidate performance assessment of social investments with the methodology by the London Benchmarking Group (LBG).	Not fulfilled	Consolidate performance appraisal of social investments by means of the LBG methodology.



Operating performance

41	Generation
46	Distribution
50	Sales





operating performance

ECONOMIC ENVIRONMENT

The consumption of electric power in Brazil in 2009 reflected the impact of the international financial crisis and ended the year down 1.1% in comparison with 2008, according to data from Empresa de Pesquisa Energética (EPE). The retraction was caused by the downside of 8% in the industrial class, which felt the effects of the crisis more intensely.

Residential consumption grew 6.2%, leveraged by the increase of the number of consumers and of the average expenditure, favored by governmental consumption stimulation actions, such as the reduction of Excise Tax (IPI) for automobiles and appliances and the launch of the Minha Casa, Minha Vida (My House, My Life) program, in the real estate segment. Demand in the commercial segment recorded expansion of 6.1% in the period, influenced especially by the opening of points of sale, according to the EPE.

The performance of the electrical sector kept abreast of the behavior curve of the Gross Domestic Product (GDP), which fell back at the beginning of 2009 and presented recovery as of the third quarter in this scenario, special emphasis is placed on the consumption of families, favored by the preservation of income, reduction of inflation, improvement in loan market conditions and governmental consumption stimulation actions, such as the reduction of IPI for automobiles and appliances and the launch of the Minha Casa, Minha Vida program in the real estate segment.

In 2009, the Central Bank adopted measures to stimulate consumption, such as the reduction of the benchmark annual overnight Selic rate to 8.75% per year, its lowest historical level. Price stability guaranteed inflation aligned with the goal of 4.5% for the Amplified Consumer Price Index (IPCA). The cycle of appreciation of the Brazilian real that had resulted from the significant admission of international capital in the country and from the global loss of parity of the dollar was also interrupted. The dollar recorded devaluation of 25.3% YTD.

REGULATORY ENVIRONMENT

The main regulatory aspect in 2009 involved the final homologation of the tariff reviews of the distributors EDP Bandeirante and EDP Escelsa for the year 2007, set transitorily. At EDP Escelsa, this review occurs every three years, with the next one is scheduled for 2010. At EDP Bandeirante, the period is four years, hence in 2011.

EDP Escelsa - The main alterations introduced in comparison to what Aneel had established provisionally in 2007 and 2008 for the tariff review were:

- 1) Company of Reference goes from R\$221 million to R\$210 million. As a result of Public Inquiry, Aneel had published in May 2009, a value of R\$ 202 million.
- 2) Xe Component of X Factor, an index used in the calculation of the annual tariff readjustments, goes from 1.45% to 0.00%;
- 3) Percentage of Unrecoverable Losses of Income, goes from

0.5% to 0.6% of the pre-tax income (with taxes). Having computed all the effects, the tariff review index, is -6.44%, substituting the temporary amount, of -6.92%. The net financial result was positive by R\$ 2 million.

On August, Aneel approved the average readjustment of electricity tariffs in 15.12% for the period from August 7, 2009 to August 6, 2010. Considering financial adjustments already included in the tariffs, associated with the recovery relating to past periods, average readjustment for end customer was 9.96%.

EDP Bandeirante - In definitively homologating the second periodic tariff review of the company (period from October 2007 to October 2011), Aneel introduced the following alterations in relation to what had been established provisionally in 2007 and 2008:

- 1) Company of Reference goes from R\$263 million to R\$247 million. On July 2009, Aneel disclosed, as result of the Public Consultation, a value of R\$235 million;
- 2) Xe Component of X Factor, an index used in the calculation of the annual tariff readjustments, goes from 0.74% to 1.01%;
- 3) Percentage of Unrecoverable Losses of Income, increases from 0.5% to 0.6% of the pre-tax income (with taxes).

These alterations are retroactive to October 23, 2007 and the values of the Gross and Net Regulatory Remuneration Bases are maintained. Having computed all the effects, the tariff review index, is -9.79%, substituting the temporary amount of 8.8% in October 2007.

On October, Aneel approved the average adjustment of 5.46% of tariffs for the period from October 23, 2009 to October 22, 2010. Considering financial adjustments already included in the tariffs, associated with the recovery relating to past periods, average readjustment was 1.02%.

ENERGY AUCTIONS

The electric power distributors guarantee the delivery of service to their captive market by means of energy auctions held by the Ministry of Mining and Energy (MME). The energy sold at the auctions may originate from new or existing ventures.

The model of the electrical sector requires the distribution agents to plan their energy needs in advance. This forecast serves to indicate the need for construction of plants in a timely manner.

The A-3 and A-5 auctions are intended to cater to the needs of the market with new ventures, through energy contracts signed three years before the start of delivery and five years, respectively.

Now the auctions for purchase of Reserve Energy differ from the traditional auctions of the new model, mentioned above, as their objective is to increase assurance in the supply of electric power of the National Interlinked System (SIN), through the sale of electric

power from new and existing ventures that will be remunerated through charges paid by all the energy consumers of SIN.

On August 27, 2009, Auction A-3 was carried out, which sold average 11 MW at average sale price of R\$ 144.5/MWh. Energy of two power plants, a PCH and a thermal sugarcane power plant, was negotiated. Of the total amount sold, only average 1 MW refers to hydric source, derived from the expansion of PCH Rio Bonito, in Santa Maria da Vitória river, ES, was sold at R\$ 30/MW, under a 30-year agreement. The thermal power plant winner of the auction was UTE Codora, which sold energy at R\$ 144.6/MWh, for 15 years.

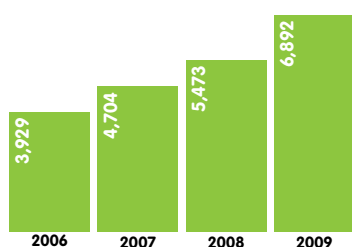
Ministry of Mines and Energy - MME decided to cancel Auction A-5, scheduled for December 21, due to the failure to obtain, within the period required for the auction, the previous environmental license for granting of concession for operation of seven hydroelectric resources, totaling 905 MW of installed power. Moreover, the demand of the distributors as of 2014 could be fulfilled by the energy to be contracted at the A-3 Auction.

The 1st Reserve Auction of Wind Energy, in December, exclusively geared toward the contracting of energy from wind power generating centers, had as a ceiling price R\$ 189.00 per MWh and reached an average of R\$ 148.00 per MWh. EDP Renováveis Brasil, a company formed by EDP Renováveis and EDP in Brazil, did not take part in the auction, as it concluded that the value established as ceiling would not be sufficient to ensure adequate profitability to make the projects practicable.

GENERATION

The generation area ended the year 2009 with installed capacity of 1.738,6 MW, in comparison with 1,702 MW in 2008. The increase was due mainly to start-up of operations of the Small Hydroelectric Plant (PCH) of Santa Fé of 29 MW; The increase was due mainly to start-up of operations of the Small Hydroelectric Plant (PCH) of Santa Fé of 29 MW; conclusion of the purchase of Ceneael; and conclusion of the repowering of UHE Suíça.

Energy generated (GWh) (GRI EU2)



The net energy generated was 6,892 GWh, 100% from renewable sources – hydraulic and wind (GRI EU2). The volume of energy sold totaled 7,985 GWh, an increase of 25% against the previous year record. This performance reflects the consolidation of the volume sold by Lajeado Energia and Investco (plus 1,419 GWh) and the start of the delivery of energy by PCH Santa Fé (plus 140 GWh), which began to operate at full capacity in June 2009.

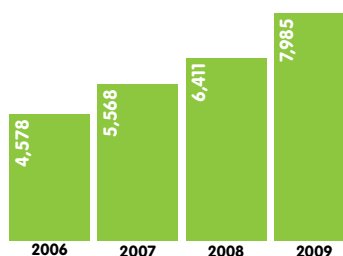
The net revenue from the generation business, disregarding eliminations, amounted to R\$ 983.7 million, growth of 25.1% in comparison with 2008. The EBITDA, of R\$ 734.9 million, recorded growth of 29%. The net income increased 18.7% in relation to 2008, totaling R\$ 341.7 million.

In the year, corporate reorganization of Tocantins Energia S.A, EDP Lajeado Energia S.A. and Lajeado Energia S.A. Administrative, economic and financial benefits, reduction of expenses and operating expenses and improved cash flow. As a result, the ownership interest directly held by EDP Lajeado and Lajeado Energia in Investco were held exclusively by Lajeado Energia. EDP Energias no Brasil became holder of 55.86% of the total capital of Lajeado Energia, which, in turn, holds 62.43% of the total capital of Investco.

In another area, the telecommand installation process of the plants was concluded, allowing online monitoring of the machines from the operations center in Vitória (ES). The energy generation business of EDP in Brazil is structured with the following companies:

ENERGEST – Directly and indirectly controls the electric power generation assets of EDP in Brazil. The 15 plants are located in the States of Espírito Santo (309.1 MW of installed capacity) and Mato Grosso do Sul (68.8 MW), with total power of 377.9 MW. These assets include hydroelectric plants Mascarenhas and Suíça and of the PCHs (Small Hydroelectric Power Plants) belonging to the companies Cesa, Costa Rica and Pantanal Energia.

Energy sold (GWh)





operating performance

Enerpeixe – Participates with 60% of the capital in the hydroelectric power plant Peixe Angical, located on Rio Tocantins, constructed in partnership with Furnas Centrais Elétricas. The installed capacity is 452 MW.

Investco – Its activity consists of the exploration of Usina Hidrelétrica Luis Eduardo Magalhães (UHE Lajeado), located in Rio Tocantins, in the municipalities of Lajeado and Miracema do Tocantins, State of Tocantins. The Plant has installed power of 902.5 MW, distributed around five generator units with power of 180.5 MW each.

Lajeado Energia – After the corporate reorganization, EDP Energias do Brasil became holder of 55.86% of total capital. In turn, Lajeado Energia became holder of 73.0% of the voting capital and 62.43% of the total capital of EDP Investco.

Cenaeel – It has two wind farms in service in Santa Catarina, totaling 13.8 MW of installed capacity. EDP in Brazil holds 45% of the company's capital and EDP Renováveis Brasil, 55%.

INSTALLED CAPACITY (GRI EU1)

Power Plants	Installed capacity (MW)	Assured energy (average MW)
Tocantins – hydraulic	1,354.5	798.0
UHE Peixe Angical ⁽¹⁾	452.0	271.0
UHE Lajeado ⁽²⁾	902.5	527.0
Espírito Santo – hydraulic	309.1	197.3
UHE Mascarenhas	180.5	127.0
UHE Suiça	33.9	18.9
PCH Alegre	2.1	1.3
PCH Fruteiras	8.7	5.6
PCH Jucu	4.8	2.9
PCH Santa Fé	29.0	16.4
PCH São João	25.0	14.4
PCH Viçosa	4.5	2.8
PCH Rio Bonito ⁽³⁾	20.6	8.0
Mato Grosso do Sul – hydraulic	68.8	47.9
UHE Mimoso	29.5	20.9
PCH Costa Rica	16.0	12.3
PCH Paraíso	21.6	13.3
CGH Coxim	0.4	0.3
CGH São João I	0.7	0.6
CGH São João II	0.6	0.5
Santa Catarina – wind power	6.2	1.8
Água Doce ⁽⁴⁾	4.0	1.2
Horizonte ⁽⁴⁾	2.2	0.6
Total 5 ⁽⁵⁾	1,738.6	1,045.0

(1) EDP in Brazil has interest of 60%. The correspondent assured energy is 162.6 MW on average

(2) EDP in Brazil has interest of 72.27%. The correspondent assured energy is 380.9 MW on average

(3) Values corresponding to interest of 45% in EDP Renováveis Brasil

(5) The assured energy of EDP in Brazil in 790.5, was 790.5 MW on average





operating performance

The availability presented by the generation companies (percentage of the time of the year in which the unit was available to generate energy, deducting all the scheduled and unscheduled interruptions) between 2007 and 2009 is presented in the table below.

AVAILABILITY OF GENERATION (GRI EU30)

% of time of the year	2007	2008	2009
Energest	95.47	94.75	94.98
Enerpeixe	91.06	86.48	92.48
EDP Lajeado	82.38	94.97	93.78

Obs.: Energest consolidates the assets of the generators Cesa, Pantanal Energética and Costa Rica.

EXPANSION OF CAPACITY (GRI EU10)

New energy generation capacities are currently under construction, in line with the strategic planning. The largest project involves the Pecém Thermoelectric Power Plant, in São Gonçalo do Amarante, in the state of Ceará, with a 720 MW total capacity. It is an investment of US\$ 1.3 billion, made in a 50% partnership with MPX Energia, which should go live in 2012.

The venture represents a source of attractive supplementary energy to cater to the consistent growth of the Brazilian demand for energy. It is a safe option in the occurrence of periods without rains, which might compromise the operation of the hydroelectric power plants. The UTE will use mineral coal with the support of ultramodern technology to guarantee low emission of pollutants, with controlled environmental impact.

Most of the ensured energy of the plant (615 MW on average of a total 631 MW on average) has already been sold in contracts lasting for 15 years, traded in October 2007, at the price of R\$ 125.95/MWh, with start of supply in 2012.

Wind power - Another venture is that of Parque Eólico de Tramandaí, a wind farm in the state of Rio Grande do Sul, with 70 MW of power already traded as part of the Program for Incentive to Alternative Energy Sources (Proinfa), of the Ministry of Mining and Energy (MME). The project is developed together with EDP Renováveis Brasil and will have its cornerstone set in March 2010. The forecast is that energy generation will start in 2011.

The major portion of the portfolio in eolic projects derives from the acquisition of Elebrás, which occurred at the beginning of 2009, and that maintained projects of 532 megawatts in different stages of maturity, all in the state of Rio Grande do Sul. There is another project under analysis, of 216 MW, in the state of Espírito Santo.

Repowering - In 2009, the repowering of UHE Suíça (2.9MW) and two machines of PCH Rio Bonito (3.8 MW) were concluded. The conclusion of the repowering of the last machine of PCH Rio Bonito (1.9 MW) is scheduled for the first quarter of 2010. After conclusion, it will add 5.7 MW to the installed capacity. The conclusion of the repowering of UHE Mascarenhas (17.5 MW) is provided for 2012.

EVOLUTION OF INSTALLED CAPACITY (GRI EU10)

MW	2007	2008	2009
Hydric source			
Lajeado ⁽¹⁾	249.5	902.5	902.5
Enerpeixe ⁽¹⁾	452.0	452.0	452.0
Energest ⁽²⁾	342.2	342.2	377.9
Wind Source			
Cenaeel ⁽¹⁾	-	6.2	6.2
Total	1,043.7	1702.9	1,738.6

(1) Correspondent to the voting capital of EDP in Brazil.

(2) Energest consolidates all the assets of the generators Cesa, Pantanal Energética and Costa Rica.

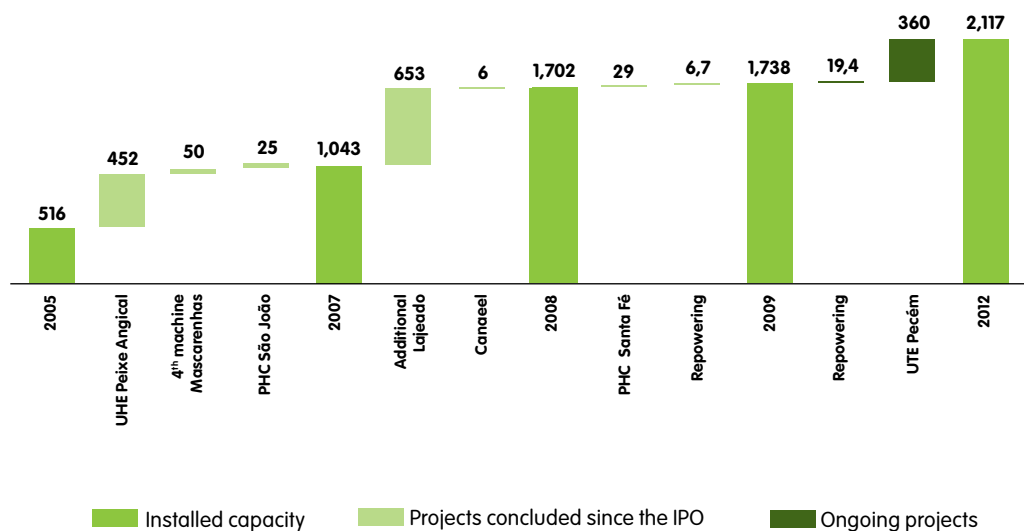


Suíça Hydroelectric Power
Plant repowered in 2009



operating performance

Capacity Expansion (MW) (GRI EU10)



DISTRIBUTION

The electric energy totaled 21,313 GWh in 2009, a decrease of 4% against the previous year record. Performance was leveraged by the consumption of the residential segment, but negatively impacted by the industrial segment and free customers due to the world financial crisis. The distribution activities of EDP in Brazil are developed by two concessionaires - EDP Bandeirante and EDP Escelsa -, that serve around 2.7 million customers in the states of São Paulo and Espírito Santo. The area of activity involves 98 municipalities and a population of approximately 7.8 million people.

EDP Bandeirante – Supplies energy to 1.5 million customers, in 28 municipalities in the regions of Alto Tietê, Vale do Paraíba and Litoral Norte from the State of São Paulo, where approximately 4.6 million

people live. The region occupies an area of 9.6 thousand square kilometers and concentrates companies from different economic sectors, emphasizing aviation and paper and pulp production.

EDP Escelsa – Serves 1.2 million customers and a population of around 3.2 million inhabitants in 70 of the 78 municipalities from the state of Espírito Santo, in a total area of 41.2 thousand square kilometers. The main economic activities of the region are iron metallurgy, iron mining, production of paper, oil and gas.

The consolidated net revenue of the distribution business totaled R\$ 3,472.4 million, a growth of 9.1%. EBITDA amounted to R\$ 748.1 million, 10.5% greater than the previous year. Net income totaled R\$ 366 million, growth of 11.6% in relation to 2008.

PROFILE OF THE CONCESSIONS

STATE	EDP Bandeirante		EDP Escelsa
	São Paulo		Espírito Santo
Municipalities served	28		70
Inhabitants (million)	4.6		3.2
Customers Invoiced (thousand)	1,482		1,185
Concession Area (km ²)	9,644		41,241
Energy distributed (GWh)	13,292		8,021
Energy sold to end customers – captive (GWh)	8,547		4,879
Nº of collaborators	1,055		953
Productivity (customers/collaborator)	1,405		1,244
Productivity (distributed MWh/collaborator)	12,599		8,391

CHARACTERIZATION OF THE ELECTRICAL SYSTEM (GRI EU4)

	EDP Bandeirante		EDP Escelsa	
	2008	2009	2008	2009
N° of substations	59	59	74	77
Installed power (MVA)	3,153	3,209	2,714	2,964
Distribution network (km)	26,292	25,247	55,287	56,934
High voltage – greater or equal to 69 kV	909	911	2,699	2,707
Medium voltage – greater than 1 and lower than 69 kV	13,082	13,327	44,374	45,833
Low voltage – below 1kv	12,301	11,009	8,214	8,394
N° of Distribution transformers	53,730	55,295	70,971	79,006
Urban	39,488	40,429	20,080	20,864
Rural	14,192	14,816	50,335	57,705
Underground	50	50	556	617
Installed power (MVA) – own	2,740	2,873	2,204	2,346
N° of Posts of Distribution Networks	508,437	515,246	550,665	506,380

OPERATION PERFORMANCE

The total electric power required by the distribution system amounted to 24,461 GWh in 2009, 3% below the previous year, with 61% distributed by EDP Bandeirante and 39% by EDP Escelsa. The supply to end customers, own consumption and supply was 13,890 GW, a growth of 1.8%. Energy in transit, distributed to free clients and concessionaires, amounted to 7,423 GWh, a decline of 13.3% in relation to 2008 (8,563 GWh).

CAPTIVE MARKET

- Volume of energy sold to end customers: had a growth of 1.5% in 2009, leveraged by the growth of the residential and commercial classes and by the recovery of the industrial class;
- Residential and Commercial: grew due to a higher number of clients and higher consumption per capita, incentivized by tax benefits granted by the federal government for purchase of electric-electronic apparatus;

- Industrial: recorded a decrease of 6% in 2009, as a result of lower production level by the industries affected by the global crisis. However, there was a recovery in consumption over 2009.

FREE MARKET

- Energy in transit: in 2009, it was mainly affected by the global crisis, which reflected in the reduction of processed products of export clients. However, despite the decrease there was a recovery of consumption by these consumers over 2009;
- In general, the reductions in the contracted demand of free clients, which could cause reduction of revenue, no longer represented a threat to the business, due to the cancellation of many reduction requests and due to the demand increases requested in the period, and offset the reductions actually made.



operating performance

MARKET GROWTH ⁽¹⁾

	N° of customers (GRI EU3)			Volume (MWh)		
	2008	2009	Variation	2008	2009	Variation
Distribution						
Residential	2,209,541	2,282,266	3.3%	4,402,483	4,704,227	6.9%
Industrial	20,098	20,876	3.9%	4,156,412	3,906,216	-6.0%
Commercial	186,957	191,440	2.4%	2,642,237	2,781,321	5.3%
Rural	145,677	150,226	3.1%	625,410	609,038	-2.6%
Other ⁽²⁾	20,299	22,803	12.3%	1,399,027	1,425,446	1.9%
Energy sold to end customers	2,582,572	2,667,611	3.3%	13,225,570	13,426,248	1.5%
Conventional supply	1	1	0.0%	404,224	417,047	3.2%
Supply	-	2	-	-	32,878	-
Energy in transit (USD) ⁽³⁾	105	107	1.9%	8,563,206	7,423,297	-13.3%
Own consumption	222	253	14.0%	12,765	13,695	7.3%
Total energy distributed	2,582,900	2,667,974	3.3%	22,205,766	21,313,165	-4.0%

(1) Adjusted data from 2008, with the exclusion of information relating to Enersul.

(2) Government, plus public lighting and Public service.

(3) USD - Use of the system of distribution.

ENERGY BALANCE (GRI EU10)

Itaipu + Proinfa 4,798,481	19.1%	=	Losses from Itaipu 111,710	=	Supply 13,439,943	54.9%
Bilateral 8,625,560	14.1%		Basic network losses 394,947		Supply 449,925	1.8%
Auctions 8,625,560	34.3%		Short-term adjustments 13,833		Distribution losses 3,148,223	12.9%
Short-term purchases 761,147	3.0%		Short-term sales 172,822		Energy in transit 7,423,297	30.3%
Energy in transit 7,423,297	29.5%					
			Energy required 24,461,388			

LOSSES

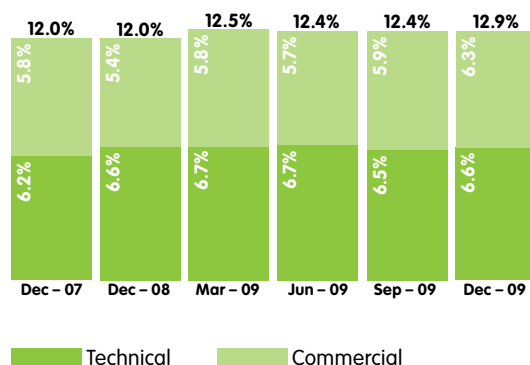
Commercial losses increased in the two distributors in relation to December 2008, of 0.53 p.p. at EDP Bandeirante and 1.55 p.p. at EDP Escelsa. In both distributors, there was a decrease in the physical volume of technical losses. However, there was an increase in the percentage of EDP Escelsa due to the lower volume of energy distributed to captive industrial clients.

In the year, both concessionaires disbursed a total of R\$ 37.1 million in programs to curb losses. Of the total sum of resources allocated to these programs, R\$ 22.3 million were for operating investments (replacement of meters, installation of

special network, remote metering and correction of clandestine connections) and R\$ 14.8 million for manageable expenses (inspections and removal of irregular connections).

In 2009, our concessionaires performed approximately 174 thousand inspections that resulted in the removal of about 115 thousand clandestine connections and recovery of revenues around R\$ 25.1million. In order to analyze the efficiency of the initiatives to curb commercial losses, we would have to consider, not only recovered revenues but also the cost of opportunity of not having actions directed to prevent fraud and illegal connections.

Losses and differences (GRI EU12)



Based on the average of the last 12 months ended this month

QUALITY

The service rendering quality indicators remained within the limits of the standards established by the regulatory agency, reflecting investments in network expansion and modernization, as well as the integration and automation of operating centers.

QUALITY INDICATORS (GRI EU28, EU29)

Distributor	2008				2009			
	DEC (hours)	FEC (times)	Ref. Aneel	TMA (min.)	DEC (hours)	FEC (times)	Ref. Aneel	TMA (min.)
EDP Bandeirante	11.3	6.3	DEC 11.9 FEC 9.6	171	12.8	6.4	DEC 11.9 FEC 9.6	186
EDP Escelsa	10.7	6.9	DEC 12.4 FEC 10.4	167	11.4	6.9	DEC 11.7 FEC 9.69	190

DEC: Equivalent Duration of Interruption by Customer; | FEC: Equivalent Frequency of Interruption by Customer | TMA: Average Service Delivery Time.

DEFAULT

Default in the payment of bills motivated 223 thousand power cuts in the region of EDP Bandeirante and 194 thousand in the area of activity of EDP Escelsa. After the settlement of the bill, reconnection occurred in less than 24 hours for 68% and 48% of the customers, respectively.

(GRI EU27)



operating performance

CUTS AND RECONNECTIONS (GRI EU27)

	EDP Bandeirante	EDP Escelsa
Cut in the supply of electricity	223,208	193,964
Reconnections	174,516	160,807
Period of reconnection after payment (% of customers)		
Less than 24 hours	68.01%	48.0%
Between 24 hours and 1 week	10.1%	15.1%
More than one week	21.8%	36.9%

CONTROL OF DEFAULT ⁽¹⁾

(R\$ million)	2006	2007	2008	2009
EDP Bandeirante	103	138	90	130
EDP Escelsa	67	64	72	87
Total	170	202	162	217

(1) Refers to debts maturing in the year, excluding losses.

SALES

The trader of EDP maintained its market share, in 2009, appearing in third place in volume of energy traded: 8,586 GWh, 18% above the previous year. The company plays a strategic role in the business model of EDP in Brazil, by adding to the Group free customers that use the transmission network of the distributors, besides conferring more mobility and competitiveness to the energy market.

The expansion of volumes is directly related to the strategy of grasping opportunities in the short-term segment, besides the contracts sold at the Adjustment Auction, which led the company to beat monthly energy trading records. Another factor that contributed to the favorable result was the different recovery pace of production in several economic sectors, which allowed the power industry to present good opportunities for sale, mainly in the short term. Twenty-five new customers were obtained in the year, in long-term contracts.

At the beginning of the year, the forecasts of a prolonged crisis, combined with the better hydrological conditions, led the company to review its energy portfolio based on a new market reality at depressed prices. Nevertheless, it reached and surpassed the goals of the year, in a process of negotiation with the customers that requested two distinct measures: postponement of payment, due to shortage of working capital to sustain their electric power consumption; and reduction of compulsory minimum consumption, as a result of the downside of business. For both cases, Enertrade maintained the focus on the customer and the work in partnership and postponed the execution of the contracts, a step that proved correct with the resumption of business.

Net revenue totaled R\$ 763.2 million, growth of 7.8%. EBITDA was R\$ 35.5 million and net income totaled R\$ 25.0 million in 2009.

The balance of Supply of energy includes amounts billed against Ampla Energia e Serviços S.A. totaling R\$ 57,3, whereas of this sum R\$27.7 million refers to a right obtained by an arbitral award of March 2009 issued by Câmara FGV de Conciliação e Arbitragem. This judgment recognized that the contract in the period from August 29, 2006 to March 13, 2009 was charged with encumbrance, and that Ampla failed to comply with the price defined in the period from November 15, 2003 to August 28, 2006. The Company recognized the collection in an onerous manner, rectifying operating revenue at R\$ 41.4 million and annulling the corresponding allowance for doubtful accounts, without an impact on operating income (expenses).

Having Ampla failed to recognize the effects of the arbitration judgment, the Company decided to record an allowance for doubtful accounts for the amount under discussion, accounted for in the statement of income for the year under Allowance for Doubtful Accounts. This contract with Ampla does not affect the EBITDA, but results in lower net revenue and margins. The decrease in EBITDA and net income by 30% results from a lower sales margin due to the financial crisis and unusual hydrological condition. Opposite to the result of 2009, in 2008 the EDP's commercial company had good margins, having taken advantage of the high prices of the Price of Settlement of Differences (PLD) in 1Q08 due to the delay of rains and expectation of strong economic growth.

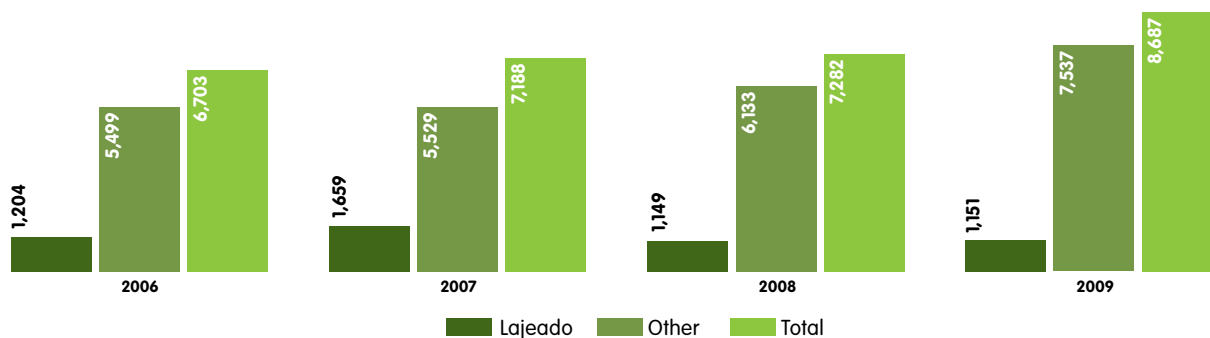
SERVICES

The results of the year also incorporate a new business line, with the rendering of technical and commercial services, grouped in the Mais Cliente (More Customer) Project. It includes, for instance, maintenance of substations, construction of lines of channels, green condominium projects and energy efficiency improvement. Other branches cover services in account - such as newspaper and magazine subscriptions, monthly fees of clubs, health plans and insurance charged in the electricity bill of the distributors.

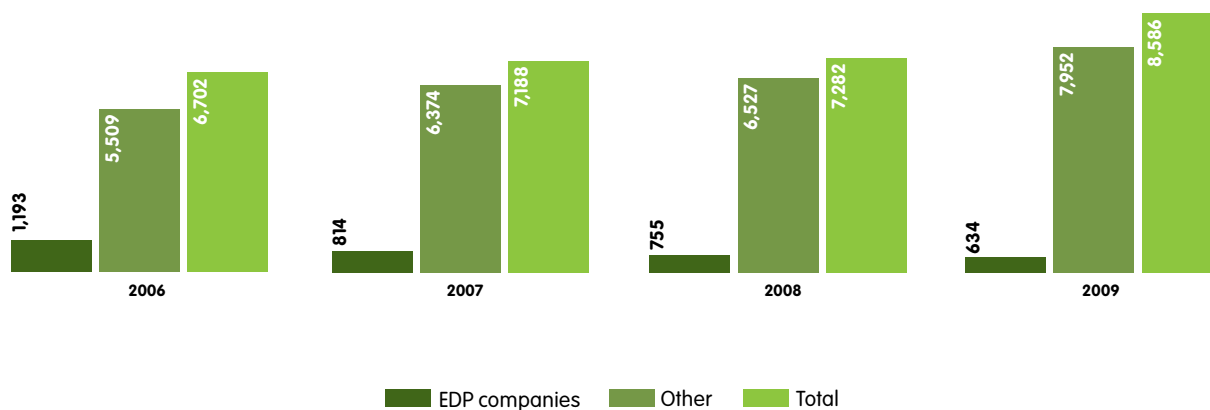
A new contract management system is under development with total automation and transparency of the process - from the order and the business proposal up to collection and accounting of the bill.



Purchase of electric energy (GWh)



Sale of energy (GWh)





Economic/financial performance

54	Creation of value
59	The capital market
62	Risk management
64	Intangible assets





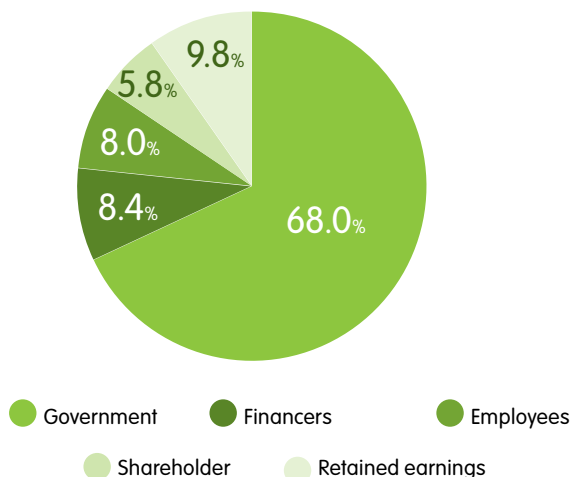
economic/financial performance

CREATION OF VALUE

The total added totaled R\$ 3.9 million in 2009, an increase of 5.8% in comparison to the previous year. This amount signifies the addition of wealth afforded by the company's activity and distributed among its audiences of interest. It represents the difference between revenues obtained in the year and the goods and services acquired from third parties.

The largest portion (68%) was distributed to the government and to society, in the form of payments of federal, state and municipal taxes. Financers, which received interest and rental, incorporated 9.8% of the total; employees received 5.8% and shareholders, 8.0%, while the percentage of 8.4% corresponded to retained earnings.

Distribution of added value



STATEMENT OF ADDED AND CONSOLIDATED VALUE (GRI EC1)

Years ended December 31 (R\$ thousand)	2008	2009
Generation of added value	6,890,690	7,014,402
Net operating revenue	6,953,014	6,995,633
Allowance for doubtful accounts and net losses	-70,916	-36,680
Other revenue	8,592	55,449
(-) Inputs acquired from third parties	-2,886,019	-2,933,566
Costs of purchased energy	-1,909,517	-1,924,113
Distribution and transmission system use charges	-466,999	-511,641
Materials	-46,670	-24,236
Third-party services	-328,059	-284,527
Other operating costs	-134,774	-189,049
Gross added value	4,004,671	4,080,836
Depreciation and amortization	-446,646	-303,961
Net generated added value	3,558,025	3,776,875
Financial revenues	223,942	279,275
Minority interests	-102,998	-160,267
Equity accounting result		-1,742
Total added value to distribute	3,678,969	3,894,141
Distribution of added value		
Personnel	245,207	226,406
Direct remuneration	180,574	157,760
Benefits	44,727	47,685
FGTS	19,906	20,961
Taxes, fees and contributions	2,631,973	2,646,316
Federal	1,395,379	1,418,222
State	1,229,628	1,223,423
Municipal	6,966	4,671
Remuneration of third party capital	406,539	380,510
Interest	396,348	371,677

STATEMENT OF ADDED AND CONSOLIDATED VALUE – CONTINUATION

Years ended December 31 (R\$ thousand)	2008	2009
Rents	10,191	8,833
Remuneration on own capital	243,742	312,089
Interest on own capital	103,061	-
Dividends	134,210	296,317
Beneficiaries	6,471	15,772
	3,527,461	3,565,321
Retained earnings	151,508	328,820
Total	3,678,969	3,894,141

CONSOLIDATED REVENUE

In 2009, net operating revenue totaled R\$ 4,648.3 million, virtually in line with the prior year. The main determinant conditions were:

- In generation:

- * Growth of 24.6% in the volume of energy sold mainly due to the consolidation of the volume sold by Lajeado Energia and Investco (+1,419 GWh) during the entire year of 2009 and the beginning of delivery of energy by PCH Santa Fé (+140 GWh); and e
- * Average increase of 3.3% in tariffs charged.

- In distribution:

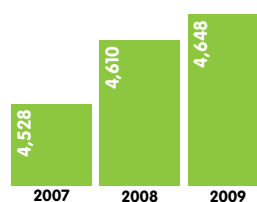
- * Increase of 1.5% in the volume of energy sold to end customers was due to the growth of the residential and commercial classes and by the recovery of the industrial class;
- * Increase of average tariffs due to tariff adjustments at EDP Bandeirante and EDP Escelsa;
- * Volume of energy in transit was 13.3% lower compared to 2008, mainly due to the global crisis.

However, revenue from the use of the distribution and transmission system (TUSD) grew 6%, since major part of revenue from free clients refers to the contracting of use of the network, as well as tariff adjustments.

- In sales:

- * The growth of 17.9% in the volume of energy sold explains the 7.8% increase in net revenue, which totaled R\$ 763.2 million.
- * Revenue from the use of the distribution system (TUSD – other) amounted to R\$ 559.4 million, or 6% above the amount recorded in 2008, despite the financial crisis and lower consumption by free clients.

Net revenue (R\$ million)


NET OPERATING REVENUE (R\$ THOUSAND)

	2008	2009	Variation (09/08)
Gross operating revenue	6,953,014	6,995,633	0.6%
Supply of electric energy	2,616,395	2,555,205	-2.3%
Supply of electric energy	562,432	925,980	64.6%
Distribution and transmission system	3,553,490	3,331,040	-6.3%
Other operating income	220,697	183,408	-16.9%
Deductions from Operating Income	(2,342,522)	(2,347,285)	0.2%
Subsidy - CCC & CDE	(360,061)	(363,514)	1.0%
Research and development	(47,107)	(42,653)	-9.5%
Reversal global reserve quota	(40,082)	(42,186)	5.2%
Emergency capacity charge	4	-	-100%
Tax and contributions on income	(1,895,276)	(1,898,932)	0.2%
Net operating revenue	4,610,492	4,648,348	0.8%



economic/financial performance

OPERATING EXPENSES

Operating expenses totaled R\$ 3,533.4 million in 2009, which represents a reduction of 4.3% in relation to the previous year. At the end of 2009, we also presented the 8th consecutive quarter of reduction in this caption, in line with the announced strategy.

Non-manageable expenses are related mainly to the purchase of energy, charges for use of the electricity network and the inspection fee of Aneel. The electricity purchased for resale amounted to R\$ 2,169.9 million, virtually stable. The balance of the caption "System service charges" was significantly lower compared to 2008 due to a higher volume of rain in the period resulting in lower need of energy delivered by thermoelectric power plants by the National Electric System Operator (ONS).

Manageable expenses, excluding depreciation and amortization, exhibited a significant reduction of 9.8%, amounting to R\$ 745.7 million. The major contributions refer mainly to: 1) lower expenditures with materials, personnel, overtime and outsourced services, as an effect of Enersul's withdrawal from the company's portfolio; 2) lower allowances for doubtful accounts, especially at the trader as a result of the sentence relating to the contract with Ampla; 3) reversal in generation due to the non-use of tax credits at Lajeado and Energest.

EBITDA AND EBITDA MARGIN

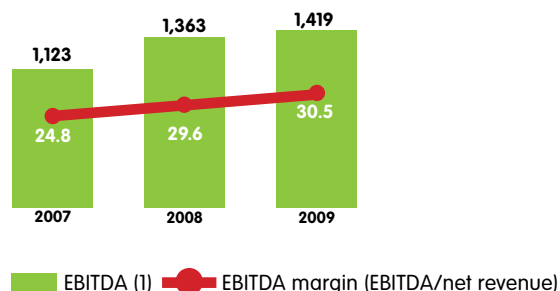
In 2009, the consolidated EBITDA (Earnings before taxes, financial income or expenses, depreciation, amortization and non-operating income) amounted to R\$ 1,418.9 million, representing an increase of 4.1% in relation to the same prior-year period. The EBITDA margin increased 1 p.p., reaching 30.5%.

In generation, the operation of swap of assets conducted in September 2008, the increase in energy tariffs and the start-up of operations of PCH Santa Fé contributed to the EBITDA growth in 2009. The EBITDA of generation, excluding eliminations, amounted to R\$ 734.9 million, up 29.0% over 2008.

At the distributors, EBITDA totaled R\$ 748.1 million in 2009, a growth of 10.5% in relation to 2008. This increase was due to the tariff adjustments made in August 2009 (EDP Escelsa) and October 2009 (EDP Bandeirante). The consolidated amounts of 2008 include Enersul.

In sales, the reduction of EBITDA in relation to 2008 results from the reduction of margin due to the financial crisis and unusual hydrological condition.

EBITDA and EBITDA Margin



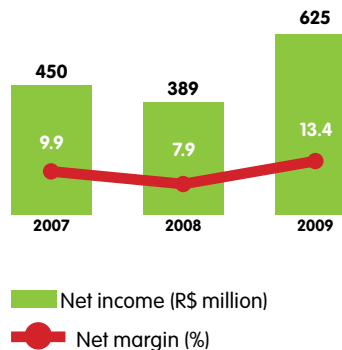
FINANCIAL RESULT

The consolidated net financial result in 2009 was negative by R\$ 165.7 million, which represents an improvement in relation to the negative result of R\$ 320.9 million in 2008. The main factors include: (i) positive financial revenue due to the recording of R\$ 74.8 million related to the recovery of credits held by the Company against ESC 90; (ii) lower Selic rate resulting in the reduction of income and expenses; (iii) lower interest on own capital; and (iv) effect of the valuation of the real against the dollar on the net foreign exchange result.

NET INCOME

Due to the effects analyzed, consolidated net income attained R\$ 625.1 million, 60.8% greater than in 2008. This result reflects the positive impact of R\$ 121 million in 2009 related to the disposal of ESC 90 and the negative impact of R\$ 129 million in 2008 related to the additional amortization of goodwill at Enersul.

NET INCOME AND MARGIN



INDEBTEDNESS

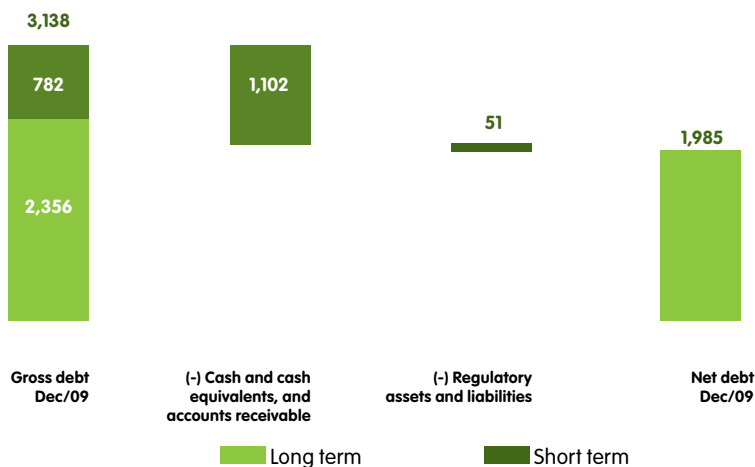
The consolidated gross debt totaled R\$ 3,138.3 million in December 2009, virtually stable in relation to December 2008. The net debt, adjusted based on cash/investment amounts and on the net balance of regulatory assets, reached R\$ 1,985.3 million in December 2009, which is 19% lower compared to December 2008, mainly due to the increase of the cash/investment balance at the end of 2009.

The consolidated position of cash/investments increased to R\$ 1,102.0 million due to the following factors: a) conclusion of the offer of shares totaling R\$ 442 million, which was used for payment of debt contracted at the time of the swap of assets in the amount of R\$ 250 million; b) disbursement by the BNDES and IDB of long-term loans to Porto do Pecém I, in the amounts of R\$ 700 million and US\$ 260 million, respectively. The IDB fund was used to pay the bridge loan of the project; c) release by the BNDES of R\$ 86.4 million to EDP Bandeirante and R\$ 103.8 million to EDP Escelsa in connection with CALC; and d) amortizations of debentures of EDP Bandeirante, EDP Escelsa and Investco during 2009.

With the payment of debt related to the withdrawal right, the BNDES and IDB disbursements to Porto do Pecém I, with respective payment of the bridge loan and releases of CALC to EDP Bandeirante and EDP Escelsa, the average term of the consolidated debt increased from 3 years to 4.3 years.

Of the total gross debt at the end of December 2009, 7.6% were denominated in foreign currency, 99.2% of which protected against exchange variance by means of hedge instruments, resulting in net exposure of 0.1%. The long-term loan in US\$ has already been subject to the contracting both of exchange hedge and of an interest rate swap (from Libor to fixed rate).

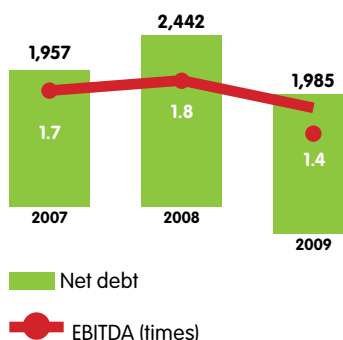
Net debt (R\$ million)



The average cost of the Group's debt was 7.5% per year. The net debt/EBITDA ratio closed the month of December at 1.4 x, versus 1.8 x in the previous year.

Short-term debt amounts to R\$ 782 million falling due in 2010. Of this total, R\$ 513 million refer to distribution and R\$ 269 million to generation. In distribution, there are promissory notes of EDP Bandeirante falling due in May in the amount of R\$ 230 million and amortization of debentures of EDP Bandeirante and da EDP Escelsa, totaling R\$ 176 million. In generation, maturities refer to financing operations for the construction of the power plants.

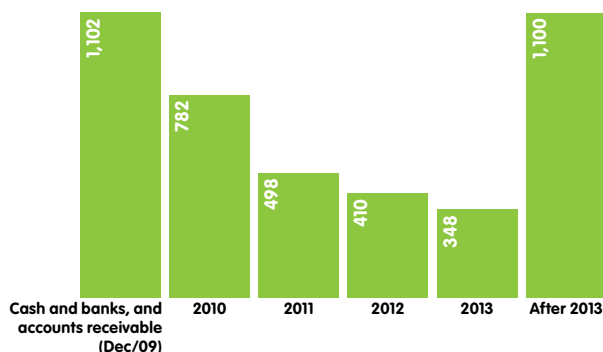
Net indebtedness and leverage





economic/financial performance

Pecém Thermolectric Power Plant (R\$ million)



(1) Amounts consider principal + charges + results of hedge operations

FINANCING DISBURSED IN 2009

UTE Porto do Pecém I –The BNDES facility establishes a loan in the amount of R\$1.4 billion (in nominal R\$, excluding interest during construction), with a total period of 17 years, consisting of 14 years of amortization and grace period for payment of interest and principal up to July 2012. The contracted cost is TJLP + 2.77% p.a., and during the construction phase interest will be capitalized. Of this total, R\$ 700 million have already been disbursed and used for settlement of the bridge loan in Reais contracted in February 2008. The IDB loan amounts to US\$ 327 million, of which US\$ 260 million has been disbursed – US\$117 million of the direct loan (A Loan) and US\$143 million of the indirect loan (B Loan). The amount released corresponds to Capex in foreign currency already incurred plus approximately 75% of the disbursements in foreign currency estimated upon implementation of the project over the next 6 months.

The financing agreement with BID establishes an A Loan in the total amount of US\$ 147 million, with total term of 17 years, and a B Loan in the total amount of US\$ 180 million, with total term of 13 years, both with a grace period for payment of interest and principal up to July 2012. The initial rates of the A Loan and B Loan are Libor + 350 bps and Libor + 300 bps, respectively, with step ups throughout the period. The disbursements were used to settle the bridge loan.

Credit Limit Opening Contract (Calc) – In December 2009, the BNDES released R\$ 86.4 million to EDP Bandeirante and R\$ 103.8 million to EDP Escelsa in connection with the revolving credit contracted in 2009 in the amount of R\$ 900 million,

under Credit Limit Agreement (Calc). EDP is the first electric power company in Brazil to obtain this type of direct financing (without intermediation of a financial agent), created by the BNDES in 2005, aimed at simplifying the procedures of access to financing facilities to companies or large groups representing low credit risk. The resources approved were made available for withdrawal during five years, with total financing term of each withdrawal of up to ten years. The interest rates are formed in the same manner as other direct operations at BNDES: financial cost (TJLP in the case of investments in distribution) + remuneration rate of BNDES + credit rate risk established in accordance with the Group's rating at BNDES. These resources will be used basically for financing the investments of its distributors, and for the construction of Small Hydroelectric Power Plants ("PCHs") besides the repowering of existing plants.

RATINGS

On March 2009, Moody's Latin America ("Moody's") raised the Ratings of EDP Bandeirante and EDP Escelsa to Baa3 from Ba2 in the global scale and to Aa1.br from Aa3.br in local scale. At the same time, Moody's raised the ratings in local currency of EDP in Brazil from Ba2 to Ba1, in local currency, and from Aa3.br to Aa2.br, in the national scale. The outlook for these ratings is stable. The rise of EDB Energias do Brasil's ratings reflects the improvement of the Company's credit indicators, the significant role in the growth strategy of EDP Energias de Portugal and the continuity of healthy cash generation in the medium term.



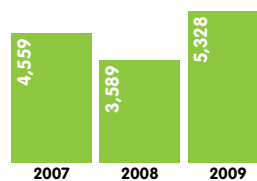
Pecém Thermoelectric Power Plant

THE CAPITAL MARKET

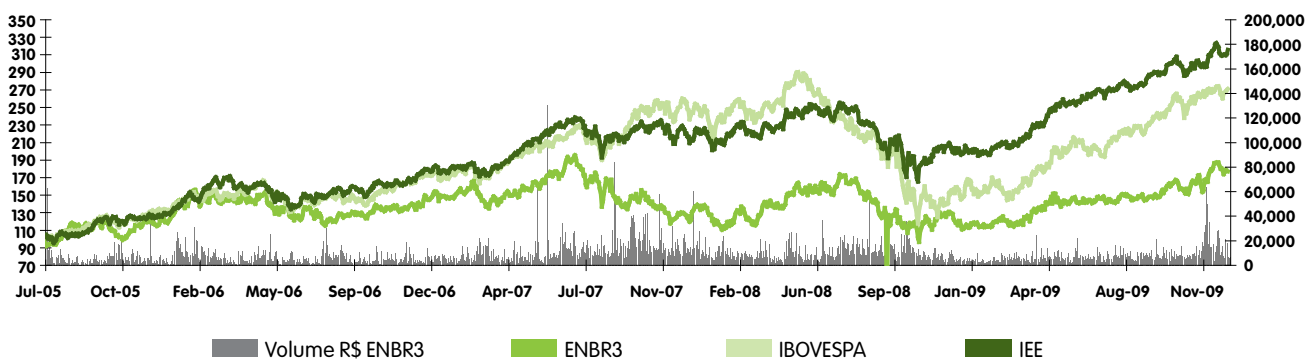
The shares of EDP in Brazil ended 2009 quoted at R\$ 33.55, up 60.2% over the prior year. The performance was below the variation of Ibovespa (+82.7%), but remained in line with the Electric Power Index (IEE), which recorded valuation of 59.1%. The market value of the Company upon conclusion of 2009 was R\$ 5.3 billion.

The shares were present on all the floors of the year, with traded volume of 73.7 million and daily average of 299.7 thousand securities. The financial volume totaled R\$ 2,053.8 million, representing daily average of R\$ 8.3 million.

Market Capitalization (R\$ million)



ENBR3 x Performance of indices
Basis 100: 07/13/2005

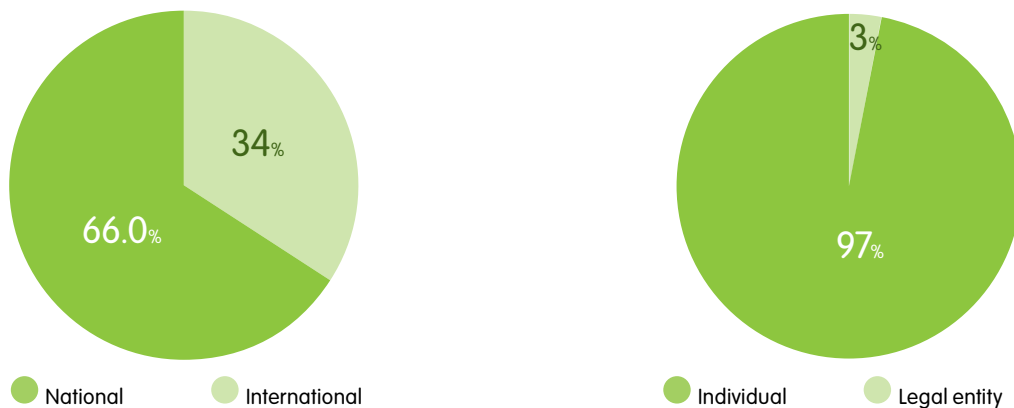


Tradução confusa das legendas



economic/financial performance

Shareholder base (1)



In circulation, on 12/30/2009

SHARE ACTIVITY

Month	n° of transactions	Quantity traded (thousands of shares)	Financial volume (R\$ thousand)	Closing price R\$/share	Ibovespa (points)	IEE (points)
January	9,425	3,551	79,149	21.39	39,300	15,180
February	9,158	4,227	98,038	22.55	38,183	16,164
March	11,349	5,658	131,215	23.37	40,925	16,733
April	11,645	5,757	148,799	26.32	47,289	18,847
May	13,112	4,977	134,434	27.50	53,197	19,710
June	14,655	6,006	160,550	27.05	51,465	20,438
July	18,062	5,903	159,319	27.41	54,765	20,975
August	14,767	5,757	160,233	28.30	56,488	21,351
September	18,464	6,621	184,866	29.20	61,517	22,330
October	21,186	5,556	166,745	28.50	61,545	22,086
November	23,642	11,776	361,027	31.00	67,044	22,852
December	22,586	7,835	266,440	33.55	68,588	24,327
Total	188,051	73,623	2,050,815	33.55	68,588	24,327
Total	124,262	98,159	2,645,149	20.94	37,550	15,291
Variation (%)	51.3	-25.0	-22.5	60.2	82.7	59.1

Source: Economática

OFFERING OF SHARES

On October 28, 2009, the Company's Board of Directors approved the realization of the Secondary Public Distribution of Common Shares. The offering of shares ended on November 24, 2009, with distribution of 15.5 million shares at the price of R\$ 28.50 per share, totaling the funding of R\$ 441.8 million.

The proceeds from the offering were used to: (i) payment of debt contracted at the time of the swap of assets involving Lajeado/Investco and Enersul in the amount of R\$250 million in order to acquire 13,110,225 shares of the Company, as result of the withdraw right exercised by minority

shareholders; (ii) increase in the financial flexibility and benefit from future investment opportunities, such as new projects of generation of energy and repowering.

OWNERSHIP STRUCTURE

On December 31, 2009, the Company's capital stock was represented in full by 158,805,204 nominative common shares. Of the total, 55,622,847 common shares are in circulation (35.0%), above the minimum of 25% defined by the listing regulation of the Novo Mercado (New Market) of BM&F Bovespa. At the end of the year, 280,225 shares were held in treasury.

OWNERSHIP STRUCTURE

	2008		2009	
	Number of shares	Interest	Number of shares	Interest
EDP – Energias de Portugal (parent company)	102,902,115	64.80%	102,902,115	64.80%
Outstanding shares	40,122,837	25.27%	55,622,847	35.03%
Treasury shares	15,780,225	9.94%	280,225	0.18%
Board members and directors	27	0.00%	17	0.00%
Total	158,805,204	100.00%	158,805,204	100.00%

SHAREHOLDERS' REMUNERATION

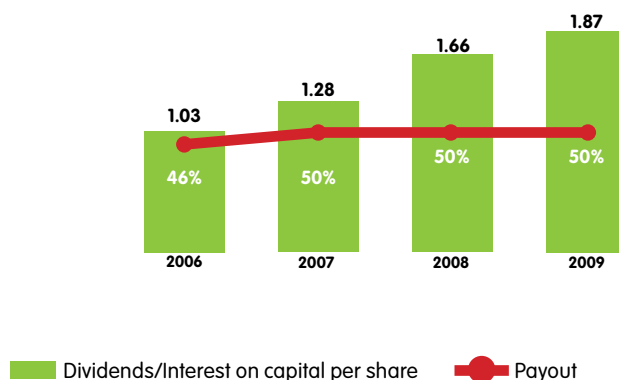
EDP Energias do Brasil has the policy of distributing dividends and/or interest on own capital in the minimum amount equivalent to 50% of the Company's adjusted net income, calculated in conformity with article 189 of the Corporation Law, with Brazilian accounting practices and with the rules of CVM (Brazilian Securities Commission).

Notwithstanding the adoption of this policy, the Company can distribute dividends and/or interest on capital in a sum lower than 50% of its adjusted net income in any year, when required to do so by legal or regulatory provision or, also, when recommendable in view of the financial situation and/or outlook of the future businesses, of the macroeconomic conditions, of

reviews and tariff adjustments, of regulatory changes, growth strategy, contractual limitations and other factors considered relevant by the Board of Directors and by the shareholders of EDP Energias do Brasil.

On April 9, 2010, the Board of Directors of the Company will submit to approval at an Ordinary General Meeting (AGO) the payment of dividends of R\$ 296.3 million, 25% higher than that distributed in 2008. This amount corresponding to R\$ 1.87 per share, 13% higher than that of 2008, even with a secondary public offering of shares - these instruments were not entitled to proceeds in the prior year, as they were held in treasury.

Shareholders' remuneration





risk management

(GRI 1.2)

The main threats to the business performance are mapped, identified and have their impact measured with the support of methodologies and tools developed for each type of risk. This process has global coordination and includes a Risk Portal on the Internet. The treatment occurs through their mitigation or elimination, via defense mechanisms or contingency plans, always specified on the Portal. All the relevant materials and reports for the monitoring of risks are registered on the Portal and updated according to the periodicity of information.

In a decentralized management model, the Internal Audit department performs the supervision of corporate risks, and is directly connected to the Presidency of EDP in Brazil, while the risks of routine activities are monitored by the respective managers. A new mapping of all the risks to which the activities are exposed is currently being prepared, with the objective of reviewing the relations of incidence and impact, as well as the Company's risk appetite, as part of the strategic definition of controlled risks.

This process is being driven by sustainability aspects, with the objective of upgrading tools and maintaining adherence to the principles that steer the Group's work and activity. It also serves the Precautionary Principle, whereby the absence of absolute scientific certainty should not be used as a reason to postpone effective and economically viable measures to prevent environmental degradation or damage to human health.

(GRI 4.11)

RISKS INHERENT TO THE ELECTRICAL SECTOR

Energy related – The scenario of supply and demand of energy in the different regions of the country is evaluated by the Energy Planning Directorate and by Energy Risks Management, which consider a timeframe of five years, besides analyzing the macro- and microeconomic variables and the specificities of each market of activity. When the risks exceed the limits defined by the Company's policy, a report is drawn up containing impacts and mitigating actions for presentation to the board of executive officers. This process is carried out with the support of software and statistical models developed by EDP. The model includes the identification, parameterization, assessment and control of the risk, with the objective of anticipating potential impacts on the areas of distribution, generation and trading, in order to prepare them to ensure the supply of energy, increase revenue and minimize any losses. (GRI EU6)

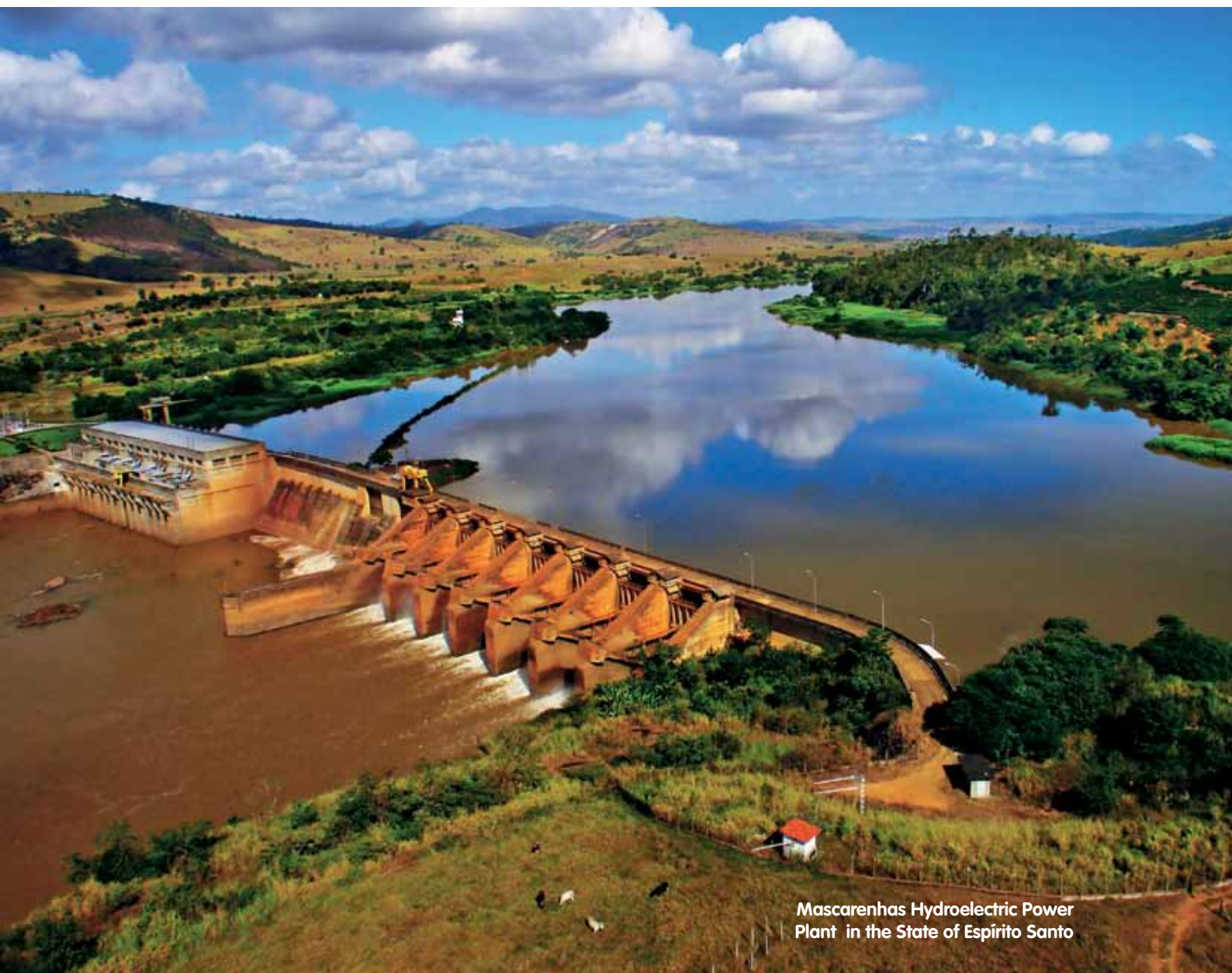
Regulatory – With distribution and generation activities regulated and inspected by Aneel, the main regulatory risks are represented by the tariff reviews and investments determined by the regulatory agency. EDP in Brazil maintains an area of Regulatory Affairs, which centralizes the relationship with Aneel and keeps track of the contractual aspects of the concession that could interfere in the progress of business.

Hydrological – Basically formed by hydroelectric power plants, the generation assets have their operation influenced by climatic conditions and rain regime. Moreover, revenue from sales is tied to ensured energy, whose volume, determined by the regulatory agency, is an integral part of the concession contract. The mitigation of this risk occurs by the Energy Reallocation Mechanism (MRE) applied to all the plants integrated to the national electrical system.

RISKS OF THE COMPANY

Operational – A Crisis Management Plan, in the instauration phase, encompasses several scenarios – such as interruption of the supply of electricity, occupational accidents, strikes, natural disasters, collapse of information technology and telecommunications, pandemics –, besides a communication plan and a governance model for crisis management. The plan was drawn up by the Safety and Crisis Management Committee, a body created in 2008 in order to manage in an integrated manner the subjects related to the company's global safety. Its responsibilities include transmitting the strategic view of safety, evaluating the scope of safety requirements, guaranteeing the awareness of people and analyzing incidents, among others. At the distributors, the System Operation Centers (COS) can be operated remotely from any unit, in order to minimize operational risks. An Emergency Response Plan (PAE) was prepared at EDP Bandeirante in 2009, with measures of prevention and combating of fires, mitigation of impacts on the safety of people and the integrity of machinery and equipment, as well as environmental prevention. In the scope of the PAE already in force, Enerpeixe performed a simulation of fighting a fire in the transformer, one of the 20 scenarios defined as significant. At Energest, there was the engagement of services for preparation of Contingency and Emergency Plans of the UHEs Suíça and Mascarenhas and of the PCHs São João and Rio Bonito. (GRI EU21)

Financial – Decisions regarding financial assets and liabilities are oriented by a Financial Risk Management Policy, which establishes conditions and limits of exposure to market, liquidity and credit risks. The policy determines levels of concentration of investments at financial institutions in accordance with the bank's rating and the total sum of investments of EDP in Brazil, in order to maintain a balanced proportion that is less subject to loss. It also defines that the Company does not trade derivative contracts besides amounts related to the hedge of debt in foreign currency, to curb the risk of strong exchange variations. On December 31, 2009, foreign currency commitments referred basically to two operations (financing for the works of the thermoelectric power plant of Pecém, in 2009, and a loan from BID contracted by EDP Bandeirante, in 2004) and represented 7.6% of the indebtedness of EDP in Brazil, with 99.2% protected by a foreign exchange hedge. This policy also provides for terms for and settlement of commitments, thus avoiding the concentration of commitments in a same



Mascarenhas Hydroelectric Power Plant in the State of Espírito Santo

period. The board of executive officers is presented with a weekly report on cash position and interest-earning bank deposits, itemizing transactions according to the risk policy and the counterparties. In the management of these risks, the Company uses tools such as Risk Control, for the recording and monitoring of all the positions, and VAR (Value at Risk), to quantify exposure to the risk.

Mercado – This risk includes default of customers, Settlement Price for the Differences (PLD), non-technical losses and variation in the energy prices. Its mitigation

includes loss combating actions, rectification of clandestine connections and the activity of the distributors in regions with specific economic activities and characteristics.

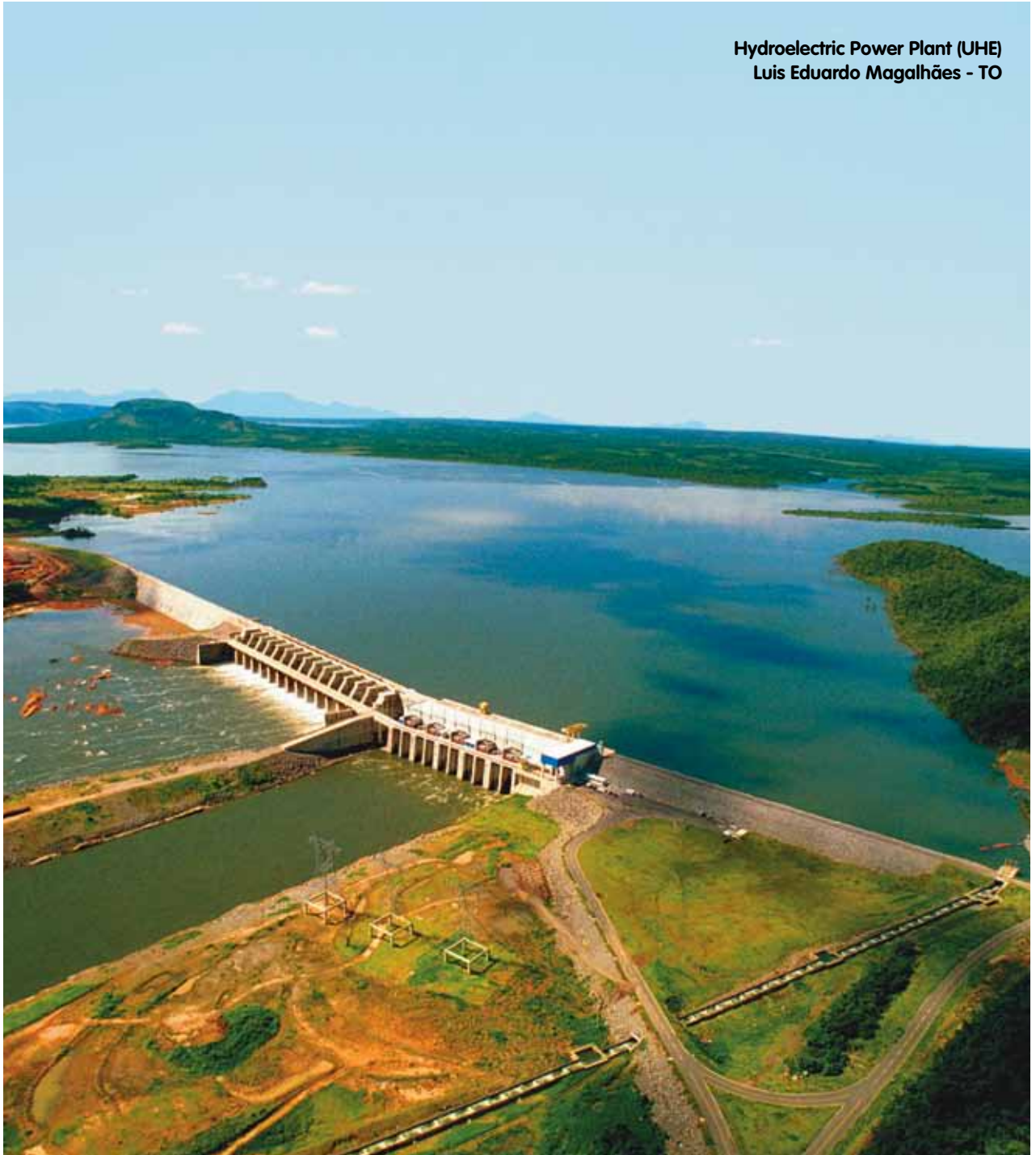
Environmental – Cover the risk of non-fulfillment of the determining factors of environmental licensing and of exposure to natural disasters. All the ventures and generation and distribution activities are executed according to the Sustainability Policy of the Group and the Integrated Environmental, Health and Safety Policy, which allude to the environmental preservation commitment.



intangible assets

Four aspects represent important competitive advantages that differ EDP in Brazil and consummate the attainment of its business goals: human capital, information capital, organizational capital and market capital. They assemble the knowledge existing at the Organization to execute its strategy as well as to fulfill its Vision, its Mission and its

Values; the systems that provide support to operations; the business philosophy; the brands and the reputation of the Company. These topics are an integral part of a Corporate Policy of Intangible Assets and are addressed from the perspective of learning and knowledge, in a manner aligned with the strategic planning process.



**Hydroelectric Power Plant (UHE)
Luis Eduardo Magalhães - TO**

Intangible assets	How it is developed	Actions in 2009
<p>Human capital – Competencies, skills, talent and knowledge of the professionals.</p>	<p>Investment in human capital to keep people permanently aligned with the strategy and to expand their production technology and management knowledge. This occurs both through the internal production of this knowledge and by means of partnerships with suppliers, individual training, arrangements with universities, technological transfer agreements, structured benchmarking processes and management consultancy work.</p>	<p>1) + Talento, with growth-oriented succession projects; 2) Actions for trainees, JEPs - Youths of Elevated Potential- collaborators up to 30 years of age – and High Performance Specialists (EAPs); 3) Creation of a bank of good practices on the Intranet, to promote learning, the exchange of experiences and to facilitate access to knowledge by all the collaborators. The idea is that the bank contains several company and market practices, from the perspective of the execution of EDP's strategy, with a focus on identifying problems in the way the work is executed, and not in the people that perform it.</p>
<p>Information capital – Infrastructure, systems and information technology, as well as knowledge management applications necessary to provide support to the strategy.</p>	<p>Portfolio of investments in technology that have priority in the allocation of financing and other resources.</p>	<p>The unification of management of administrative, technical and commercial systems was concluded. The Integration Project, one of the most important initiatives, lasted three years (June 2006 to June 2009), and was developed in two principal separate phases. Onda 1 was concluded in November 2007 and refers basically to the update of SAP R/3(administrative, financial and HR systems) version plus BW (management reports) in all the companies of the Group, as well as the introduction of CRM (commercial-attendance system) and technical and functional upgrade of CCS (commercial systems) version at EDP Bandeirante. Onda 2, concluded in June 2009, comprised the principal stage of this project, which was the introduction of the new commercial system (CCS/CRM) at EDP Escelsa.</p>
<p>Organizational capital – Includes aspects such as organizational culture, qualified leadership, alignment of goals and variable remuneration to the strategy and teamwork.</p>	<p>Motivation initiatives, alignment of efforts and commitment to organizational guidelines.</p>	<p>The main initiative of the year was represented by Programa Vencer, geared toward the development of a new business culture. This Program entailed the reduction of hierarchical levels and area heads, a revision of production processes. A management commitment was signed with the new heads of the areas, with the establishment of ambitious aspirations and goals and a set of strategic, forward-looking initiatives. It also covered the Sou + EDP program, for disclosure of the business strategy, in activities that involved 2,177 people, or 93% of the total staff.</p>
<p>Market capital -Brands and reputation of EDP in Brazil.</p>	<p>Brand protection is an integral part of a global policy of EDP- Energias de Portugal, which employs the same brand logo in all operations: a smile on a red background, which symbolizes commitment to sustainability and close relationship with its audiences: customers, collaborators, suppliers, shareholders, the government and society. Reputation involves the perception of these audiences in relation to the company image.</p>	<p>Positioning in indicators expressed by the service quality surveys, such as the Perceived Quality Satisfaction Index (ISQP), determined by Abradee, which indicated the following results: 80.6% to EDP Bandeirante and (72.8% in 2008) and 79.1% to EDP Escelsa (80.0% in 2008). Awards reveal market recognition, like in the case of inclusion among the 20 model companies in sustainability, in the ranking of Exame magazine, and among the 21 companies elected by Prémio Época de Mudanças Climáticas (Climatic Change Award) as leaders in climatic policies.</p>



Innovation

- 68 Sustainable initiatives
- 69 Efficiency in the operation





innovation

The strategic bias assumed by innovation for growth of business is expressed by the creation, in 2009, of a New Business Development and Innovation Directorate and by the goal of doubling the investment in innovation by 2012. Two tools are under development to allow the attainment of results: Gathering of ideas and sections of knowledge, in which a topic is chosen to be expounded on by groups of collaborators - in 2009, for example, one of the subjects under discussion involved climatic changes.

This becomes another area of stimulus to ideas beyond the resources obligatorily applied in research and development (R&D). By regulatory determination, electric power generation concessionaires set aside 1% of their net operating income for research and development projects. Distribution companies divide this percentage between R&D and energy efficiency.

Distribution - In 2009, 10 projects were concluded and 12 new projects started at EDP Bandeirante, which maintains 23 initiatives underway, with investments of R\$ 4.0 million. In the same period, six projects were concluded and four new projects started at EDP Escelsa, totaling 14 in progress, with investments of approximately R\$ 2.4 million.

Generation - Six projects were developed at Enerpeixe, with four referring to initiatives developed since 2008, in

the amount of R\$ 1.6 million, and two new ones, in the amount of R\$ 2.5 million. Five projects were commenced in the Lajeado Consortium - comprised of the companies Lajeado Energia, Investco, Paulista Lajeado and CEB Lajeado - with investments of R\$ 4.9 million and conclusion planned for 2012. In 2009, these projects absorbed funds of R\$ 1.0 million. At Consórcio Energest (companies Energest, Cesa and Pantanal) there are currently five projects in progress, with investment of R\$ 5.1 million and conclusion planned for 2013. A total R\$ 45 thousand was allocated for projects commenced at the end of 2009 and beginning of 2010. Another four projects will be started in March 2010 by the two consortiums with an estimated investment of R\$ 10 million, and execution periods between 24 and 42 months.

SUSTAINABLE INITIATIVES

An example of sustainable initiative is the development of an intelligent device that is aimed at reducing the peak demand in the use of white goods (refrigerators and freezers). Installed directly in the appliance, it makes it possible to control the operation of the refrigerator compressor, taking into consideration the internal temperature and its dynamics, the incorporation of consumer habits and the best energy consumption times to avoid overloading the system of the distributors.

EDP 2020 AWARD

With the support of an innovation award, Prêmio EDP 2020, the Company prepares its operations for the next decade. The decision stemmed from the predictable transformation of the current paradigms of the energy sector, with the objective of contributing towards Brazil's sustainable development and preparing the structure of a business model adherent to the new reality.

It is the most important award in the area of innovation in Brazil, with a total investment of R\$ 1 million, split into R\$ 100 thousand per year over the next ten years. Its purpose is to stimulate interest and creativity in areas such as renewable energies, intelligent networks, electric mobility, energy efficiency, micro-generation, sustainable cities and others.

In this manner, the Group intends to apply in Brazil its global experience in the development of innovative projects. Going from this award, the main ideas of Brazilian entrepreneurs will be incubated until a new business effectively arrives. There is also the possibility of EDP collaborating actively in the new projects.

The announcement of the winning project and the award ceremony will occur in the annual edition of Fórum de Inovação EDP (EDP Innovation Forum).



ELECTRIC BICYCLES

EDP started to plan one more innovative action in Brazil during the second half of 2009: electrical mobility with Brazil's first electrical supply network, to be commissioned in early 2010 with a donation of 45 electric bicycles to the Military Police of the State of Espírito Santo and five electric supply stations. The vehicles will replace part of the fleet of motorcycles used to patrol the seashore of the cities of Vitória, Vila Velha, Serra, Guarapari and Cariacica.

The initiative is part of the EDP Group's electrical mobility support strategy, which is included in the innovation policy to be adopted by the Company as of 2010. This is the first electrical mobility initiative of the Company in Brazil, which will use the experience of the projects developed by the main office, in Portugal, where the Group was a pioneer in investing in electrical mobility.

The bicycles are powered by electric motors fed by batteries coupled to the rear compartment and are rechargeable every 30 km covered. Recharging is performed at a normal outlet, with voltage of 127 volts, similar to that of an electronic gadget, and full charge is achieved in six hours.

Consumption is approximately 0.8 kWh, equivalent to that of a 100 watt incandescent light bulb. The bicycles reach 25 km per hour, and can be pedaled like a normal bicycle even after the battery has been turned off.

With an emphasis on social aspects, the design of a mini-plant was developed in São Salvador de Tocantins for the production of ethanol alcohol from sweet potato. Executed jointly by Enerpeixe and producers from the settlement Santa Cruz, it forecasts the production of 500 liters per day and average income of R\$ 1.5 thousand per month for each family. Sheds to house the equipment were already concluded at the close of 2009, as the community itself will be arranging for the setup of the plant and will be conducting management by means of a cooperative. The agricultural training for the production of sweet potato has the support of Instituto de Desenvolvimento Rural do Estado do Tocantins (Rutaltins - rural development institute). The entire development process of the mini-plant was discussed at the Forum of Negotiations of the Community, and was analyzed and validated by several audiences (community, authorities, specialists).

Another project concluded in 2009 by Enerpeixe involves a model of assessment of socio-environmental costs not initially considered in the construction of the hydroelectric power plant. This work gave rise to a book on the topic (Peixe Angical, Estado do Tocantins – Distintos Olhares da Sociedade).

Along the same line of research of a social nature, EDP Bandeirante started tests in 2009 on the use of electric power for the prevention of osteoporosis. The participants were selected for the project, which evaluates the conversion of energy into mechanical vibrations of low magnitude and frequency. If the effectiveness of the action is proven, the low-cost vibration platform, with national technology, will be usable in households, hospitals and health clinics.

In the Lajeado consortium, special emphasis is placed on a project for biodiesel production using microalgae found in the reservoirs of the plants. Besides being innovative, the initiative seeks to develop a source of sustainable energy. Energest is developing a renewable energy project designed to characterize a productive chain as a source of fuel.

EFFICIENCY IN THE OPERATION

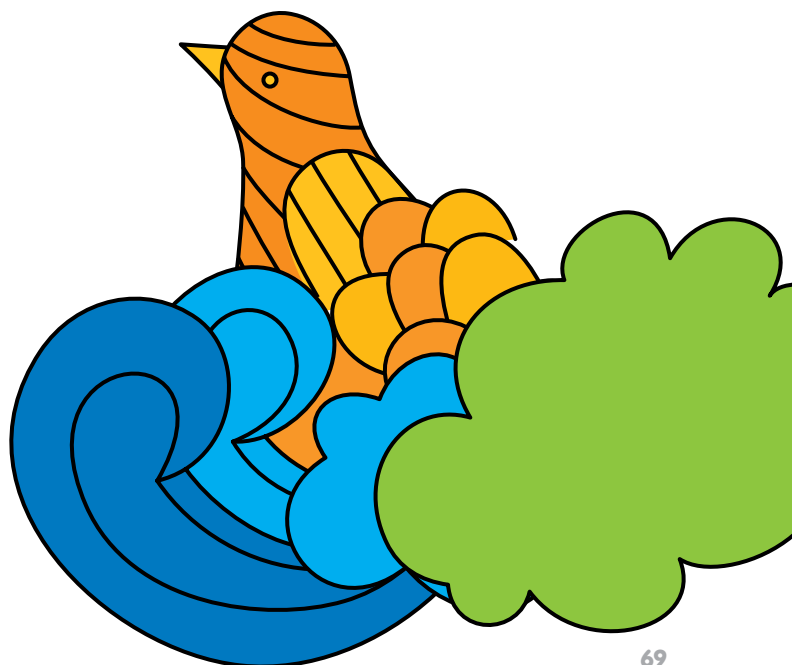
In the area of Measurement, special emphasis is placed at EDP Bandeirante on the development of an electronic measurement module, the main characteristics of which, besides measurement, are the possibility of electric power cuts and remote reconnection, identification of fraud and monitoring of the end consumer. This product, together with another device and already being tested, to be installed on the electricity distribution posts, that will provide energy measurement concentration functions. Its objective is improvement in the control of non-technical loss, in addition to providing new services to consumers.

To inhibit illegal activities, equipment was created at EDP Escelsa for the identification of fraud or theft of power at customers served at medium voltage, which also allows the segregation of segments of the 15kv network with the measuring of energy injected at the installation point of the tool.

As regards safety, a project is coming to a close that studies the impacts of the absence of the neutral conductor in electrical networks and proposes corrective measures to promote a significant increase of safety of people -electricians and users - as a result of the reduction of voltages in neutral and of the adequate control of touch and step voltages, reducing the probabilities of accidents.

In the line of upgrading of distribution network maintenance and operation activities, one of the highlights of 2009 at EDP Bandeirante was SITRaios, which aims to develop a system to detect, in real time, the influence of atmospheric discharges in disconnections of the distribution network. Another initiative, of EDP Escelsa, contemplated an intelligent mobile dispatch system to call in external maintenance teams that are closest to the service request site, conferring speed and effectiveness to the system.

Energest develops a study on machine startup with the minimum mechanical vibration possible, with the intention of avoiding structural damage, and another on artificial intelligence applied for repowering of generators and optimization of plants.





innovation

MAIN RESEARCH PROJECTS IN 2009 ⁽¹⁾

Line of Research	Project	Company	Estimated amount (R\$ thousand)	Estimated duration (months)
Social	Development of a vibration platform of low frequency and low amplitude for prevention of osteoporosis in postmenopausal women with evaluation of safety and effectiveness	EDP Bandeirante	278.62	24
	Application of a model for assessment of socio-environmental costs, not initially considered in rural relocation processes in the hydroelectric power generation venture	Enerpeixe	398.00	12
	Validation, diffusion and deployment of a mini-plant for production of ethanol from sweet potato at a settlement of farmers in the municipality of São Salvador do Tocantins	Enerpeixe	579.17	24
Environmental	Development of methodology and environmental diagnosis of electric power substations	EDP Bandeirante	711.42	24
	Development of bioremediation technology of sites contaminated by isolating mineral oil associated with poly-chlorinated biphenyls (PCBs)	EDP Bandeirante	790.27	24
	Studies and applications of geotechnologies for the determination of socio-environmental impacts and restrictions of the Lajeado plant	Energest / Lajeado	1,282.63	24
	Identification of larvae and delimitation of critical areas for the spawning and initial development of migratory fish at the reservoir of UHE Lajeado	Energest / Lajeado	1,243.00	36
Energy Efficiency	Development of efficient electric film shower	EDP Bandeirante	600.22	24
	Optimization, manufacture and pilot application of serial heads of intelligent device to reduce the peak demand in white goods	EDP Bandeirante	616.36	24
New sources of energy	Production of biodiesel from microalgae existing in reservoirs of hydroelectric power plants with the use of residual biomass as a source of energy	Energest / Lajeado / EDP Bandeirante	1,000.00	30
	Characterization of the productive chain of capim elefante (elephant grass) for electric power generation	Energest / Lajeado	2,158.00	24
Measuring	Electronic electricity metering module development	EDP Bandeirante	362.64	24

Line of Research	Project	Company	Estimated amount (R\$ thousand)	Estimated duration (months)
Planning and Operation	Intelligent mobile dispatch	EDP Escelsa	365.51	18
	Development of a system for real-time automation of the evaluation of influences of atmospheric discharges in disconnections of the distribution network	EDP Bandeirante	855.43	24
	Optimization of dispatch of hydroelectric power plants of the EDP in Brazil Group	Energest/ Lajeado	462.00	12
	Hydrothermal dispatch optimization model	Enerpeixe	1,500.00	24
Supervision, Control and Protection	System for analysis and technical/commercial diagnosis of impacts provoked by disorders in the high, medium and low-voltage radial overhead and underground networks on low-voltage consumers – PID III	EDP Bandeirante	1,906.10	24
	Real-time network analysis, using annotated paraconsistent logic for modeling of conditions of uncertainty of charging at unmonitored points	EDP Escelsa	2,143.80	24
	Development of a serial head product based on the prototype of the micro-controlled low-voltage reconnector	EDP Bandeirante / EDP Escelsa	1,433.52	30
Quality and Reliability	Development of a voltage regulator with electronic TAP switch.	EDP Bandeirante	1.040,38	24
	Development and implementation of system for real-time monitoring of electric power quality	EDP Escelsa	397.02	24
O&M (Organization and Method)	Development of intelligent online system for evaluation of loss of useful life of components of hydro generators due to stresser agents and alterations of operating regime	Energest/ Lajeado	3,390.00	42
	Development of new techniques and processes for upgrading of transformers to operate situations in the presence of oils containing corrosive sulfur	Energest/ Lajeado	874.00	28
Analysis of reservoirs	Intelligent system for geo-referenced supervision of reservoir by means of independent vehicle	Energest/ Lajeado	3,456.00	36

(I) Further information about R&D projects can be requested by e-mail: ped@edpbr.com.br



Social performance

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social performance

CUSTOMERS

A continuous improvement of its products and services is considered essential to ensure customer satisfaction, health and safety. Control systems allow monitoring the network in real time so as to manage complaints, identify causes and provide prompt action to reestablish the power supply. In December, the service quality indicator collecting and calculating system received a recommendation for approval for ISO 9001:2008 certification.

CUSTOMER SERVICE

The main channel of service delivery to the 2.7 million customers of the distributors is the Internet, with 38.9% of the 14 million contacts recorded in 2009, followed by the call center, with 32.5% of the total. The service delivery channels also include 14 own stores, 49 belonging to third parties, 7 kiosks and 1,130 collection agents. EDP Bandeirante also provides services to the public at the facilities of Poupatempo, located in the city of Guarulhos, in São Paulo.

Customers with hearing difficulties and speech disorders have access to a telephone adapted to these special needs, and may place and receive phone calls or texts. The professionals from the call center received training to improve the delivery of services to this audience. In 2009, this service was extensively publicized by the media, in a communication on the monthly bill and on the site of the distributors. (GRI EU24)

In advertising and marketing initiatives, the companies of EDP in Brazil follow a corporate policy of communication that establishes respect for public spaces and the privacy of consumers and of the public in general. The rules determine the avoidance of broadcasting of misleading, abusive or violence inciting information or advertising communication; curbing of the exploitation of fear or superstition as well as the benefiting from deficiency of judgment and experience of children or other vulnerable groups; cultivation of respect for environmental values. (GRI PR6)

“EDP in Brazil shows its responsible potential every year and innovates mainly in its relationship with its greatest asset, us, its customers. Congratulations to all those that make the company a great energetic and illuminated group of considerable achievements.”

Marcilio Riegert, executive manager of Fundação Germânica Anna Duus - German Consulate (ES)

NUMBER OF STORES

	2008		2009	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Own stores	6	8	6	8
Outsourced stores	11	38	11	38
Poupatempo	1	-	1	0
Third party kiosk	7	-	7	0
Collection Agent	-	112	811	319
Total	25	158	836	365

ACCESS CHANNELS - NUMBER OF INDIVIDUALS SERVED (THOUSAND)

	EDP Bandeirante		EDP Escelsa		EDP Total	
	2008	2009	2008	2009	2008	2009
Call center	1,973.1	2,427.9	2,179.9	2,126.7	4,153.0	4,554.6
Interactive Voice Response (IVR)	973.6	733.02	746.6	438.2	1,720.2	1,171.2
Stores/agents ⁽¹⁾	1,054.0	1,108.1	872.1	1,735.7	1,926.1	2,843.8
Internet (consultations and services)	3,473.7	4,134.5	937.5	1,320.6	4,411.2	5,455.1
Total	7,474.4	8,403.5	4,736.1	5,621.20	12,210.5	14,024.7

(1) Own and third party stores

PERFORMANCE OF THE CALL CENTER

	EDP Bandeirante			EDP Escelsa		
	2007	2008	2009	2007	2008	2009
Aneel Target	90.0%	95.0%	Up to June >95.0% After July >85.0%	85.0%	90.0%	Up to June >95.0% After July >85.0%
Basic Service Level Rate (INB)	91.0%	97.9%	86.7%	95.8%	97.0%	97.0%
Aneel Target	7.0%	4.0%	<4.0%	8.0%	7.0%	<4.0%
Abandonment Rate (IAB)	1.6%	0.6%	2.4%	1.5%	0.7%	0.4%

CUSTOMER SATISFACTION (GRI PR5)

EDP Bandeirante achieved a significant evolution in customer recognition: 80.6% in the Perceived Quality and Customer Satisfaction Index (ISQP) of the Brazilian Association of Power Distribution Companies (Abradee), and 69.6% in the Consumer Satisfaction Index (IASC) of the National Agency of Electric Energy (Aneel), compared to 72.8% and 67.2%, respectively, in the previous year. At EDP Escelsa, a minor decrease was observed in both indicators (from 80.0% to 79.1% in the ISQP and from 63.1% to 60.9% in the IASC).

These are the two main surveys that serve as a basis and guidance for evaluation of the level of quality of services rendered and also on the degree of relationship with customers. The survey of Abradee is conducted in the first half of each year and the ISQP produces the Abradee award, the most important of the sector. The Aneel survey is conducted in the second quarter and influences the analysis that the regulatory agency conducts in the tariff review stages.

PERCEIVED QUALITY AND CUSTOMER SATISFACTION INDEX (ISQP) – IN %

	2005	2006	2007	2008	2009	Benchmark ⁽¹⁾
EDP Bandeirante	67.8	71.1	74.8	72.8	80.6	92.7
EDP Escelsa	73.4	73.8	86.3	80.0	79.1	

(1) Better performance among the companies investigated above 500 thousand customers

ANEEL'S CONSUMER SATISFACTION INDEX (IASC) – IN %

	2005	2006	2007	2008	2009	Benchmark ⁽¹⁾
EDP Bandeirante	60.0	62.3	66.7	67.2	69.6	84.4
EDP Escelsa	55.6	60.3	67.3	63.1	60.9	

(1) Better performance among the companies investigated above 400 thousand customers

The distributors also conduct satisfaction surveys with major medium and high-voltage customers (that consume, respectively, more and less than 500 kW). With the same objective as the survey of residential customers, connected in low voltage, this survey aims to measure the main service evaluation points. It helps to point out possible reasons for dissatisfaction, in order to execute actions of improvement at specific points, besides initiatives that stimulate the use of certain services.

ISGC – LARGE CUSTOMER SATISFACTION INDEX – IN %

	2007	2009
EDP Bandeirante	67.0	70.0
EDP Escelsa	69.0	77.6



The total number of complaints (including all the Company's channels, Aneel, Justice and Consumer Defense bodies) had a 5.11% decrease for the year, with a total of 331,609 thousand occurrences, below the target of 342.5 thousand, being 334.9 thousand at the Company. A statistical report is periodically prepared to consolidate those complaints and feed the areas with strategic information, allowing process improvements and the correction of possible deviations. The customer receives a positive or negative reply through mail (e-mail and/or letter) or telephone contact.

For 2010, the two distributors established goals of reduction in the number of claims received by the different areas of jurisdiction, representing in the consolidated of EDP in Brazil a downside of 17% in relation to the total 331 thousand pronouncements recorded in 2009.

CUSTOMER COMPLAINTS

	2008			2009			Target 2009	Target 2010
	EDP Bandeirante	EDP Escelsa	Total EDP	EDP Bandeirante	EDP Escelsa	Total EDP		
Company ⁽¹⁾	303,849	36,836	340,685	250,262	61,301	311,653	334,994	258,445
Aneel ⁽²⁾	546	1,303	1,849	8,374	1,711	10,085	1,700	8,504
Justice	1,266	1,251	2,517	1,257	1,814	3,071	2,325	3,071
Procon	3,319	209	3,528	3,844	3,046	6,890	3,518	5,969
Total	308,980	39,599	348,579	263,737	67,872	331,609	342,537	275,989

(1) Ombudsman department, call center and commercial stores

(2) Via supervisory agencies of Aneel

In 2009, the distributors took part in the National Reconciliation Week, held by the State courts. On that occasion, it proved possible to resolve pending legal matters in a quick, simple and reliable manner. At the end of the year, 1,409 proceedings in process at the small claims courts were closed, representing a disbursement of R\$ 1.05 million (R\$ 1.1 million in 2008 and R\$ 1.5 million in 2007). At EDP Escelsa there was an increase in the number of lawsuits, particularly after the migration from the previous Commercial Integrated System (SIC) to the new Customer Care and Services (CCS), which is part of the SAP management system and processes the measurements of customers, performs the calculations and issues the electricity bill invoices.

PROCEEDINGS AND FINES IN SERVICE RENDERING (GRI PR9)

	2007	2008	2009
Total proceedings	2,237	2,128	2,544
Administrative	23	23	22
Judicial	2,233	2,125	2,543
Fines			
Paid (R\$ thousand) ⁽¹⁾	NA	NA	1,337.2
Pending decision (n ^o) ⁽²⁾	NA	NA	1,864

(1) Refer to proceedings ended in 2009, which involved issues related to Consumer Law and ran before the small claims courts and the courts of law

(2) Total active lawsuits relating to the supply and use of products and services that were awaiting court decision on 12/31/2009. As they are pending, it is not possible to pinpoint the amount.

HEALTH AND SAFETY

Concern with the safe use of energy is present in all the electric power distribution stages and motivates public awareness campaigns regarding the risks of contact with the distribution network and electrical installations in general and inappropriate use of energy. The communication channels, including Company space on the Internet, call centers and the electricity bill contain alerts and offer information relating to the safe use of electric power. In 2009, these campaigns included posters and plates affixed in commercial establishments, schools, train stations and public squares, lectures in schools and kite shows, among other actions. (GRI PR1)

AWARENESS ACTIONS IN 2009

Actions, campaigns and events	Scope	Location	Nº of events/Participants
Safe kite flying	Workshop and kite flying activity that teach children to play safely, with lectures on the safe and correct use of energy	Municipalities from the concession area of EDP Bandeirante	42 events / about 29 thousand people
Tips on economy and safety	Provides knowledge and tips on the safe use of electricity	Company site and stores with customer service	Web users and customers
Boa Energia na Comunidade (Good Energy in the Community Program)	Speeches in the communities that had their clandestine connections regularized. The objective is to make citizens aware of the correct use of electric power through ludic activities	Municipalities from the concession area of the distributors	210 events / 24,5 thousand people
National Week for Prevention of Accidents with Electric Power / Abradee	Production of posters and printouts posted at business establishments, forums, town halls, schools, shopping centers, train stations, public squares, broadcasting on radios, speeches at schools, kite flying, etc. Reinforces the message of accident prevention near the distribution network	Concession area of the distributors	Population from the municipalities
Messages in the electricity bill	Inclusion of messages about safety and economy in the use of electric power	Concession area of the distributors	All customers
Safety economy spots	Announcements on radio stations, with notices about energy savings, care with the use of electricity, etc.	Concession area of the distributors	Population from the municipalities

For cases of emergency services - such as broken or fallen wire, collision of post and others - in which there are victims, the call center attendants instruct callers to contact the fire brigade.

These steps led to a reduction of the number of accidents with the population involving company assets: 11 with injuries and 5 deaths, in comparison with 19 and 10, respectively, in the previous year. Eight lawsuits related to accidents and deaths originating from electrocution were recorded in 2009, five of which involved deaths. At EDP Bandeirante, three of the four proceedings refer to accidents that occurred in previous years. Two proceedings were concluded in 2009 - one with a sentence in favor of the company and the other in which there was the exclusion of EDP Bandeirante (not considered a real party in interest). At EDP Escelsa, all the proceedings are related to accidents that occurred previously.

SERIOUS AND FATAL ACCIDENTS ⁽¹⁾ (GRI EU25)

	EDP Bandeirante			EDP Escelsa			EDP in Brazil (consolidated)		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Injuries	14	15	4	9	4	7	23	19	11
Fatalities	6	6	2	3	4	3	9	10	5

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

LAWSUITS

	2007	2008	2009
Proceedings resolved	1	0	2
Proceedings pending	6	3	46



PEOPLE MANAGEMENT

Improved year by year, the people management policy of EDP in Brazil aims to sustain the company's strategies and to create a pleasant working environment, where the collaborators feel motivated and appreciated for their work.

In 2009, the Human Capital Management Directorate played a vital role in Programa Vencer. With the involvement of all the senior executives of EDP in Brazil, it coordinated the creation of a new organizational culture, with five essential behaviors and ten golden rules, and supported the restructuring of the areas, making them more streamlined, less hierarchized and with more fluid communication.

To involve the collaborators in the creation of the "new" EDP, two meetings were held in the states of São Paulo and of Espírito Santo, organized from the slogan "One world, a good energy". The main topics of these meetings were the strategies of EDP in Brazil, the new organizational culture, investments in clean energy and the socio-environmental programs by EDP Institute.

5 ESSENTIAL BEHAVIORS

1. Contagious team spirit
2. Execution capacity
3. Capacity to deal with people
4. Untiring willingness to learn and teach
5. Integrity and confidence

10 GOLDEN RULES

The rules make up the Management Commitment of EDP in Brazil and should serve as inspiration to all the collaborators:

1. Total commitment to the Company
2. Commitment to transformation
3. Communication and exchange of knowledge
4. Development and motivation of people
5. Focus on the Customer and on business development
6. Stringent control of costs
7. Effort to excel constantly
8. Management of impact on all the investors
9. Construction of an open and non-hierarchized environment
10. Accountability and control



They also announced the winners of the contest that selected the best testimonials on the five essential behaviors created. The contest featured the active participation of the collaborators and was widely publicized by Portal Vencer (hotsite maintained on the Intranet), main channel of communication about the initiatives of the Program.

The new organizational culture, guideline for all the activities and professional relationships of the collaborators of EDP in Brazil, was also the basis for the restructuring of the leadership positions.

Initially, performance appraisals were held for 94% of the staff (remaining 6% refer to collaborators on leave and to changes in the staff during the year). (GRI LA12) The designated professionals then took on the commitment of improving their performance both in the delivery of results and in interpersonal relationships. For the first time the process was entirely computerized and held with the 360° methodologies, with analyses by the immediate superior, peers, subordinates and a self-appraisal. At the end of the process, the employees received individual feedbacks, and in case of dismissal, were referred to relocation consulting firms to receive the assistance of specialists in redefining their professional career. This restructuring process resulted in more than 50% of promotions of internal professionals.

COLLABORATORS IN NUMBERS

EDP in Brazil ended the year with 5,771 collaborators, involving 2,331 employees, 3,259 outsourced workers and 181 trainees. During the year it hired 193 employees and dismissed 182, with a turnover rate of 8.0% (8.7% in the prior year).

All the job vacancies opened by the Company are first announced in the Internal Recruitment program, in order to favor the best opportunities for the current collaborators. Professionals are only sought in the job market if these vacancies are not filled.

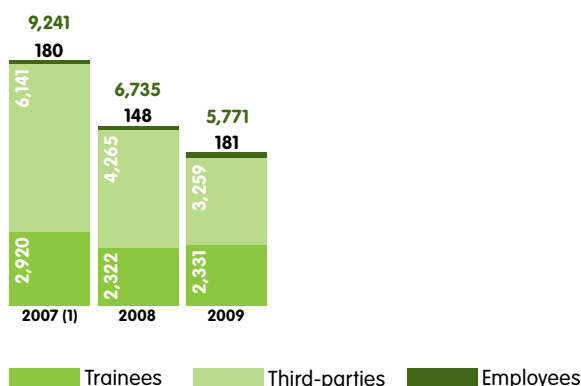
Other the initiative for the hiring of new collaborators is to prioritize candidates from the regions where it maintains its operations, as a means of promoting local development. In operational, technical and professional jobs, most of the hires are from the areas served by the companies from the Group. The same criterion applies to senior management

jobs; however, in the absence of candidates with the necessary qualifications, these are sought in other places. In 2009, 57% of the managers were hired locally. (GRI EC7)

Aiming at diversity and at social inclusion, the company actively seeks disabled people for its staff. This is the main diversity promotion initiative at the Company, which has the Incluir program of EDP Bandeirante and EDP Escelsa. In Incluir, there are around 50 active collaborators, who are first taken on as temps for a period of development, then later hired as full-time employees, when vacancies are available. a total 30 collaborators were hired as full-time employees, representing more than 60% of the participants that concluded the program. Moreover, most of the individuals hired as full-time employees are currently enrolled in higher education, with the sponsorship of the company.

At EDP Escelsa, the program is carried out in partnership with Associação de Pais e Amigos de Excepcionais (Apae) and the Serviço Nacional de Aprendizagem Industrial (Senai) and involves a six-month training period, which addresses topics such as IT and relationship with customers.

Number of collaborators (GRI LA1)



(I) Includes Enersul, that is not included in the EDP portfolio in Brazil

“The EDP Group has been progressively empowering communities, introducing new energy, producing knowledge and stimulating the practice of citizenship by its collaborators.”

Danilo Candido de Sá Comarella, Commercial Loss Management collaborator (ES)



WORKERS BY TYPE OF CONTRACT (GRI LA1)

	2009
Full-time employees	
For indefinite period or permanent	2,331
For definite period or temporary	0
Outsourced workers	
For indefinite period or permanent	3,259
For definite period or temporary	0
Trainees	181

WORKERS BY REGION (GRI LA1)

	2007		2008		2009	
	employees	third-parties	employees	third-parties	employees	third-parties
São Paulo	1,172	2,249	1,281	1,944	1,281	1,528
Espírito Santo	742	2,309	943	2,116	923	1,679
Mato Grosso do Sul	972	1,573	21	123	20	0
Tocantins	34	10	77	82	107	52
Total	2,920	6,141	2,322	4,265	2,331	3,259

COMPOSITION OF THE STAFF OF EMPLOYEES (GRI LA13)

	2007	2008	2009
Functional category			
Director	10	5	10
Manager ⁽¹⁾	46	44	49
Supervisor ⁽²⁾	79	85	96
Specialists	167	118	72
Analysts, engineers and consultants	407	506	541
Technicians and administrative staff	1,632	1,564	1,563
Gender			
Men	2,272	1,788	1,770
Women	648	534	561
Color / race			
White	2,310	1,915	1,933
Black	548	363	359
Yellow	50	35	31
Indigenous	12	9	8
Age bracket			
Up to 29 years old	883	486	445
From 30 to 49 years old	1,942	1,574	1,542
Over 50 years old	95	262	344

(1) Denomination was modified in 2009 to executive manager

(2) Denomination was modified in 2009 to operations manager

POSITIONS BY GENDER (GRI LA13)

	Men	Women	Women/ total (%)
Board (members) ⁽¹⁾	7	1	12.5%
Director	8	2	20%
Manager ⁽²⁾	38	11	22%
Supervisor ⁽³⁾	79	17	18%
Specialists	55	17	26%
Analysts, engineers and consultants	355	186	34%
Technicians and administrative staff	1,235	328	21%
Total	1,777	562	24%

(1) Are not on the staff of collaborators

(2) Denomination was modified in 2009 to executive manager

(3) Denomination was modified in 2009 to operations manager

AVERAGE TIME OF ACTIVITY OF EMPLOYEES DISMISSED FROM THE COMPANY (GRI LA2)

	2007		2008		2009	
	Men	Women	Men	Women	Men	Women
By length of service						
Up to 5 years old	46	17	44	37	39	17
From 5 to 10 years	19	5	11	4	19	5
From 10 to 20 years	37	9	25	6	21	4
Over 20 years old	96	33	16	7	68	9
By age						
Up to 30 years old	28	12	30	18	17	8
From 30 to 50 years old	92	42	54	30	70	20
Over 50 years old	78	10	12	6	60	7

TURNOVER (GRI LA2)

	2007	2008	2009
Variation of staff			
Number of individuals hired	238	223	193
Number of individuals dismissed or made redundant	328	175	182
Turnover rate - total (%)	9.3%	8.7%	8.0%
Turnover by gender			
Men (%)	NA	NA	81%
Women (%)	NA	NA	19%
Turnover by age bracket			
Up to 30 years old (%)	NA	NA	14%
From 30 to 50 years old (%)	NA	NA	49%
Over 50 years old (%)	NA	NA	37%
Turnover by region			
São Paulo	49%	61%	74%
Espírito Santo	33%	20%	21%
Mato Grosso do Sul	18%	16%	1%
Tocantins	-	3%	4%



EMPLOYEES WITH A RIGHT TO RETIRE IN 5 TO 10 YEARS (GRI EU15)

	São Paulo	Espírito Santo	Mato Grosso do Sul	Tocantins	Total
Director	2	-	-	-	2
Manager	7	1	-	2	10
Specialists, analysts, engineers and consultants	15	26	1	3	45
Technical op. and administrative staff	20	56	2	6	84
Total	44	83	3	11	141
% of the total	3.4%	8.9%	15.0%	10.3%	6.0%

The criterion used was the age of the collaborator: men that would be 65 years old and women that would be 60 in the period

DEVELOPMENT ACTIONS

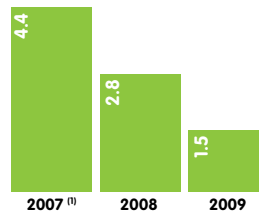
EDP in Brazil has the commitment of investing in the potential of its collaborators by means of education and training programs. During the year it allocated R\$ 1.5 million to these activities, which target both technical training and alignment with the Company's commitments and strategies.

The Annual Training and Development Plan was carried out with a basis on the competency gaps of each collaborator, identified in the performance appraisal held in 2008, and on the needs for improvement indicated by the areas. It covered internal and external operating/technical and administrative training sessions, and 43 technical education, undergraduate and graduate course scholarships.

Corporate programs were also held, including Managers in Action, targeting collaborators in management positions. All the managers, managers and directors attended courses at Instituto Superior da Empresa (ISE); nine managers attended the Advanced Management Program course at Fundação Dom Cabral; and four directors and four superintendents traveled to Spain, for training in the Program for Management Development, of the Central European University (CEU).

Within the scope of Programa Vencer, Sou + EDP focused on the disclosure of the Company's strategy and on the alignment of the three businesses of the Group (distribution, generation and trading). This project aims to stimulate the values and principles of the Organization and to promote commitment to results. The information was broadcast by means of volunteer collaborators, called energizers, who emphasized the importance of individual collaboration in the attainment of common objectives for the constant development of the Organization. In the year, 2,177 people, 93% of the collaborators of EDP in Brazil, took part in Sou + EDP activities.

Investment in training (in R\$ millions)



(1) It includes Enersul, a distributor that is not included in the portfolio of EDP in Brazil

+ Talento

Different activities are grouped in the + Talento program, which structured leadership development plans and training actions. Programa de Liderança (leadership program) was redesigned with a basis on the cornerstones of development of competences, strategic alignment and updating. By means of the initiative, two directors took part in the Advanced Management Program, of Instituto Superior de Engenharia, in Portugal, and six managers in Programa de Desenvolvimento de Executivos (executive development program) of Fundação Dom Cabral, in Brazil. The coaching project was also started for 25 leaders and a language policy was created with the main objective of teaching English to professionals in critical positions and key employees. The policy also aims to offer conditions that facilitate the self-development of the other collaborators in the language, whereas scholarships are granted in a model of joint participation between the company and the collaborator.

The company also continued the Youths of High Potential - JEPs, with the participation of 36 collaborators up to 30 years of age, and High Performance Specialists (EAPs) programs, the latter intended for 46 professionals over the age of 30 and with performance already acknowledged in the processes in which they work. The objective of these programs is to develop competencies in the participants, targeting their development and retention, besides preparing them for the future demands of talent for the key positions of the organization. (GRI EU14)

Another important project was the design of natural and alternative career routes, by means of a horizontal, vertical e diagonal growth concept (Y shaped career), in order to ensure that all the collaborators, regardless of whether they have people management skills of not,

can be recognized and rewarded for their contribution to the company.

The training of interns was another initiative reviewed in the year, adapting to the legal changes for this activity, besides assuming another identity. Now called On Top, it aims to attract new talents to business-oriented and behavioral training modules, with a structured plan of activities.

E-learning training programs were also developed in the year, created with a basis on an internal survey of the Code of Ethics of the Company, to reinforce the values, principles and principles of EDP in Brazil.

The Company does not have specific programs for end-of-career management. (GRI LA11)

HOURS OF TRAINING BY JOB (GRI LA10)

Job	2007		2008		2009	
	hour	hour / collaborator	hour	hour / collaborator	hour	hour / collaborator
Leadership	49,157	861	18,750	246	7,771	34.5
Professionals	41,104	74	73,493	1,547	46,336	84.9
Administrative technician	76,282	42	115,670	78	102,967	65.8
Practitioners and apprentices and professional	19,575	196	1,382	12	826	48.6
Total	186,118		209,295		157,900	

HOURS OF TRAINING BY DOMAIN (GRI LA10)

Domain	2007		2008		2009	
	hour	hour / collaborator	hour	hour / collaborator	hour	hour / collaborator
Management	17,540	6	83,556	36	25,506	14
Technical	110,987	39	100,911	44	108,870	59
Behavioral	34,961	12	17,774	8	3,744	2
Organizational	22,630	8	7,054	3	19,780	11
total	186,118		209,295		157,900	



DEVELOPMENT PROGRAMS (GRI EU14)

Projects	Description	Target audience	Frequency	Inception	Participations in 2009
Leadership Program (Fundação Dom Cabral): Executive Development Program	Program geared toward groups of four executive managers aim in get the development of business management and leadership competencies	Executive managers	Modular	2007	6
Managers in Action - IESE (Spain) - Advanced Management Program	Program geared toward for groups of directors with international module in Barcelona for development of business management and leadership competencies.	Directors	Modular	2007	2
Chronos	E-learning course on sustainability topics. Presential speeches were also held.	Collaborators	-	2008	-
GMC – Global Management Challenge	Virtual competition that simulates the management of a company. EDP sponsors teams of collaborators and students.	Collaborators and sponsored parties	Annual	2006	83
Sou EDP (I am EDP)	Stimulates integration and alignment between the organization and its collaborators in the various countries in which the controlling Group (EDP Portugal) operates. Also aims to promote greater commitment to deliverables.	Collaborators	-	2008	2,177
Jovens de Elevado Potencial(JEP) (Youths of High Potential)	Development of youths with potential for growth in the structure of the EDP Group. Contemplates competency development initiatives. Aims at the retention of talents.	Collaborators	Monthly	2008	36
High Performance Specialists (EAP)	Development of senior specialists with potential for growth in the structure of the EDP Group.	Collaborators	Mensal	2008	46
Safety at Work – NR10 – Recycling	Refresher course for collaborators that work in the electricity network.	Technicians, engineers, supervisors from the technical area	Monthly	2008	Around 500
Annual Training Plan	Aims at training in the technical and behavioral competencies at the non-management level, based on the Annual Training Plan.	Collaborators	Monthly	1998	Around 3 thousand
Scholarship	Stimulates the formal education of the organization 's collaborators, with a subsidy for technical, undergraduate, graduate and MBA courses.	Collaborators	Annual	1998	43
Training Program for New Electricians	Training of new electricians to work in the emergency teams.	New hirees	Semi-annual	1998	37

DEVELOPMENT PROGRAMS – CONTINUATION

Projects	Description	Target audience	Frequency	Inception	Participations in 2009
"Boca Livre":	Monthly chat that brings together collaborators interested in sustainability and incurent topics for an intelligent snack at lunchtime. Features a guest speaker, musical performances and the showing of excerpts of films related to ethics and to social and environmental responsibility.	Leaders and collaborators	Monthly	2008	5,312
Integration Program	Intended to welcome new collaborators, with the presentation of benefits, policies and organizational structure.	New hirees	Monthly	2006	185
Sponsorship of Languages	Promotion of qualification of collaborators for adequate use of the language in the performance of their activities.	Collaborators	Annual	2007	10

REMUNERATION AND BENEFITS

EDP in Brazil has an attractive remuneration policy and a profit sharing and gainsharing program (PLR) that stimulates the commitment of collaborators to the attainment of the Organization's strategic plans. On a monthly basis the employees can keep track of the receivables with Profit Sharing and Gainsharing (PLR) based on Company performance, by means of a simulator on the Intranet. In 2009, the payroll totaled R\$ 157.8 million, besides R\$ 47.7 million in benefits.

The base salary of each professional category is established according to the contribution to the Company's activities, without distinction of the remuneratory base by gender, race or age bracket of the collaborator. (GRI LA14) Aiming at the development of the communities from its area of activity, the lowest salary paid by the Company is 1.5 times higher the minimum in force in the country. (GRI EC5)

The employees receive a series of benefits, such as life insurance, health and dental plan, coverage for impairment/disability, retirement fund, meal tickets, food vouchers and transport vouchers, besides daycare assistance. The same benefits are allocated to temporary collaborators or those with a part-time employment contract, with the exception of the retirement fund. (GRI LA3)

The coverages offered by supplementary pension plan include the benefits of scheduled retirement, retirement due to disability and death pension, for all the plans sponsored by the Group. The structures and the levels of benefits vary according to the specific rules contained in the regulation of each plan. EDP Bandeirante sponsors Fundação Cesp and EnerPrev (a closed entity that manages the Company's supplementary pension plans in a centralized manner); Energest sponsors Fundação Enersul and EnerPrev; and the other companies of the Group have sponsored EnerPrev since 2007.

Until 2006, the collaborators were able to adhere to the supplementary pension plans in the categories of Defined Benefit and Variable Contribution, which meant future actuarial commitments for the sponsoring companies. As of 2007, the new collaborators started to adhere to the plan in the Defined Contribution category, which does not imply future actuarial commitment for the companies.

As sponsors of these plans, the companies of EDP in Brazil contributed R\$ 775 thousand in 2009, 157% higher than the amount of 2008.



PENSION PLANS - MILLIONS OF R\$ (GRI EC3)

	EDP Bandeirante			EDP Escelso			Energest		
	2007	2008	2009	2007	2008	2009	2007	2008	2009
Present value of actuarial liabilities, fully or partially covered	-406.2	-422.2	-430.1	-124.4	-120.5	-132.6	-0.1	-0.2	-0.6
Fair value of assets	291.5	312.2	354.1	219.5	187.6	200.1	-0.2	0.4	1.1
Amount of unrecognized actuarial gains (losses)	18.3	25.4	-5.5	-23.9	16.1	22.1	-0.04	0.1	0.1
deficit/surplus	-96.4	-84.7	-81.5	71.2	83.2	89.6	0.09	0.2	0.6

QUALITY OF LIFE

EDP in Brazil adopts several initiatives to promote quality of life by means of Programa Conciliar, the aim of which is to encourage collaborators to seek equilibrium between professional and personal life. Its principles are: interconnection between professional activities and family life of the employees; flexibility of time and work environment; health and well being; equality of opportunities, ensuring non-discrimination of gender, race, nationality, age and religion; and social responsibility, with incentive to the practice of volunteer actions.

The program includes actions such as Vale um Dia de Folga (Worth a Day off), in which the collaborator can enjoy a free day, in the period of one year, to handle personal affairs; Programa de Voluntariado (Volunteer Program) - in partnership with EDP Institute and governed by the Volunteer Policy of the Group, approved in March 2009 -, whereby the Company allows the employees four hours per month to concentrate on volunteer actions; besides benefits for pregnant women, among others. The Company was a finalist in the Sodexo Vida Profissional award with the action "15 days", part of Conciliar, which grants pregnant workers up to 15 days time off prior to maternity leave and payment of medical exams during the antenatal period.

The company created Programa Boca Livre to promote cultural development, encouraging the contact of the collaborators with current topics and held in 12 cities in which the Company maintains units. With monthly periodicity, it is coordinated by EDP Institute and is focused on corporate policies of the Group and current topics. The debates, with the participation of guest speakers, address subjects such as sustainability, diversity, politics and social responsibility. At the end of the year, all the collaborators received a DVD with the recording of five editions of Boca Livre, which addressed the following topics: Slave labor, child labor - Our commitment to the productive chain; Human Rights - Work as a source of pleasure; For integrity, against corruption - Corruption, bribery? Include me out of this; Ethics - Ethics in the EDP Group; Moral harassment - Moral harassment: invisible risk, concrete damage.

The frequent practice of physical activities is also stimulated by the Organization. Besides promoting the Sports Festival internally, the Company also bears the expenses of one coach and of the entry fees of marathons for the team formed by 37 employees.

"I am very happy with Programa Conciliar, as I received support throughout my pregnancy. I was exempt from joint participation in the health plan network. I received the new motherhood hamper that contains several items for the baby. I am leaving an hour earlier to breastfeed, until Gabriel is six months old. I take part in the flexible work hour program. I have already used the arrangement with the travel agency and purchased a great package deal for my family. I do gym at work every week. I use the arrangement with beauty salons and manicures. There is Boca Livre to boost ideas and to promote discussions and I follow the volunteer work policy."

Adriana Abreu, coordination of Transversal Distribution Projects (SP)

BOCA-LIVRE (GRI HR3)

Topic	% of participants
Conscious Consumption	14.7%
We Are All Different	18.0%
Moral Harassment: Invisible Risk, concrete damage	16.0%
Human Rights: Work as a source of pleasure	18.0%
Corruption, bribery? Include me out of this	16.7%
Slave and child labor: Our commitment to the productive chain	16.4%
Renewable Energies, a choice for life	20.3%
Sexual exploitation of children: How far does our commitment with future generations go?	19.0%
Communication with stakeholders: Where we are, where we are going	21.9%
EDP Ethics Provider	20.4%
Solidary EDP: Ideas and Projects that illuminated 2009	21.5%
Intangible assets: diversity and innovation go hand in hand	21.9%
Solidarity: The gift that I want to give (held in 3 of 12 cities)	7.5%

HEALTH AND SAFETY

EDP in Brazil maintains an Integrated Environment, Health and Safety Policy to guarantee that its employees and third parties have safe working conditions that favor the development of activities. These processes are upgraded annually through the execution of the Integrated Sustainability Management System, certified by ISO 14001. The OSHAS 18001 certification process started at the end of 2009 for maintenance and operation of stations. According to the business, actions are adopted to minimize risks and accidents and to promote the health of collaborators and outsourced workers. (GRI EU16)

Emergency drills were intensified in the buildings in 2009, with the adjustment of occupational safety procedures, the quantitative appraisal of risks, and the start of reformulation of procedures and techniques for activities in confined spaces. The year was also marked by investments in training, technical visits and educational campaigns, besides greater interaction and management of the Internal Accident Prevention Committees (Cipas). These committees are parity, with members appointed by employees and by the company, and represent all the employees. (GRI LA6)

A total 23 accidents were recorded in the year with employees, and 51 with outsourced workers, a reduction of 30.3% and

16.4%, respectively. The downside in the case of accidents with suspension from office reached 25.9% among third parties, but remained the same among employees. There were four deaths with outsourced workers, in the following situations:

- 1) Fall during replacement of double-T post, which was anchored on a tree. Actions adopted: disclosure of the accident among the teams and refresher course on post replacement procedure.
- 2) Death of security guard shot during break-in at substation. The police's theory is that the thieves intended to steal the guard's gun. Actions adopted: recycling and review of the posts at which the guards are supposed to have a firearm.
- 3) Electric shock during lowering of earth cable in installation of Programa Luz para Todos (Light for All program). Actions adopted: disclosure of the accident to the companies that execute similar activities and refresher course for the professionals.
- 4) Burial by pile of posts after walking on the cargo stacked on the body of a truck. Proposed actions: adaptation of safer stacking methods; instruction not to remain on the stack after releasing the claw; Assessment of the risk in filling in the service release; disclosure of the accident.



OCCUPATIONAL ACCIDENTS (GRI LA7)

	EDP Bandeirante		EDP Escelsa		Energest		Investco		Enerpeixe		EDP Brasil	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008 to	2009
Total number of accidents												
Employees	11	12	21	6	0	2	0	1	1	2	33	23
Third-parties	17	14	44	33	0	2	0	0	0	2	61	51
Number of lost time accidents												
Employees	6	8	6	0	0	1	0	1	0	2	12	12
Third-parties	14	6	44	33	0	2	0	0	0	2	58	43
Number of non-lost time accidents												
Employees	5	4	15	6	0	1	0	0	1	0	21	11
Third-parties		8	0	0	0	0	0	0	0	0	3	8
Number of fatalities												
Employees	0	0	0	0	0	0	0	0	0	0	0	0
Third-parties	1	1	1	3	1	0	0	0	0	0	3	4
Number of days lost												
Employees	214	104	0	0	0	7	0	85	0	0	214	196
Third-parties	219	39	1,003	458	0	4	0	0	0	0	1,222	501
Number of days debited												
Employees	0	0	0	0	0	0	0	0	0	0	0	0
Third-parties	6,000	6,000	6,000	19,550	6,000	0	0	0	0	0	18,000	25,550
Absenteeism rate ⁽¹⁾												
Employees	1.41	3.7	5.3	5.7	4.1	1.2	0	0	0	1.5	2.6	0.6
Third-parties	-	-	-	-	-	-	-	-	-	-	-	-
Accident Frequency Rate												
Employees	3.1	3.6	2.9	0	0	4.9	NA	32.5	13.0	26.0	6.7	5.2
Third-parties	5.0	2.2	8.9	7.7	88.0	4.7	NA	0	-	-	9.5	7.8
Accident Severity Rate												
Employees	111	47	570	0	0	34	NA	85	13	196	43.5	44.6
Third-parties	2,237	2,172	1,414	4,665	528	9	NA	0	-	-	2,949	3,997

PROGRAMS

EDP Bandeirante held awareness campaigns, training and technical health visits to reinforce the importance of a safe and healthy environment for the full development of the activities of all employees. Audits got underway at our suppliers, with the following objectives: identify compliance with legal issues, promote the safety conditions of the teams, test the use of safety equipment, and analyze work techniques, among others.

The monitoring meetings of third-party contractors have also been intensified to ensure the training of employees, better working conditions and vehicle fleet conditions, among other topics. Specific initiatives are maintained for employees - Employee Safety Program ("PSC") - and for service providers

- Service Provider Program Safety ("PSP") - with the same concepts to meet the legal requirements of occupational safety and health. (GRI EU16)

EDP Escelsa also has the following programs: Occupational Medical Examination Management program - for prevention, tracking and early diagnosis of work-related health problems; Preventive Medicine - with the monitoring and actions to minimize non-occupational chronic diseases such as obesity, high cholesterol and/or triglycerides, high blood pressure and diabetes; and Job Relocation and Rehabilitation - for the recovery of performance capacity of employees at their original position or re-adaptation to another activity. (GRI LA8)

HEALTH AND SAFETY TRAINING (GRI EU18)

	EDP Bandeirante	EDP Escelsa	Energest	Investco	Enerpeixe	EDP in Brazil (consolidated) ⁽¹⁾
Number of employees hired	1,528	1,674	0	42	10	3,254
Number of third-party contractor employees who received training ⁽²⁾	,215	1,640	0	42	7	2,904
% trained ⁽¹⁾	.5%	98.0%	-	100%	70%	89.2%

(1) Does not consider the Evrecy company.

(2) EDP Brasil does not have information segmented by job category for third-party contractor employees.

HEALTH AND SAFETY PROGRAMS (GRI LA8)

Programs and actions	Purpose	Frequency	Inception
Health campaigns	To disseminate guidelines and to assess (in situ) factors such as blood pressure, body mass index (BMI), ergonomics, stress, vaccinations, among others.	Monthly	1998
Safety and education with service vendors	Conduct safety pep talks, lectures, educational campaigns, safety inspections and guidelines such as anticipating risk of accidents.	Monthly	2007
Safety and education with employees	Conduct safety pep talks, addressing the main risk controls, plus lectures and educational campaigns.	Monthly	2006
Safety assessments	Assess the safety processes and working facilities of employees and suppliers, with dissemination of the culture of safety.	Monthly	2007
Preventive medicine	Conduct periodic examinations of employees to control health in a broad-based manner, considering the development of daily tasks and the working environments.	Monthly	Since the establishment of the EDP companies
Internal accident-prevention committees	Formal and legal committees that work in the regions of the municipalities of the areas of concession and carry out educational activities.	Monthly	Since the establishment of the EDP companies
Internal Accident-Prevention Week ("SIPAT")	Highlight and strengthen concepts and conducts on the risk controls and quality of the work environments.	Annual	Since the establishment of the EDP companies
Electricians rodeo	A one-day event in the style of a competition, with practical tests and tasks performed on installations identical to the electrical network and transmission lines. The event features qualified judges who observe the safety and quality of the work, recognizing those who performed their tasks within safety standards and without risk.	Annual	2006

RELATIONS WITH THE COMPANY

EDP ensures the constitutional right of free union association to all employees. The Group has internal rules that establish procedures for dealing with crises as a result of any movements to strike, based on the Essential Services Act (7,783/89) - which prohibits general strikes in these activities. (GRI HR5)

The collective bargaining agreements cover 100% of the

company employees and around 70% of third-parties contractors. These conventions do not include a specific clause regarding minimum time limits for notification in the event of changes in the Company's operations, but they are discussed internally, with the participation of all areas involved, and published for all employees, with periods for clarification of doubts. (GRI LA4, LA5)



SUPPLIERS

Development of the energy business involves the relationship with a supply chain, which in 2009 represented the engagement of 1,104 suppliers from the overall total of 1,918 registered vendors, which meant R\$ 640 million in actual deliveries of goods or services. In the selection of these vendors, a system of classification, evaluation and registration is used, aimed at identifying companies committed to the values and principles of the Group and to issues related to health and safety, the environment, and social responsibility.

An array of legal requirements guides the areas that request materials and services, including - in 100% of the contracts - clauses on human rights such as prohibition of child labor, forced labor or slave-like labor, as well as environmental constraints. Compliance with these rules is monitored by assessments of industrial and commercial installations, inspections of documents, identifying payment of social contributions and taxes. (GRI HR6, HR7)

In addition to meeting these requirements, the supplier is chosen because of conditions of price, quality and lead-time. All other

conditions being equal, priority is given to local suppliers - those headquartered in the same region where the Group unit that requested the purchase of materials or services is located. In 2009, purchases from local suppliers totaled R\$ 250 million, which represented 39.01% of the overall value of effective deliveries.

Despite this significant percentage of purchases from local suppliers, there has been a downward trend of this percentage share, to the extent that the grouping of similar demands continues to advance. This strategy aims to achieve greater streamlining and better results in purchases, given the greater range of processes of grouped demand.

Suppliers are encouraged to participate in the social projects developed by the company, contributing through voluntary action, partnerships and sponsorships. In 2009, EDP Brasil held its second Suppliers Forum, an event geared toward the sharing of ideas and dissemination of practices for sustainable development, aiming to strengthen the entrepreneurial culture.

DISTRIBUTION OF PURCHASE (GRI EC6)

Type of supplier	Share of total purchases (%)		
	2007	2008	2009
Local suppliers	59.98	44.32	39.01
Domestic suppliers	39.49	55.08	60.52
Global suppliers	0.53	0.60	0.47

HUMAN RIGHTS IN SUPPLY CONTRACTS (GRI HR2)

	2007	2008	2009
Total number of contractors ⁽¹⁾	1,766	1,535	1,104
% of contracts with human rights clauses	80%	100%	100%
% of contracts declined as a result of evaluation of human rights	0	0	0

(1) Data reformulated in relation to those published in 2008. New criterion considers only centralized vendors, managed by the Purchasing Department.

COMPANY

(GRI S01)

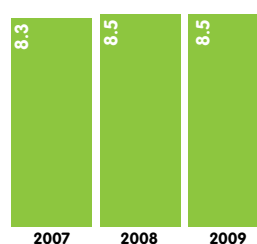
Socio-cultural programs supported and promoted by EDP Brasil received investments of R\$ 8.5 million in 2009, focusing on initiatives in the areas of local development and education. Coordinated by EDP Institute, these actions are performed based on the view that the Company's influence in the communities where it operates depends on its contribution to the cultural and educational (and therefore economic) progress of the people in those communities. The Institute also is responsible for developing environmental and social investment policies, volunteer initiatives, and institutional management, in addition to promoting a culture of sustainability among employees, customers, suppliers, partners and other strategic stakeholders.

The work in communities to include initiatives to promote access and ensure better use of energy in low-income communities. The "Good Energy in the Community" program, for example, regulates electrical installations that pose risks to users and offers advice on the efficient use of energy to customers with an irregular status. Energy efficiency projects are applied to charities and nonprofit organizations, such as nursing homes and public hospitals, and the projects for the modernization of

public lighting and traffic signals benefit municipalities in the areas covered by the public utilities distributors.

Part of the projects in the areas of culture, sports and education are carried out with funds from tax incentives, such as the Rouanet Law for Incentive to Culture, the São Paulo State Cultural Action Program, the Law for Incentive of Sports, and donations to the Fund for Children and Adolescents. In 2009, these incentives totaled R\$ 5.7 million.

Social investments (R\$ million)



EXTERNAL SOCIAL INVESTMENT (R\$ THOUSAND) (GRI EC8)

	2007	2008	2009
Education	2,808	2,905	2,213
Culture	3,621	3,117	4,498
Health and Sanitation	237	728	254
Sports	65	817	792
Anti-famine activity and food security	0	30	0
Other	1,610	891	797
total	8,342	8,487	8,554

INVESTMENTS ENCOURAGED IN 2009 (R\$ THOUSANDS) (GRI EC4)

Company / Project	Incentive to Culture / Rouanet Law	Incentive to Sports	Fund for Children and Adolescents	Cultural Action Program ⁽¹⁾
EDP Bandeirante	690.0	173.0	185.0	1,727.7
EDP Escelsa	400.0	140.0	75.0	-
Energest	296.0	26.8	45.0	-
Investco	400.0	161.3	110.0	-
Lajeado Energia	50.0	104.8	80.0	-
Enerpeixe	378.0	94.0	75.0	-
Enertrade	100.0	58.8	0	344.7
total	2,314.0	758.7	570.0	2,072.4

(1) Applicable only to companies located in São Paulo state



company

“The Community Engagement Service (SECRI)/EDP partnership was built step by step, as a “web” involving other players and other projects. the inter-project visits were moments of rich learning, where the keynote was “teaching” and “learning” in a network. the fruits of this partnership will be reaped in the lives of 108 teenagers and young adults and their family groups, who have been constructing their life projects through a permanently ongoing action, modifying their choices and trajectories for the better.”

Angela Maria Varella Cabral, coordinator of the Life Project: Construction and Reinterpretation, with Youths of Vitória (ES).

INVESTMENT POLICY

To support social projects run by nonprofit organizations, the Group has, since 2006, approved its external social investment policy that defines foci of action and the eligibility criteria thereof. This policy proposes the selection of public projects through the dissemination of calls for tenders in major media outlets.

In early 2009, this policy was evaluated and reviewed by an external consultant, with support from interviews and meetings with interest groups. The projects selected in the last call for tenders integrated the EDP Solidarity program,

and now one of the criteria for evaluation is the integration of the initiative with the Company's business - electric energy. Last year, the supported social organizations promoted several actions on the topic, such as lectures, meetings with the community and distribution of materials, in order to disseminate the correct and safe use of electricity.

All of the stages of the program, including indicators of the result, are evaluated by independent consultants, which ensures transparency and credibility of the process.

2009 EDP SOLIDARITY PROJECTS

Organization	Project	Target audience	Beneficiaries in 2009
"Friends of Project Guri" Association	Projeto Guri – Vale do Paraíba centers	Children and adolescents	817
Association in Support of the Solidarity Training Program	Strengthening local development in Taubaté	Adults and youths	36
Baetiba Institute	"Canto de Leitura da Vila" Cultural Space	Adolescents and Children	365
Assistance Group for Children with Cancer (GACC)	GACC goes to school	Children, teens and teachers	1,662
Assistance Group for Working Minors (GAMT)	Learning and educating with robotics	Adolescents and Children	583
Community Engagement Service (SECRI)	Life projects	Adults and youths	795
Capixaba Association Against Childhood Cancer (ACACCI)	"Casa da Família"	Adults, children and adolescents	3,822
Association of Recyclable Materials Collectors of Guarapari (ASSCAMARG)	Lixoarte Project	Adults and youths	520
Society of Friends of "Vale do Castelo" (SAVAC)	Recycling Together	Adults and youths	4,415
"Voz da Natureza" Environmental Association	"O Quilombola:" development through culture and environmental conservation	Adults and youths	236
"Portas Abertas" Institute	Entrepreneurial School	Adults and youths	4,124
"Porto Nacional" Family Agriculture School Support Association	The Practice of aviculture as an alternative source of income in family agriculture (small holdings): from management of the market	Adults and youths	523
Taquaruçu Association for the Preservation and Sustainable Development	Educating through art in Taquaruçu	Adolescents and young adults	809
Literacy Solidarity Association	Telesol Program	Adults and youths	55
Association of Friends of Children with Cancer (AACC/MS)	Keep an eye out: it could be childhood cancer	Adolescents, children and adults	1,085
Total			19,847

EDUCATION

The “EDP in Schools” program had its scope expanded in 2009 and served 19.8 thousand elementary students from 72 public schools in five states (Espírito Santo, São Paulo, Tocantins, Santa Catarina, and Mato Grosso do Sul), contributing to improving the quality of student life. The theme “The energy of people: energy that transforms,” was the motto for the contest “Art with Energy,” which also distributed the book *Pequenas Lições*, by LeGrand, to teachers for class work on issues such as ethics, values and virtues. The program included the delivery of school kits, organizing competitions, awareness campaigns on electric energy, oral hygiene campaign and improvements in the school environment (picture painting, horticulture, small renovations, donations of equipment, etc.).

“EDP IN SCHOOLS” PROGRAM

Public involved	2007	2008	2009
Schools	58	53	72
Students	16,000	17,000	19,760
Educators	950	1,000	1,150
Volunteers	118	108	112
Partner Companies	16	14	12

The “Letras de Luz” program, carried out in partnership with the Victor Civita Foundation, took the theater into the schools and trained teachers in reading workshops. The initiative means the largest reading incentive that EDP promotes in Brazil, with the training of 1,150 multipliers; 33,338 spectators at the theatrical performances, and donation of a collection with 202 titles to 40 municipalities, totaling 15,480 books.

On another front, the project “Dentistas do Bem” is supported, which offers free dental treatment to low-income children and teens selected in public schools, through the volunteer work of dentists. In 2009 the program reached the milestone of 7,000 dentists and volunteers and attended to approximately 12,000 children. EDP Bandeirante, through the EDP Institute, also sponsored the “Mouth to Mouth” documentary, concerning the problems of dental health in Brazil.

CULTURE

Cultural investments play an important role in the strategy of communications, marketing and social development. The Group believes in the power of sponsorship of cultural projects to strengthen relationships and build new ones, to attract differentiated publics, to increase brand awareness, to promote inclusion and to convey its core values.



The guidelines for cultural investments follow the External Social Investment Policy, aimed at consolidating the foundations for an open and transparent relationship with all stakeholders to the business, and are based on the Code of Ethics and on corporate principles. The main objectives are:

- To promote access to the arts, respecting values such as sustainability, innovation and proximity;
- To contribute toward improving the quality of life and the transformation and development of local communities in regions where the Group operates, through cultural inclusion projects;
- To cooperate toward promoting professional and artistic skills.

The selection of projects to be supported considers criteria such as the relationship with the company’s business – electric energy –, execution in the areas of performance of companies in the Group, impact and scope, among others.



company

EDP CULTURE PROGRAM – HELDIN 2009

Project	Location/State	Quantity	Spectators / Participants
A noite mais fria do ano	Espírito Santo / São Paulo / Tocantins	31 presentations	2,192 people
A Cabra	Espírito Santo / São Paulo / Tocantins	39 presentations	15,652 people
Vergonha dos pés	São Paulo	3 presentations	1.2 thousand people
Oceano - Circo Roda Brasil	São Paulo	27 presentations	10,853 people
EDP nas Artes	National	Contest and exhibition	300 participating artists
Teatro a Bordo	São Paulo and Tocantins	229 events (presentations and workshops)	73,420 people
Photography Contest - "The art of taking photographs"	São Paulo	Contest; 6 exhibitions	3,946 participants
Festival do Minuto Móvel	São Paulo	98 exhibitions	12,727 people
Colecionador de Crepúsculos	São Paulo	33 presentations	22,800 people
Instituto Recriar Choral Group	São Paulo	Workshops and recording of CD	300 children
Dionísio Del Santo	Espírito Santo	Exhibition	More than 3,000 visitors
Vitória Cine Vídeo	Espírito Santo	20 presentations	10,000 people
Riso Invisível	National	250 exhibitions	10,000 people
A Gloriosa	São Paulo	3 presentations	Individual

INCOME GENERATION

Initiatives for the management of indirect economic impacts of the projects seek to strengthen skills and knowledge of the surrounding communities. One example is funding a project of poultry-farming as an alternative for family income, which includes activities ranging from training of technicians at the Porto Nacional (Tocantins) School of Family Agricultural, to support for placing the product on the market. By 2008, when the project began, the region didn't have a single exemplary unit or packing plant in appropriate conditions. Like all projects managed by EDP Institute, this action is monitored regularly and is expected to reach its targets by mid-2010, including training for work in the poultry production chain and learning techniques and methods of business management. (GRI EC9)

A second initiative is the project "Tecendo Caminhos," completed in June 2009, which involved a traditional group of women weavers from Vila do Retiro, in the municipality of São Salvador do Tocantins. With a focus on young people aged 13-20 years, the proposal was aimed at boosting the practice of hand weaving, for the social and economic insertion of participants and the strengthening of local and cultural identity in the use of natural threads, fibers and dyes, in addition to the process of self-management.

This project represented a significant change in the production potential of the local economy, by creating a production network that encompasses everything from harvesting the Buriti leaves and other fibers typical of the cerrado, to making the threads, to the distribution and sale of the finished products in Italy, providing greater self-esteem in young weavers and welfare of the community. Several local multipliers boosted the results

of the project: Gurupi Business Incubation Center, Agency of Experimental Publicity and Journalism, Sebrae-South/TO Regional Office, Instituto Ecológica, Associação Novo Caminho Juvenil, and the Movement of Communities Affected by Dams.

Enerpeixe also promoted training courses with topics defined jointly with resettled families. There were four cassava-processing courses, two sewing courses, three medicinal plant courses, one "biojewelry" handicraft course, two milk processing courses, four cerrado fruit processing courses, two rural management, one basic fruit farming course, and one pig farming course. Additionally, the resettled families received technical agronomic assistance provided by the state agency (Ruraltins), under an agreement forged with the generator. The agreement expires in 2010, and families now receive the same treatment offered to the other rural producers of Tocantins.

In Taubaté (SP), 70 professionals linked to social organizations in the region of Vale do Paraíba benefited from the "Strengthening Local Development" project, carried out by the NGO "Association for the Support of the Solidarity Training Program" (Capasol). These professionals were trained to promote new social activities in low-income neighborhoods, based on the planning, elaboration, management and monitoring of social projects.

ACCESS TO ELECTRIC ENERGY (GRI EU23)

Among the social projects related to the core business, actions are carried out to promote access to electric energy. Most of these actions are part of the Program called "Luz para

Todos™ ("Light for All"), sponsored by Brazil's Ministry of Mines and Energy and the National Electrical Energy Agency (Aneel) to guarantee universal coverage in rural communities. This commitment includes the following resources: 65% funding with resources from the Global Reversion Reserve (RGR), 10% from the Energy Development Account (CDE), 10% from the state government, and 15% from the distributor.

Since the initiative started in 2004, the distributors of EDP Brasil have benefited 54,096 families, with investments of R\$ 249.2 million (43,801 served by EDP Escelsa, with resources of R\$ 218.7 million, and 10,295 by EDP Bandeirante, with an application of R\$ 30.5 million). In 2009, 6,600 new connections were made the area of EDP Escelsa, with an investment of R\$ 28.8 million, and 1,400 service calls at EDP Bandeirante, with resources of R\$ 5.3 million.

LUZ PARA TODOS (LIGHT FOR ALL) PROGRAM

	2008		2009	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Number of service calls	1,317	9,822	1,420	6,581
Target number of service calls	2,506	9,221	1,200	6,500
Sources of funds invested (R\$ thousand)				
Federal Government	2,857	49,633	4,004	24,495
Energy Development Account (CDE)	0	5,839	0	2,881
Global Reversion Reserve (RGR)	0	43,794	4,004	21,614
State Government	0	0	0	0
Company funds	952	8,759	1,335	4,323
Other	0	0	0	0
total amount of funds applied	3,809	58,392	5,339	28,818
Average cost per service call	2.89	5.94	3.76	4.37

LOW-INCOME RATE

	2008		2009	
	EDP Bandeirante	EDP Escelsa	EDP Bandeirante	EDP Escelsa
Number of households served as low-income	121,173	245,588	113,205	232,308
Total number of low-income households out of total households served (%)	9.19%	27.57%	8.34%	25.25%
Revenue from billing in low-income residential subclass (R\$ thousand)	13,955	29,219	14,814	32,288
Total revenue from billing of low-income residential subclass out of the total revenue from billing of residential class (%)	1.85%	6.11%	1.95%	5.83%
Subsidies received (Eletrobrás) in relation to low-income customers (R\$ thousand)	1,608	53,208	2,470	9,629

POPULATION NOT SERVED BY ELECTRIC ENERGY⁽¹⁾ (GRI EU26)

	EDP Bandeirante	EDP Escelsa
Number of persons		
Rural area	1,620	26,000
% of rural population	2.53	4.14

(1) Urban area populations are 100% served.



company

“We are currently on several fronts in the management of public spending on energy, of which we can highlight the partnerships with EDP Bandeirante regarding the energy efficiency, which will result in significant reduction of energy consumption by traffic lights in our city as well as improve safety, and the tree-pruning project, which will focus on standardization and execution of work in an orderly, planned and joint manner.”

Alexander Borges, Division Head of Utilities Companies, City Hall - São José dos Campos (SP)

ENERGY EFFICIENCY (GRI EU7, EN6)

Investments in energy efficiency totaled R\$ 22.3 million in 2009 and provided savings 27,657.1 MWh/year, equivalent to the average annual consumption of 12,800 households.

A significant part of energy efficiency programs of EDP Brasil is geared toward low-income communities. One of the main focuses is safety of electrical installations, promoted through proper guidance on the use of electricity and providing a kit with energy-efficient light bulbs, wall switches and outlets.

On a regular basis, we also carry out programs of diagnostics and energy efficiency projects at industrial, commercial, residential and public-services facilities.

The Company seeks to include, in its customer base, units with an irregular status, thereby promoting social inclusion. The primary initiatives are grouped into the programs “Boa Energia na Comunidade” and “Boa Energia Solar na Comunidade”, which serve low-income communities and have contributed to reduce clandestine and illegal installations and, consequently, losses and waste of electricity. Since 2005, EDP Bandeirante has regularized roughly 45,000 clandestine installations, and 13,000 in 2009 alone. The action should include around 15,000 new customers in 2010.

In 2009, 18 energy efficiency projects were concluded in public hospitals and charitable organizations (14 by EDP Bandeirante

and 4 by EDP Escelsa), with improvements to lighting and air-conditioning systems. Another initiative involved the modernization of the entire traffic-light system in the municipality of Taubaté (SP), with the donation of LEDs (Light Emitting Diodes) to replace inefficient incandescent bulbs, which provided savings of approximately 90% in electricity consumption.

The projects for low-income communities represented the donation of 263,700 compact (low-consumption) light bulbs, 22,600 new-standard outlets, 3,000 kits to improve residential electrical installations, and 78 refrigerators.

Part of these improvements are being carried out in Mogi das Cruzes (SP) in exchange for 9,000 lighting points and installation of 1,680 solar heating systems to replace electric shower heaters, in a partnership between EDP Bandeirante and Companhia de Desenvolvimento Habitacional e Urbano (CDHU), which calls for the replacement of electric shower heaters and installation of efficient and economical lighting points in 4,800 households. At EDP Escelsa, the “Efficient Community Program” was concluded, designed to increase energy efficiency in homes in 61 districts of Greater Vitória. These projects include educational actions and events to offer guidance on the effective and safe use of energy, with an emphasis on measures to reduce monthly electricity bills for the families.

SAVING ENERGY (GRI EU7)

	Reduction in demand at peak hours (kW)	Savings (MWh/year)
Hospitals SP	282.0	1,092.0
Hospitals ES	140.5	452.7
Traffic lights SP	312.1	2,665.3
Housing projects SP	876.7	3,075.7
Communities SP	6,188.0	9,195.0
Communities ES (*)	7,711.0	11,176.4
Total	15,510.3	27,657.1

INVESTMENTS IN ENERGY EFFICIENCY

Projects completed in 2009	Investments (R\$ thousands)	Company
Efficiency improvement programs in low-income consumer units and regularization of clandestine installations	12,885.8	EDP Bandeirante
Public hospitals	720.1	EDP Bandeirante
Hospitals in Espírito Santo	720.1	EDP Escelsa
Traffic light system (LED technology) - Taubaté (SP)	505.9	EDP Bandeirante
Total	22,286.3	
Projects in progress (slated for completion in 2010)		
Boa Energia na Comunidade (Good Energy in the Community Program)	11,957.0	EDP Bandeirante
	9,518.2	EDP Escelsa
Solar heating for replacement of electric shower heaters and efficiency improvement in lighting systems in low-income housing projects	12,809.5	EDP Bandeirante
Traffic light Systems (LED technology) - Guarulhos, Mogi das Cruzes, and São Jose dos Campos (SP)	3,274.4	EDP Bandeirante
Miscellaneous establishments	789.5	EDP Bandeirante
Hospital da Santa Casa de Vitória	413.2	EDP Escelsa
Total	38,761.8	

ENERGY EFFICIENCY PROJECTS

Project	Direct benefits	Reduction of peak demand (kW)	Energy savings (MW/year)
São Paulo: 14 charitable organizations and public hospitals (Regions of Alto Tietê, Vale do Paraíba, and São Sebastião)	<ul style="list-style-type: none"> ● Modernization of 5,452 lighting points 	282.03	1,092.02
Espírito Santo: Four charitable hospitals (three in the Greater Vitória Region and one in the interior of the state)	<ul style="list-style-type: none"> ● Modernization of 2,107 lighting points ● Replacement of 155 air conditioners ● Replacement of 111 mini-refrigerators 	140.53	452.65
Traffic light systems (Taubaté, Mogi das Cruzes, and São Jose dos Campos)	<ul style="list-style-type: none"> ● Modernization of 10,548 traffic lights 	312.08	2,665.31
Low-income housing projects (Cesar de Souza - Mogi das Cruzes/SP)	<ul style="list-style-type: none"> ● Installation of 1,680 solar heating systems ● Replacement of 9,000 lighting points 	876.70	3,075.72
Low-income communities - 2008/2009 (Regions of Alto Tietê, Vale do Paraíba and São Sebastião)	<ul style="list-style-type: none"> ● Regularization of 13,067 illegal connections ● Donation of 159,956 energy-efficient light bulbs ● Donation of 13,543 new-standard outlets 	6,188.00	9,195.00
Comunidade Eficiente (33 districts of the Greater Vitoria region) ⁽¹⁾	<ul style="list-style-type: none"> ● Replacement of 103,765 incandescent light bulbs by economic compact fluorescent lamps ● Replacement of 78 inefficient refrigerators by refrigerators with the Procel seal for energy savings ● Donation of 9,097 new-standard outlets ● Donation of 3,045 kits to improve electrical installations 	7,711	11,176.38
Total		15,510.34	27,657.08

(1) Reduction of peak demand and overall energy savings verified in the project started in 2008 and completed in 2009.



company

RESETTLEMENT

All undertakings are preceded by detailed studies to identify and minimize the impacts of the installation and seek the best location alternative. Still in this stage, the various public agencies involved are consulted, in order to obtain the necessary authorization. The delimitation of affected areas is done through topographic surveys, registering boundaries and quantifying areas of the properties affected, as well as all existing improvements. (GRI EU19, EU20)

In 2009, the works of expansion of electricity generation involved the relocation of 12 families in the state of Espírito Santo. The previous year, EDP Bandeirante relocated seven families, six due to construction of the Nordeste-Itapeti

Overhead Transmission Line, and one due to construction of the Nordeste-Dutra Overhead Transmission Line Transmission Line, in the state of São Paulo. In 2005, 107 families were resettled due to the works of Peixe Angical hydroelectric plant, in the state of Tocantins. (GRI EU22)

PCH Santa Fé

In the region of Alegre (ES), construction of the Santa Fe SHP, completed in 2009, affected 27 rural properties (total area of 269 hectares and 22 landowners) and seven urban properties (area of 5,920 square meters, 6 landowners). Of the 21 families who lived on these properties, 12 were relocated. Amicable agreements were established in 31 of 34 properties affected



Hydroelectric power plant Peixe Angical
Enerpeixe - TO

(91.18%) and for the remaining cases, we used the instrument of Expropriation by Public Interest. For installation of the transmission line, there was an amicable agreement with nine of the ten landowners, with indemnification for some usage limitations in the areas of easement for passage of the line.

All the owners were indemnified based on the appraisal report written by a qualified professional. The total amount of indemnifications was R\$ 6.0 million.

The activities of EDP Energest were based on a communication plan to keep the community and those involved in the installation of the hydroelectric plant permanently informed about the progress of the construction work and the environmental programs. There was personal communication with the landowners who were directly affected, with information on the start of filling in the reservoirs, measures to avoid accidents with venomous animals, and procedures in case of accident.

The program was comprised of several actions: Itinerant service calls to clarify doubts and monitor renovations of homes affected by the construction work; Information broadcast over the radio about the undertaking, with emphasis during the filling in of the reservoirs; and Population Safeguard Program, starting the week prior to filling in the reservoir, in April 2009.

At the peak of construction work, in August 2008, the SHP represented the creation of 665 direct jobs, 556 in production and 110 in administration.

Peixe Angical

Since September 2005, the Environmental Program for Monitoring the Life Quality of the Resettled Population has evaluated the living conditions of the 107 families relocated due to construction of the Peixe Angical hydroelectric plant, in Tocantins. Indicators monitored include access to public services (water and sanitation), health conditions, leisure and cultural activities, transportation, safety, education, housing, dietary patterns, characterization of systems and production infrastructure in rural areas.

In the process of licensing for the construction work, the Negotiation Forum was established, comprised of representatives from IBAMA, the federal and state district attorneys offices, representatives from municipal governments in the affected areas, and representatives from the affected population. Throughout 2009, the Forum debated the production infrastructure of the resettled populations. Based on negotiations that occurred in 2007 and 2008, Enerpeixe took over the installation of processing units (four cassava-processing units and one rice-processing unit), but the relocated families requested funds for application on their lots. After further discussions it was agreed that the electricity generator would provide the equipment and pass on the resource to the families for the construction of the buildings to house such materials.

To address the shortage of water availability in the region of resettlement, Enerpeixe invested in the construction of wells and other solutions. In 2009, a water network was installed to supply animals at two resettlement projects (Piabanha I and Piabanha II). To equate the difficulty, an in-depth study was commissioned and the recommended actions will be implemented in 2010.

PUBLIC POLICIES

EDP Brasil participates actively in the process of setting sectorial standards and regulations, with the goal of improving energy services provided to the end user and to ensure adequate solutions for the competitiveness of companies. Accordingly, it collaborates in the discussions held within the scope of the National Agency of Electrical Energy (Aneel), the Ministry of Mines and Energy, the Chamber of Electric Energy Commercialization (CCEE), and the different sectorial entities in which it participates.

An example of this involvement was to make the international experience in wind energy generation available to regulators, in order to help define the rules for auctioning the energy produced by this renewable source of energy. It was also committed to defending the increase from 30 MW to 50 MW as the limit for a hydroelectric project to be classified as an SHP (Small Hydro Plant), as a way to expand the utilization of Brazil's hydroelectric potential quickly and with less impact.

(GRI SO5)

The companies of the Group are active and maintain representation in various entities of the electric energy sector, such as: Brazilian Association of Electrical Energy Distributors (Abradee), Association of Independent Energy Producers (Apine), Brazilian

Association of Electricity Traders (Abraceel), Acende Brasil Institute, and Environmental Chamber of the Corporate Movement: Espírito Santo em Ação, among others. It also participates in business forums and associations, including the Brazilian Business Council for Sustainable Development (CEBDS), Ethos Institute, the Business Citizenship Council, of the Espírito Santo Federation of Industries (Findes), and the Akatu Institute. **(GRI 4.13)**

INDIGENOUS RIGHTS (GRI HR9)

EDP Brasil has not recorded any violation of rights of indigenous peoples. At one of its power generation units, (UHE Lajeado, in Tocantins), an agreement signed between Investco and the National Indian Foundation (Funai) was completed in 2009. In force since 2001, at the time of construction of the hydroelectric plant, the agreement was part of the Xerente Environmental Compensation Program (Procambix) and benefited 57 Indian villages and 3,000 Indians. During the period, the program represented the transfer of R\$ 15.2 million to Funai for the development of programs in indigenous communities.



Environmental performance

103	Climate change
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THE ENVIRONMENT

The environmental policies and practices of EDP Brasil are driven by respect for the universal values of preserving nature and life. In line with its principles of Sustainable Development, the Group has pledged to consider the socio-environmental component in its activities, investment decisions, and across the entire value chain, especially in critical suppliers, logistics, and customers.

The strategic direction, to grow in activities of power generation with a focus on renewable energy, expresses this commitment. Its portfolio of projects is predominantly from water sources – with an emphasis on Small Hydroelectric Plants (SHPs) and wind farms. In 2012, when the Pecém I thermal-electric plant is completed and the installed capacity reaches 2,116 MW, this proportion will reach 83% – similar to the Brazil’s average offer of electricity (87% according to 2008 data) and well above the world (18% according to 2006 data).

Investments and expenses on environmental activities totaled R\$ 29.2 million in 2009, 71% of which was concentrated on protecting biodiversity and landscapes. This item includes installation of compact and isolated networks, which provide performance of the better system, more harmonious coexistence with vegetation in urban areas, and less impact on the landscape. Other major investments were directed toward the licensing of new environmental protection initiatives and undertakings.

In the definition of its investment projects, the Company will consult the stakeholders. Examples are the community forums established during the construction of the Angical Peixe plant, in Tocantins, and the Santa Fé SHP, in Espírito Santo, to discuss the social and environmental impacts of these projects.

SOURCES OF ELECTRIC POWER GENERATION

	EDP Brasil	Brazil ⁽¹⁾	World ⁽²⁾
Renewable energy (wind, hydraulic power and electricity, firewood and charcoal, derived from sugar cane and others)	100%	87%	18%
Non-renewable energy (petroleum and derivatives, natural gas, coal and uranium)	0	13%	82%

(1) Energy Research Company (EPE): National Energy Balance 2009 – preliminary data
(2) Ministry of Mines and Energy: Brazilian Energy Review – Preliminary 2008 results.

“The company recently certified three substations with ISO 14001 and is training employees in internal audit, with the aim of expanding the concept of sustainability and certification to other areas .”

Regina A. Ramos de Oliveira, employee from the Maintenance Planning department (SP)



INVESTMENTS AND ENVIRONMENTAL SPENDING (R\$ MILLIONS) (GRI EN30)

	2007	2008	2009
Protection of air and climate	0.02	0.00	0.01
Wastewater management	0.28	0.00	0.00
Waste management	0.24	0.42	0.90
Protection and recuperation of soil, groundwater and surface water	2.43	1.51	2.31
Protection of biodiversity and the landscape	10.21	12.17	20.75
Other initiatives of environmental management and protection	17.80	4.96	4.98
Research and development in the area of the environment	0.20	0.00	0.27
Total	31.17	27.31	29.22

A Biodiversity Policy was developed this year, which has been approved by the Company's board of directors and will be launched in 2010, the International Year of Biodiversity. This policy establishes guidelines for the work of EDP Brasil.

The theme of biodiversity was addressed in lectures during the monthly meetings of "Boca Livre," a program that comprises employees from all companies in the Group for the presentation and discussion of Group policies and topics of current interest, such as sustainability, human rights, and ethics, among others. The goal was to raise awareness about the importance of biodiversity for the future of the planet.

And to mark the Year of Biodiversity, the theme will be addressed in 2010 in the "Art with Energy" project, which promotes EDP Institute in public schools in five states (SP, ES, MS, TO, SC) and will involve the participation of approximately of 8,000 students.

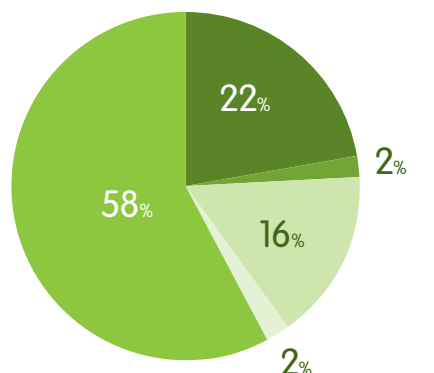
CLIMATE CHANGE

Companies from the electric power sector around the world have been invited to submit solutions regarding climate change, resulting in measures that indicate a profound transformation in the generation and distribution of electricity.

Discussions on this theme led to the approval of Law No. 12,187 of December 29, 2009 - National Policy on Climate Change, which establishes targets for reduction between 36.1% and 38.9% of Brazilian emissions of greenhouse gases (GHG) projected by 2020. Preliminary information from the Brazilian Inventory of Greenhouse Gases, held by the Ministry of Science and Technology, show that emissions from the energy sector account for 16% of the total. This sector, of which the EDP is a part, includes emissions from the entire chain of production, transformation, distribution and consumption of energy.

The contribution of EDP Brasil to this issue is done through the active role in the sector's programs and initiatives, and participation in national and international debates and forums. Thus, the Group has anticipated the issues of climate change, not only by investing

Brazilian emissions of greenhouse gases (GHG) by industry – 2005



- Farming and cattle raising
- Industrial processes
- Energy
- Treatment of residues
- Change in the use of land and forests

Source: Brazilian Inventory of Greenhouse Gases - Ministry of Science and Technology (Nov/09)

in clean energy, but also by calculating its emissions and mapping out the risks and opportunities in its business activities.

One example of this was joining the Carbon Disclosure Project (CDP) in 2006, an initiative funded by Carbon Trust, the British government, and a group of foundations led by the Rockefeller Foundation. With 385 signatories, it constitutes the largest coalition of investors in the world. By means of questionnaires sent annually to more than 3,000 companies from all



continents, CDP has compiled the world's largest database on the issue of greenhouse gases, and its reports - published each year - offer a detailed analysis of how large corporations are positioned in relation to climate change.

Another initiative that demonstrates the positioning of EDP Brasil in relation to climate change was its participation as a member of the Brazilian government delegation at the 15th Conference of Parties (COP-15) of the United Nations Framework Convention on Climate Change (UNFCCC), held in December 2009 in Copenhagen, Denmark.

Prior to COP-15, EDP had joined more than 500 companies around the world to sign the Copenhagen Communiqué, an initiative of Cambridge University, and signed other domestic communiqués intended for the Brazilian government, like the one led by the Business Council for Sustainable Development (CEBDS). The Copenhagen Communiqué is an ambitious, robust and equitable agreement on climate change, responding credibly to the scale and urgency of the crises the world faces today.

Risks and Opportunities (GRI EC2)

The CDP 2009 indicated as risks related to climate change, extreme hydrological events that could result in decreased hydroelectric production and increased energy prices. High temperatures and longer summers may increase water consumption by the population, reducing the amount of water of reservoirs for energy production. Extreme wind events could cause disruption in power generation and damage to wind turbines. In addition to the risks related to generation, power distribution may also face disruption caused by extreme events.

In response to these risks, EDP's hydroelectric plants and wind farms have operational contingency plans to respond to all types of events that may cause interruptions in normal operation, some of them caused by extreme events. Regarding the distributors, EDP seeks to optimize the process with appropriate planning for the rapid intervention teams, which helps it to deal with such events more effectively.

Besides the risks, the CDP pointed out several opportunities for EDP regarding climate change. The increased production of energy from renewable sources and investments in projects that reduce emissions of greenhouse gases have appeared as physical and regulatory opportunities. Thus, the anticipation of the Company's involvement in issues related to climate change has helped EDP to identify opportunities in its business.

External commitments

EDP Brasil, in 2008, became a founding member of the Program "GHG Protocol Brazil." The initiative is aimed at promoting the measurement and encouraging voluntary management of emissions of greenhouse gases (GHGs), proposing the construction of a national platform for

publication of corporate GHG inventories, and providing participants with access to international quality standards and instruments for accounting and reporting.

The program seeks compatibility with best practices and international standards, such as the standards and methodologies of the GHG Protocol, of the International Organization for Standardization (ISO) and the Intergovernmental Panel on Climate Change (IPCC), adapted to a Brazilian context.

The implementation of the Program is a partnership between Brazil's Ministry of the Environment, the Center for Sustainability Studies at the Getúlio Vargas Foundation (CES/FGV), the Brazilian Business Council for Sustainable Development (CEBDS), the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). In October 2009, the initiative announced the pioneering publication of 22 GHG inventories, including EDP's inventory. This was the consolidation of a joint effort by the 27 founding members and organizers, in order to create a methodological basis considering the Brazilian reality. (The inventory can be accessed at www.fgv.br/ce/ghg).

As a result of the learning provided by the Program "GHG Protocol Brazil," the Group has also began participating in the Program "Empresas pelo Clima" (EPC). With the aim to discuss practical solutions for low carbon economy and contributions to the legal milestone in Brazil, the platform began activities gathering part of the founding members of the "GHG Protocol Brazil" Program and other companies from different segments.

Awards

This positioning was recognized - for the second year in a row - by the Época Climate Change Award, which includes EDP Brasil among the 21 leaders in climate policy in Brazil. In order to determine the finalists, Época magazine developed - through a technical partnership between PricewaterhouseCoopers and Editora Globo - the survey methodology, the questions and the indicators to measure the results of the companies. Criteria were established for scoring the emissions inventories and the emissions reduction plans of the companies. In all, 120 companies vied for the award.

Atmospheric Emissions

Emissions of Greenhouse Gases (GHG) are monitored in accordance with the guidelines established by the Brazilian GHG (Greenhouse Gas) Protocol program. For these guidelines, Scope 1 emissions are considered as those directly from sources that are owned or controlled by the company. Scope 2 emissions correspond to the GHG emissions stemming from the purchase of electricity consumed in administrative activities. In 2009, total emissions were 6,347 tCO₂e, 1% less than the previous year, excluding electric energy emissions data of Energest and the Investco fleet, as a means of comparison, since this information had not been accounted in 2008.

TOTAL OF DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES (GRI EN16, EN17)

	EDP Bandeirante		EDP Escelsa		Energest		Enerpeixe		Investco		EDP Consolidated ⁽²⁾	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Biomass Emissions ⁽¹⁾	277	446	80	142	18	22	24	16	17	94	416	719
Alcohol (ethanol)	277	411	80	102	18	19	25	14	17	91	417	637
Scope 1 Emissions	2,569	2,231	2,097	2,577	81	99	279	117	26	142	5,052	5,166
Gasoline	333	238	430	469	20	11	130	68	1	47	915	832
Diesel	1,299	1,223	1,293	1,388	61	88	148	49	25	96	2,826	2,844
CNG	26	5	-	-	-	-	-	-	-	-	26	5
SF6	912	765	374	719	-	-	-	-	-	-	1,286	1,484
Scope 2 Emissions	322	153	384	227	-	75	9	3	3	5	718	462
Electric Energy	322	153	384	227	-	75	9	3	3	5	719	462
Total emissions	3,168	2,830	2,562	2,946	100	195	313	135	46	241	6,189	6,347
Variation		- 10.7%		- 15.0%		95.3%		-56.9%		423.9%		2.6%

(1) Calculation based on the consumption of ethanol plus the levels of biofuels added to the fossil fuels.

(2) The consolidated figures of EDP for 2008 do not consider emissions from Enersul, which was sold. These corresponding emissions for 2008 were 2,106 tCO₂e.

All Group companies follow the Program for the Reduction of Fuel Consumption and the Program for the Management of Atmospheric Emissions, which aim to reduce emissions from the fleet of vehicles. At EDP Escelsa, both programs are complemented by the Intelligent Driving System, which allows the monitoring of vehicles through an onboard computer. The result of the data gathered by the system is used to increase the efficiency of vehicle use and fuel consumption.

The thermoelectric power plants under construction will make use of modern methods of reducing the emission of NO_x and SO_x particles. At the Pecém thermoelectric power plant, for example R\$ 124 million will be invested in the prevention of pollution, mainly in the Flue-Gas Desulphurization - FGD System, a technology which will promote the neutralization of pollutant compounds, such as sulfur dioxide.

In order to monitor the emissions of Greenhouse Effect Gases, EDP in Brazil has voluntarily applied to the GHG Protocol Brazilian Program in 2008 and published its first inventory as an integral part of a Group formed by 27 companies in 2009. In accordance with its guidelines, Scope 1 emissions are those which directly arise from sources which belong to or are controlled by

the company, which, in the case of EDP, are substantially represented by the fuel consumption of its own fleet. Scope 2 emissions correspond to the emissions of greenhouse effect gases arising from the acquisition of the electrical power consumed in the Company's administrative activities.

Among the initiatives to reduce the emissions of greenhouse effect gases, a highlight was the increased alcohol consumption by the vehicle fleet. The difference in the use of this fuel relates to the promotion of carbonic oxide (CO) cycling 2, differently from what happens to fossil fuels, which extract carbon from the deepest underground layers. (GRI EN18)

EDP in Brazil estimates that transport activities – basically in network maintenance and employees' commuting – do not have a significant impact on the environment, both in terms of air emissions and in terms of generation of waste or sound pollution. There is no separation between the data on the fleet for logistics purposes and internal public commuting. The maintenance of the fleet is outsourced and the garages are reviewed in relation to the prevailing environmental standards, which include waste allocation procedures. (GRI EN29)



Clean Development Mechanism (CDM) Chiefs of State met in Japan, in 1997, to discuss and sign the international agreement which became known as the Kyoto Protocol, under which the countries of Attachment 1, among which are the European countries and Japan, agreed to reduce their greenhouse gas emissions by 5.2% based on the emissions of 1990. In order to help the countries meet their targets, flexibilization mechanisms were developed, among which is the Clean Development Mechanism (CDM), the aim of which is to encourage the reduction of emissions and the sustainable development of developing countries (regarded as 'Non-Attachment I countries') CDM makes it possible for Non-Attachment I countries, among which is Brazil, to develop clean technology projects, generating carbon offsets which will enable the carrying out of these projects.

EDP Brazil, which strongly operates in the generation of power through renewable sources, is one of the trailblazing companies in the electrical power sector to prepare carbon offset projects. The Group has five CDM projects registered with the UN Climate Change Executive Committee, three of them arising from water power sources and two from wind power sources. They are: repowering of the 4th machine in the Mascarenhas hydroelectric plant and PCH São João, located in Espírito Santo, PCH Paraíso in Mato Grosso do Sul, and Parque Eólico Água Doce and Horizonte, both in Santa Catarina Together, these projects led to an annual reduction of approximately 133 thousand tons of carbon dioxide (CO₂).

Two other projects are being validated - Santa Fé Small Hydroelectric Plant and the set of repowering projects of the plants Suiça and Rio Bonito and machines 1, 2 and 3 of Mascarenhas Plant, all of which located in Espírito Santo State, in addition to two projects still at an initial phase.

In 2009, the Company carried out two sales of Verified Emission Reductions (VER) in the market for voluntary carbon offsets, in accordance with the provisions of the Kyoto Protocol, generating a revenue of approximately R\$ 630 thousand, fully invested in the EDP Institute. (GRI EU5)

Prospects for 2010

In 2010, the Group intends to invest in initiatives aimed at mapping the risks and opportunities linked to the distribution and generation business. Accordingly, the Company will proceed with the carbon offset projects already in progress, and will also start new projects. EDP will also seek to further detail its greenhouse gas emissions, in order to make more effective contributions to the reduction targets and the national and state climate change policies.

ENVIRONMENTAL IMPACT MANAGEMENT

The EDP companies in Brazil operate under the guidance of the Integrated Sustainability Management System – which gathers

procedures from the environmental, workplace safety and occupational health areas - and of the Integrated Environmental, Health and Safety Policy. This policy establishes, for instance, the use of socio-environmental criteria that mitigate the local and regional impacts of its activities.

The quality of environmental management is certified by the ISO 14001 standard. In 2009, Peixe Angical Hydroelectric Power Plant was recertified by this standard and two new generation assets were awarded this certification: the small hydroelectric plants São João and Paraíso. As far as distribution is concerned, the process to obtain the certification of three substations at EDP Bandeirante and two substations at EDP Escelsa has been started, and shall be concluded throughout 2010. The entire process is supported by the management software called IUS Natura, which centralizes all the information on activities related to the environment.

Consumption of natural resources

In 2009, the Group was engaged in an initiative called Econosco Project, consisting of actions to encourage the reduction of the consumption of natural resources and waste generation; this project also encourages the use of the ecological footprint concept, which calculates the environmental impact of individuals, organizations and populations. Various actions have been carried out since the start-up of the program, such as: collection of the paper used in the offices and Christmas meal cards to be sent to recycling facilities, optimization of the printing of documents of the maintenance and construction areas, among other actions.

Econosco also identifies improvements related to the modernization of facilities and equipment which can lead to a lower consumption. During the year, these initiatives allowed for a 4.1% decrease in total power consumption and a 1% decrease in greenhouse gas emissions, disregarding the data on the electrical power emissions of Energest and the fleet of Investco, as such data were not considered in the previous year.

Energy

The direct energy consumption of EDP in Brazil in 2009 was 60,641 GJ, which is practically the same amount as that for the previous year (60,431 GJ). Disregarding the data of Energest and Investco, which expanded operations and incorporated more vehicles into the fleet, the reduction was 4.1%. An increase of 49.2% in the consumption of renewable energy and a drop of 2.8% in non-renewable energy consumption.

Direct energy refers to the consumption of fuels of the own fleet, used in the operations of the plants, network maintenance and employees' commuting. In general, there was a drop of 7.8% in the gasoline consumption, thanks to the fleet management program addressing periodic maintenance, guidance to drivers for efficient driving and also the adoption, to the extent possible, of the use of alcohol by flex-fuel cars. (GRI EN5)

DIRECT ENERGY CONSUMPTION ⁽¹⁾ (GRI EN3)

	EDP Bandeirante		EDP Escelsa		Energest		Enerpeixe		Investco ⁽²⁾		EDP Consolidated	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Renewable (GJ)	3,252	4,235	-	41	220	197	-	-	163	952	3,635	5,424
Alcohol (ethanol)	3,252	4,235	-	41	220	197	-	-	163	952	3,635	5,424
Non-renewable (GJ)	24,618	21,539	25,925	28,092	1,220	1,424	4,479	1,954	553	2,207	56,796	55,217
Gasoline	6,176	4,463	7,986	8,814	371	204	2,420	1,274	26	880	16,979	15,635
Diesel	18,021	16,990	17,938	19,278	849	1,220	2,060	680	527	1,327	39,395	39,496
CNG	421	86	1	-	-	-	-	-	-	-	422	86
Total consumption (GJ)	27,870	25,775	25,925	28,133	1,440	1,621	4,479	1,954	716	3,159	60,431	60,641
Direct energy saving		-7.5%		8.5%		13.0%		-56.4%		-340.9%		-0.4%

(1) In the prior years, consumption was presented in TJ.

(2) Consumption refers to both own and third-party fleets, as there is no separate accounting

FUEL CONSUMPTION

	EDP Bandeirante		EDP Escelsa		Energest		Investco		Enerpeixe		Consolidado EDP	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Gasoline (in thousands of liters)	188.4	136.1	243.6	268.9	11.3	6.2	0.8	26.8	73.8	38.9	517.9	476.9
Diesel oil (in thousands of liters)	498.9	470.4	496.6	533.7	23.5	33.8	14.6	36.7	57.0	18.8	1,090.7	1,093.4
Ethanol (in thousands of liters)	188.5	245.9	0	2.4	12.8	11.4	9.5	55.2	0	0	210.7	314.9
Natural gas (m ³)	12,528	2,566	18	0	0	0	0	0	0	0	12,546	2,566

Indirect energy consumption – electrical power of the administrative and production areas – totaled 68,335 GJ, 28.1% above that for the previous year. EDP Bandeirante had a reduction of 5.7% and Enerpeixe of 15.1%. EDP Escelsa, on the other hand, recorded an increase of 16.9% as a result of the increase in the number of stores and service stations.

INDIRECT ENERGY CONSUMPTION (GRI EN4)

	EDP Bandeirante		EDP Escelsa		Energest ⁽²⁾		Enerpeixe		Investco ⁽³⁾		EDP Consolidated	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Electrical power consumption (MWh)	6,617	6,242	7,944	9,289	-	3,080	193	164	59	207	14,813	18,982
Total energy consumption (GJ) ⁽¹⁾	23,821	22,470	28,597	33,440	-	11,611	695	589	213	745	53,327	68,335
Economy (%)		- 5.7%		16.9%		-		-15.1%		249.9%		28.1%

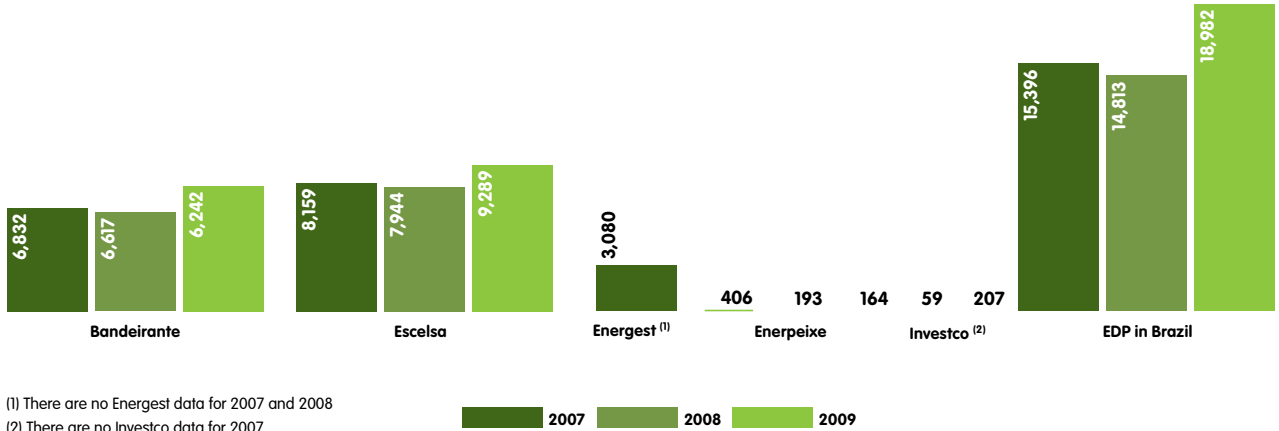
(1) Data recalculated based on the GHG Protocol methodology. The CNG and Diesel lines were excluded under the understanding that they apply to direct energy consumption (EN3). In 2008, the consumption of Enersul was excluded, as it no longer belongs to EDP in Brazil.

(2) The electrical energy consumption of Energest, in 2009, started to include the consumption of the plants. The consumption of the administrative areas is diluted in the facilities of the other companies of EDP in Brazil.

(3) The electrical energy consumption of Investco, in 2009, exceeded the amounts presented in the previous years, since these data were partial as a result of the transfer of the operation of the plant to EDP in Brazil.



Electrical power consumption (GRI EN4)



In 2009, the Group promoted electrical energy and fuel saving actions through the Econosco Program. To do so, campaigns were held to raise the awareness of employees, and information materials were distributed presenting saving tips to be used within and outside the Company. (GRI EN7)

In the administrative buildings, rules were established regarding the turning off of IT equipment, central air conditioner and lighting system after 7 p.m. The new front lights of the stores of the distribution companies were based on the most recent LED technology, allowing an energy saving of up to 80%. And as part of the green TI actions, the server system was replaced, allowing a saving of approximately 324MW/h per year, and various pieces of equipment are being replaced by more efficient ones.

water

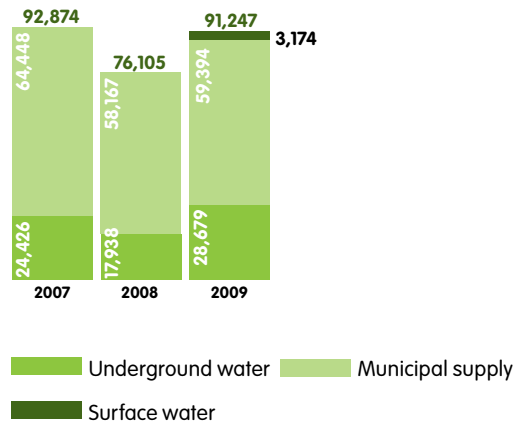
The total water consumption of the companies was 91,247 cubic meters, a volume 13% higher than that for 2008, excluding the consumption of Energest and Enerpeixe, which started to be accounted for in 2009. One of the reasons for the increase noted in the distribution companies is the increased water consumption by the employees as a result of the swine flu epidemics during the year, which is conducive to the personal hygiene practice. For 2010, we intend to adjust the consumption thresholds to Econosco.

There are no water sources significantly affected by the interruption of water supply. Most of the water consumed is provided by the municipal supply network. In the case of EDP Escelsa and Enerpeixe, the use of the grants issued for water harvesting (underground and surface) is insignificant. (GRI EN9)

A water reuse program is maintained in Cachoeiro do Itapemirim (ES), whose recycled volume in 2009 was 315.6m³. This accounts for 0.7% of the total consumption of EDP Escelsa and for 0.3% of the total consumption of EDP in Brazil. (GRI EN10)

Water consumption – consolidated (GRI EN8)

(In m³)



2007 and 2008 does not include data on generators; 2009 excludes Investco and Energest.

Materials

As far as the materials used are concerned, the Company seeks to use them in a responsible manner and reuses meters and transformers repaired at specialized garages. A system which has been in place since 2008 establishes procedures for the qualification, registration and evaluation of material and service suppliers, in order to encourage the hiring of companies committed to the values and the aspects related to health, safety, the environment and social responsibility.

A matrix of legal requirements provides guidance for the areas which are hiring and the market during the consultation process, ensuring full legal compliance of the Group's suppliers, extending the sustainable development principles to the value chain. The companies' offices use recycled paper and/or paper with a label

which attests that it is originated from forests planted in accordance with the sustainability criteria certified by the Forest Stewardship Council (FSC). At the end of 2009, a project was implemented in order for all the electric power bills of EDP Bandeirante to be printed on paper which has the FSC label.

MATERIALS USED (GRI EN1)

Materials	un.	EDP Bandeirante		EDP Escelsa	
		2008	2009	2008	2009
Hardware	kg	5,412	4,189	771	1,122
Public lighting					
Street light arm	Parts	30,848	2,445	0	0
Lamp	Parts	44,324	5,058	565	0
Light bulbs	Parts	98,699	82,322	679	0
Reactors	Parts	17,025	18,037	509	0
Relays	Parts	33,025	30,568	348	0
Igniters	Parts	1,582	1,009	0	0
Cables and wires					
Aluminum cables	kg	1,867,786	1,881,896	2,636,315	2,714,375
Copper cables	kg	658,990	502,940	1,810,794	1,924,418
Sundry cables	Meters	251,435	152,803	2,964,425	0
Special Works ("Light for All" and legalization of installations)	Parts	49,876	27,961	11,014	0
Keys	Parts	743	441	28,831	35,873
Connections	Parts	1,072,899	1,046,703	1,523,230	1,068,135
Steel universal joints	Parts	3,018	64	171	104
Wood universal joints	Parts	16,981	15,990	35,016	19,765
Fusible interfacing	Parts	66,813	69,676	214,389	130,206
Isolators	Parts	132,447	119,719	190,241	97,222
Measurers	Parts	117,699	134,911	57,284	143,504
sealing seal	Parts	253,100	76,618	11,449	8,600
lightning rods	Parts	12,040	11,245	25,751	14,577
Posts					
Concrete	Parts	8,444	0	24,704	5,939
Wood	Parts	3,616	3,005	6,180	2,001
Transformers	Parts	8,657	8,723	11,466	7,504

The generation companies do not have control over the materials used, which are not significant in relation to the distributors.

INVENTORY OF ASKAREL (PCB) ⁽¹⁾ (GRI EN1)

Contaminated equipment	2008	2009	Total stored ⁽²⁾
Capacitors (kg)	1,004	3,412	4,416
Contaminated oil (kg)	9,612	0	9,612
Reactor capacitor (kg)	1,446	0	1,446
Total			15,475

(1) EDP Escelsa does not have equipment contaminated with PCB (the last one was incinerated in 2005).

(2) Material awaiting destination.



MATERIALS FROM RECYCLING (GRI EN2)

Materials	Un.	EDP Bandeirante		EDP Escelsa		
		2008	2009	2008	2009	
Measurers						
Total removed	Parts	117,699	134,911	57,284	124,046	
Recovered	Parts	18,958	39,400	46,203	85,898	
% recovered		16.1%	29.2%	80.7%	69.3%	
transformers						
Total removed	Parts	4,104	4,291	810	811	
Recovered	Parts	1,334	1,286	1,239	325	
% recovered		.5%	30.0%	153.0%	40.1%	

Waste

The distributors produced 9,076.3 tons of waste, of which 97.8 tons are dangerous (used oil and mercury lamps). At the generation companies, the waste refers to administrative areas and is not accounted for. The maintenance activities are outsourced, and the contracted companies are in charge of the handling and disposal of waste (oil, contaminated cloth, etc.).

Dangerous waste is fully sent to specialized companies, which refine used oil and perform the decontamination of mercury lamps. The company manages to eliminate the use of polychlorinated biphenyl (PCB - askarel). The waste contaminated with this isolating oil is incinerated, as well as the equipment containing PCBs.

Metallic waste (iron, copper, aluminum and other metals) and concrete posts are segregated and sold to recycling and reuse companies, which reprocess the material and reintroduce them into the market - usually with reinsertion into the same system of the distributor.

Office waste is collected by collection companies or cooperatives, which are responsible for the recycling or sale to the companies of recycling of these materials.

Enerpeixe has a selective collection system in the administrative buildings, but because in the region there are no places for the recycling or reuse of such waste, it is sent to the municipal sanitary landfill.

MANAGEMENT OF WASTE ⁽¹⁾ (GRI EN22)

	EDP Bandeirante	EDP Escelsa	EDP Consolidated	Disposal method ⁽²⁾
Dangerous Waste (t)				
Used Oil	-	57.1	57.1	Refine
Mercury lamps	30.7	1.6	32.3	Decontamination
Crushed rocks with oil ⁽³⁾	2.8	-	2.8	Storage
Waste contaminated with oil ⁽³⁾	1.7	-	1.7	Storage
Oil and waste with PCBs ⁽³⁾	3.4	-	3.4	Storage
Batteries ⁽³⁾	0.1	-	0.1	Storage
Silica gel ⁽³⁾	0.2	-	0.2	Storage
Paints and solvents ⁽³⁾	0.2	-	0.2	Storage
Non-dangerous waste (t)				
Carcass (transformers and capacitors)	5.8	21.0	26.8	Recycling
Isolators	44.0	-	44.0	Recycling
Reactors	45.7	-	45.7	Recycling
Aluminum cables	185.8	649.0	834.8	Recycling
Iron and steel	368.2	56.1	424.3	Recycling
Non-dangerous cables	160.1	26.9	187.0	Recycling
Concrete posts	3,140.0	4,066.0	7,206.0	Recycling

(1) Excludes generation companies, which produce only administrative waste.

(2) Waste sent to specialized and licensed companies.

(3) Stored waste, without destination.

MANAGEMENT OF WASTE ⁽¹⁾ – CONTINUATION

	EDP Bandeirante	EDP Escelsa	EDP Consolidado	Método de disposição ⁽²⁾
Wood	-	50.0	50.0	Recycling
Paper and cardboard	36.5	19.6	56.1	Recycling
Plastics	2.3	1.9	4.2	Recycling
Aluminum and other metals	0.02	2.8	2.8	Recycling
Metallic mix	40.7	-	40.7	
Copper, bronze and brass	11.5	-	11.5	Recycling
Metallic waste	0.09	-	0.09	Recycling
Glass	0.04	-	0.04	Recycling
Mix (waste of paper, cardboard, plastic, aluminum, glass)	2.8	-	2.8	Recycling
Office Waste	41.7	-	41.7	Recycling

(1) Excludes generation companies, which produce only administrative waste.

(2) Waste sent to specialized and licensed companies.

(3) Stored waste, without destination.

DANGEROUS WASTE TRANSPORTED - TONS (GRI EN24) ⁽¹⁾

	2009	Destination	% treated internally	% treated by external suppliers
Lubricant Oil	0	0	76.4	0
Oil and waste with PCB	3.4	Stored	0	0
Bushing	1.1	1.1	0	100%
Light bulbs	30.7	30.7	0	100%
Infectors	0.046	0.046	0	100%
Crushed rock with oil	2.8	Stored	0	0
Waste contaminated with oil	1.7	Stored	0	0
Batteries	0.12	Stored	0	0
Silica gel	0.179	Stored	0	0
Paints and solvents	0.171	Stored	0	0

(1) Lack of international transportation of dangerous waste.

DANGEROUS WASTE TRANSPORTED - TONS (GRI EN24)

		2008	2009
Dangerous waste transported (1)	46.1	60.6	40.2
Total weight of treated dangerous waste	46.1	39.3*	31.8*

* Only lamps were treated (decontaminated); other waste awaits destination.

**Effluents**

Power distribution and generation do not produce significant effluents. Water consumption and the effluents produced are domestic and occur only in the administrative processes. EDP in Brazil follows the applicable legislation and adapts its facilities to reduce the volumes. The collection of effluents is made through the public sanitation system or, in the case of EDP Escelsa, through septic tanks built in conformity with technical standards, which accordingly, do not produce significant effects.

(GRI EN21, EN25)

At the hydroelectric plants, the water heating is not significant due to cooling systems. The Lajeado hydroelectric plant, for example, has installed capacity of 902 MW and capacity dissipated in the water equivalent to approximately 18 MW, which corresponds to 2% of total power generated by the plant. Since the volume of turbinated water is 3,000 m³/s, the thermal discharge results in water heating of 0.0014oC, which is not significant, since the evaporation of the water absorbs this variation of temperature.

In 2009, three incidents occurred involving leak of oil and fuel, all in EDP Escelsa. The leak of isolating oil from damaged transformers occurred in the municipalities of Cariacica, Vitória and Vila Velha. The leak of fuel (diesel oil) occurred in Cariacica, due to an accident with an on-shift surveillance vehicle. None of the accidents involved significant damages. The occurrences were promptly attended by the teams, which immediately collected the waste and cleaned the affected area.

The Monitoring Program of the Quality of Soils and Underground Water maintained at the substations of EDP Bandeirante monitors possible environmental liabilities through samples of soil and underground water. In 2009, 12 facilities of the company were inspected.

Among the R&D projects, is a research conducted with the University of São Paulo through the Electrotechnical and Power Institute (IEE), which studies the dispersion of oil in the soil through drilling and also in partnership with the Federal University of São Carlos to study the bioremediation of areas contaminated with isolating oil at substations, using native bacteria for degradation of oil.

BIODIVERSITY

The distributors' concession areas cover around 90% of the state of Espírito Santo and part of the interior (Alto Tietê, Vale do Paraíba and the coastal region of the state of São Paulo), operating in places with rich biodiversity, primarily in the so-called "Mata Atlântica" biome. In 2009, there were in the protection areas 6.51 square kilometers of network in the region of EDP Bandeirante and 28.78 square kilometers in the region of EDP Escelsa. (GRI EN11)

Among the Preservation Units existing in the concession region of EDP Bandeirante are the Serra do Mar State Park, the Itapeti Ecological Station, the Environmental Protection Areas of the Tietê River, of Paraíba do Sul River and of Serra da Mantiqueira, as well as the Spring Protection and Recovery Areas in the Alto Tietê region, responsible for the water supply in the city of São Paulo.

The concern with the environment, the strict application of the legislation and the commitment with the sustainability in the expansion of the electric system to cover the increasing demand for power led to the creation of an innovative tool for management of the interventions in the areas protected. Based on the Technical Information System of the company, the inclusion of the georeferenced Preservation Units (UC) enables the real-time identification of connections in protection areas or areas of restricted use, which require authorization by the inspection agencies, licensing and environmental control.

In addition, the project aimed at the training and qualification of designers of electric networks, with focus on the formation and awareness of the interferences of the electric system in the environment, including the identification of Preservation Units, areas of permanent protection and the Environmental Crime Law.

Environmental and Social Atlas prepared by EDP Bandeirante, in 2008, became a benchmarking for the industry. Prepared based on aerial photographs orthorectified at the scale of 1:10,000, the work mapped interventions under the company's transmission lines, indicating the existence of 89 remainders of natural vegetation in the 894 km of high-tension network.

ENVIRONMENTAL INCIDENTS ⁽¹⁾ (GRI EN23)

	EDP Bandeirante		EDP Escelsa		EDP Consolidated	
	2008	2009	2008	2009	2008	2009
Number of leaks	2	0	4	4	6	4
Volume of oil	3,000	0	150	2,690kg ⁽²⁾	3,150	2,690 kg ²

(1) There were no leaks in the generating companies.

(2) At EDP Escelsa, due to the method used by the company responsible for the cleaning (use of rock powder to absorb the leaked oil), the measurement of the leak is in mass units (kg) and not in volume.

Management of impacts (GRI EN12, EN14)

In all their activities (daily, non-daily and emergency), the generation and distribution companies of EDP in Brazil have specific procedures that specify, qualify and classify the direct and indirect environmental impacts. They are described in relation to the situation (current, past and future), nature (positive and negative), responsibility (direct and indirect), the frequency and the severity.

Measures are adopted to reduce the impacts, based on the pursuit of excellence in the environmental management and responsible performance. The corporate culture provides for the awareness of managers and employees, inclusion of the social and environmental component in the investment decisions and the use of technology that contributes to the preservation of nature.

In the generation, many monitoring studies are part of the environmental conditions of the project, and cover aspects such as: water levels, water quality, hydro geological, riparian vegetation, sedimentologic, marginal slopes, fish fauna, limnology, seismologic, climate, environmental education plan and of use and conservation of the reservoir, researches and management of flora, monitoring of the phytoplankton community, monitoring and rescue of wild fauna, among other. Lajeado hydroelectric plant, for example, also includes the monitoring of the population of river dolphins.

All the aspects related to biodiversity are listed in the Environmental Impact Studies (EIA) and in the Environmental Impact Report (Rima). In the hydric projects, for example, refer to the flooding of areas for reservoirs and usually restricted to the phase of implementation of the project. At the phase of plant

operation, the monitoring is supported by continuous programs that are part of the conditions to be met for the regular licensing of operation of the facilities.

Investco concluded in 2001 the cleaning of the reservoir of Lajeado hydroelectric plant through disinfection of cesspits, pigpens, corrals, poultry guards and other, and with the deforestation of approximately 70% (43 thousand hectares) of the area. After the reservoir is full, so as to preserve the beauty of the landscape and to protect the areas for navigation, the underwater cleaning of 6.5 thousand hectares was made, removing the tree trunk material.

At the distributors, the impacts are considered low. The major concern is to reduce the effect of the transmission lines on the local landscape, vegetation and fauna. An example of initiative is the adoption of compact and isolated network, which reduces interferences on the vegetation and, accordingly, the intensity of pruning. In order to protect the bird fauna, for example, EDP Escelsa promoted the reallocation of nests and the installation of birdhouses in the areas of the power distribution substations. Also, perches were built in the electricity networks located in Preservation Units.

So as to control their impact on specially protected areas, the distributors developed, in partnership with the State Environment Secretariats, an additional tool in the Technical Information System (SIT), whose digital cartographic and georeferenced basis enables the recognition and real-time blocking of any interferences. The system is also used to identify requests of connections that require special authorization of the protection and environmental control agencies. (GRI EN26)

IMPACTS ON THE BIODIVERSITY (GRI EN12)

Aspect	Direct impact	Indirect impact
Maintenance of transmission and distribution lines	- Contamination soil / water / materials / waste (handling of pesticides) - Impact on the fauna and flora (Suppression of vegetation, removal of the native vegetation, production of wood waste) - Erosive processes / sedimentation of water bodies (construction and maintenance of accesses)	Barrier to the dispersion of some species and effects of borders (changes and disturbances in the limit between forested and non-forested areas)
Fragmentation and isolation of areas	Reduction of habitats for fauna (suppression of vegetation)	Barrier to the dispersion of some species and edge effects
Impacts and thermal discharge	Low significance in hydroelectric power generation	Low significance in hydroelectric power generation
Pollution	- Water/soil pollution (installation/maintenance of equipment containing insulating oil, PCB, lead acid liquid)	Impact on the fauna and flora
Reduction of species	There was no reduction	There was no reduction
Preservation of habitat	There was no reduction	There was no reduction
Changes outside the natural level of variation - hydroelectric plants	Impact on the fauna and flora (alteration to the natural flow level of rivers)	Reduction of fish habitats



MITIGATION OF IMPACTS (GRI EN26)

Aspect	Initiative	Income
Contamination of soil and underground water	Program for Management of Soil and Underground Water Quality, developed at the EDP Bandeirante since 2004	Detailed investigation of twelve installations in 2009.
Noise pollution	Monitoring and control of noise levels in substations, to guarantee acceptable noise levels for the populations who live around the installations	The fourth noise monitoring campaign was run, covering fifteen substations of EDP Bandeirante.
Waste	Selective collection system of EDP Bandeirante, EDP Escelsa and Enerpeixe	Collection of 56 t of paper. Decontamination 3.1 thousand fluorescent light bulbs
Used Oil	Oil filtering systems (dialysis) in power transformers of substations	Ten new filters installed, totaling sixty-two insulating oil filters, at EDP Escelsa
Pruning	Minimizing the effect of transmission lines on the landscape, vegetation and local fauna.	Adoption of compact, isolated nets to reduce interference on the vegetation

Recovery (GRI EN13)

As a result of the commitments to sustainability and the licensing of operations, the EDP companies in Brazil maintain programs for environmental recovery and revegetation in protected or degraded areas, promoting the recovery of the biodiversity in these areas.

Due to the construction of a transmission line, EDP Bandeirante made a commitment with the São Paulo State Government for the adoption of a series of mitigating and compensatory measures in the Tietê Ecological Park, between São Paulo and Guarulhos. The project involved planting of twenty-five thousand tree saplings of native species, providing equipment for the Center for the Rehabilitation of Wild

Animals, and the installation of protective fences and walls along a thousand meter perimeter, to protect the animals that live there. In 2009, the planting of 10,176 saplings in the Tietê Ecological Park was accompanied and monitored.

Also, to compensate for its carbon dioxide emissions (CO₂), the EDP Bandeirante signed an agreement with the Municipal Council of São José dos Campos and planted 3,150 saplings of native species of the Mata Atlântica forest, in properties of small producers or in degraded Permanent Conservation Areas of the Municipal Council of São José dos Campos, in the district of São Francisco Xavier.

RECOVERY AT THE TIETÊ ECOLOGICAL PARK

	Number of saplings	Occupied area in m ²
Aerial Branch of the RAE Guarulhos Station	357	1,428
Aerial Transmission Line LTA Northeast - Dutra	8,667	34,668
Aerial Transmission Line LTA North-Vila Olívia	600	2,400
Distribution Transformer Station - ETD Dutra	352	1,408
North-Northeast Maintenance	200	800
Total	10,176	40,704

In the power generation companies, the areas around the plants have been restored. At Enerpeixe, this process involved reforestation or enrichment and regeneration of an area of 247.4 hectares. An agreement signed in 2006 with the Companhia Independente de Polícia Militar Ambiental (Cipama - the Environmental Military Police) seeks to increase legal control of protection of the fauna and flora around the reservoir. Also, a contract signed with the Federal University enabled the saplings to be produced from seeds collected in the region.

At Energest, a total of 114.2 hectares has been restored. In 2010, actions of reforestation or recovery of degraded areas will be carried out at the following plants: PCH Santa Fé, PCH

Mascarenhas, UHE Suiça, PCH Rio Bonito, PCH Alegre, UHE Mimoso (2nd phase), CGH São João 1, CGH São João 2 and CGH Coxim.

In 2009, Investco completed the reforestation of approximately 380 hectares, as well as monitoring and maintenance of saplings planted in the area around the reservoir, and on islands created in the formation of the reservoir during the construction of the plant. There are also plans for reforestation works of approximately 17 hectares, and the continuation of actions to monitor and maintain the saplings planted. During the construction phase, the Restoration of Degraded Areas Plan covered the worksite, camp, and loan and landfill areas and the sand pits, totaling approximately 90 hectares.

REFORESTATION AREAS - UHE PEIXE ANGICAL

	Area (ha)
Conventional reforestation Area	90.84
Enrichment Area	11.26
Regeneration Area	145.33

RESTORED AREAS - ENERGEST

	Area (ha)
UHE Mimoso	19.4
PCH Paraíso	75.9
CGH São João II	10.8
CGH São João I	6.1
CHG Coxim	2.0





Monitoring of the flora and fauna (GRI EU13)

Besides the recovery of areas, the power generation companies also carry out continual monitoring of the flora and fauna in the region around the plants. At the Peixe Angical plant (TO), the actions include the formation of germ plasm banks (genetic material that is representative of certain plant populations) and dried specimens - samples of pressed, dried plants, which contain the main characteristics of each species - which were subsequently donated to the Federal University of Tocantins.

The germ plasm of AHE Peixe Angical was preserved throughout the area of influence of the project, during and after the construction and filling of the reservoir. From the preserved seeds, 200 thousand saplings of native species were produced, for reforestation in permanent conservation areas. These saplings were produced in a greenhouse within the Plant itself, with a total area of 3.5 thousand square meters.

The monitoring of the fauna covered the study of mammals, birds, reptiles and amphibians, in the stages of filling and post-filling of the reservoir, which occurred from February 2006 to July 2008. The monitoring of the fauna covered the study of mammals, birds, reptiles and amphibians, in the stages of filling and post-filling of the reservoir, which occurred from February 2006 to July 2008. Contemplating the typical seasonality of the 'Cerrado' or savanna biome (rainy and dry seasons), the survey that guaranteed representative samples for the various categories of vertebrates.

At the UHE Lajeado, research and management of the flora and fauna include: forestry and phytosociological survey; preservation of germ plasm and propagation of plant species; monitoring of the phytoplankton community; entomological and malacological monitoring; monitoring of chelonians (turtles), monitoring of river dolphins, and survey of fish.

The concession areas of the distributors, and also of the hydroelectric plants of Energest, are largely comprised of "Mata Atlantica" biome, which is the habitat of around 60% of species threatened with extinction, according to a list published by the Ministry of the Environment, based on a survey carried out in 2004. In the area of influence of the Peixe Angical Plant in Tocantins, eight species threatened with extinction were identified. In the region of the Lajeado Hydroelectric Station, the species in danger of extinction: six felines, otter, great anteater, bush dog, maned wolf, marsh deer (known locally as the sussuapara) and a species of quail (*Taoniscus Nanus*). None of these species has been directly affected by the undertaking. (GRI EN15)

Among the programs carried out to protect the fauna in the region of the Peixe Angical Hydroelectric Station, special mention goes to the monitoring of the blue macaw (*Anodorhynchus hyacinthinus*), with the support of radio transmitting tags that pass on ecological and behavioral data regarding the species.

In the region where EDP Escelsa is working, the most sensitive areas cover the Parque das Hortênsias Residential Condominium, located in municipal district of Domingos Martins, in the mountainous region of Espírito Santo with a considerable portion of the residual Atlantic Rainforest. In the aim of preserving the local fauna, the company has carried out work to a substitute the low-tension network cables with insulated cables, as well as intensifying maintenance and clearing of the access roads, impeding the animals from using limbs and trees close to the power grids and suffering electrocution.

Other highlighted regions are in the municipal districts of Santa Maria de Jetibá - where researchers from the Federal University of Espírito Santo monitor a group of woolly spider monkeys (a species of monkey in danger of extinction) - and in Linhares, with a number of remaining areas of the native vegetation, such as the Goytacazes National Forest.

FAUNA AT THE UHE PEIXE ANGICAL

	Number	% of the total
Amphibians	1,250	10.2
Reptiles	922	7.5
Birds	9,280	75.7
Mammals	803	6.6
Total	12,255	100

ENVIRONMENTAL EDUCATION

One of the programs focused on environmental education is the Econosco program, which provides incentive for conscious consumption of natural resources and is carried out by 50 ambassadors, volunteer professionals trained by the EDP Institute in partnership with the Akatau Institute for Conscientious Consumption. The program is divided into six phases: water, paper, electrical energy, waste, fuel and emissions and for each one of these items actions are carried out to raise awareness among the collaborators. In December 2009, a two-day training program was carried out, in the aim of training the ambassadors for the first three program phases (water, paper and electrical energy).

Another instrument used to familiarize the collaborators with the concepts relating to sustainability is training via Chronos(r), a program for e-learning created by the University of Cambridge and the World Business Council for Sustainable Development (WBCSD) that has been used by EDP in Brazil since 2007. The aim of this program is to integrate the concepts of social and environmental responsibility, to provide information and practical solutions for dealing with difficult situations that arise in the context of corporate sustainability and to test the capacity of the collaborator to identify the space of the company in favor of sustainable development.

In 2009, suppliers considered as critical by the company participated in a presentational training program with contents taken from the e-learning course. EDP Bandeirante also supplied full training licenses for these same suppliers, so that they could prepare multipliers within their own respective companies.

Projects supported

EDP in Brazil promote a social edict every year to select projects to receive financial incentive from the Group. In 2009, 15 projects were run and monitored, four of which focus their attention on environmental education:

Lixoarte - Run by the Recyclable Refuse Collectors Association of Guararipe (ASSCAMARG), in Espírito Santo, its aim is to support and defend the collective interests of the recyclable waste collectors, thereby promoting their organization. The project has 3 thousand participants, including students, teachers, associates and local residents.

Reciclando Juntos - Run by the Sociedade dos Amigos do Vale do Castelo (Savac), in Castelo (ES), in the aim of promoting itinerant social-environmental education in the urban and rural communities, developing the habit of separating recyclable and non-recyclable waste materials. Benefits 3,290 people.

The Quilombola project - Run by the Voz da Natureza environmental association, in Santa Leopoldina (ES), seeks to promote the ethnic-cultural and environmental strengthening of the former runaway slave community Retiro Mangaraí, benefiting 70 people.

Educar com arte em Taquaruçu - Run by the Environmental Conservation and Sustainable Development Association in Taquaruçu, Palmas (TO), this project seeks to promote dialogue between school and community, based on a social-environmental subject matter. The project benefits 50 youths, from 12 to 18 years of age.

CONFORMITY

At the end of 2009, the companies within the Group had accumulated nine environmental law suits and 12 administrative law suits in process, being that just one of the law suits had started that year. This law suit relates to a Public Civil Suit filed by the Public Prosecution Service for the State of Tocantins against Enerpeixe, seeking, in general terms, environmental and social compensation resulting from the construction of the Peixe Angical Hydroelectrical Station. In the other companies belonging to EDP in Brazil, there is no record of administrative or judicial environmental proceedings for that period.

ADMINISTRATIVE AND JUDICIAL DEMANDS (GRI EN28)

	Total proceedings		Suits filed in 2009		Total amount (R\$ thousand)	
	Administrative	Judicial	Administrative	Judicial	Administrative	Judicial
EDP Bandeirante	0	0	0	0	0	0
EDP Escelsa	7	2	0	0	1,248.90	Inestimable ⁽¹⁾
Energest	2	1	0	0	600.0	
Enerpeixe	0	2	0	1	0	
Investco	3	3	0	0	17.80	
EDP Consolidated	12	8	0	1	1,866.80	-

(1) Relating to public civil suits for which the amounts involved are unknown at this stage of the proceedings.











Annexes

120	Initiatives aligned with the Global Compact and with the Millennium Goals
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124	GRI (Global Reporting Initiative) Summary
130	NBCT-15
132	Letter – Report of independent auditors' limited assurance
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135	Content team















INITIATIVES ALIGNED WITH THE GLOBAL COMPACT AND WITH THE MILLENIUM GOALS

Global Compact	Millennium Goals	shares
<p>HUMAN RIGHTS</p> <p>Principle 1: To support and respect internationally proclaimed human rights, within its sphere of influence.</p> <p>Principle 2: To guarantee non-complicity with the abuse of human rights.</p> <div style="display: flex; flex-direction: column; align-items: flex-start; margin-top: 20px;"> <div style="display: flex; align-items: center; margin-bottom: 10px;">  <div style="margin-left: 10px;"> <p>RESPECT and support the internationally proclaimed human rights within their influence area</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>ASSURE that they are not complicit in human rights abuses</p> </div> </div> </div>	<div style="display: flex; flex-direction: column; align-items: center; gap: 10px;"> <div style="display: flex; align-items: center; gap: 5px;">  1 </div> <div style="display: flex; align-items: center; gap: 5px;">  2 </div> <div style="display: flex; align-items: center; gap: 5px;">  4 </div> <div style="display: flex; align-items: center; gap: 5px;">  5 </div> <div style="display: flex; align-items: center; gap: 5px;">  6 </div> <div style="display: flex; align-items: center; gap: 5px;">  8 </div> </div>	<ul style="list-style-type: none"> ● Principles of Sustainable Development for EDP ● Code of Ethics ● Vision and Values ● External social investment policy and Policy against sexual and moral discrimination and harassment ● Policy for the appreciation of diversity ● Policy against the sexual abuse and exploitation of children and adolescents ● Policy against child and forced labor ● Communication policy ● Volunteer policy ● Human rights clauses in contracts with suppliers ● Association with the Abrinq Foundation for Child and Adolescent Rights ● Training and awareness raising among the internal public regarding social responsibility and citizenship ● Specialized attendance for customers with hearing deficiencies ● EDP Volunteer Program <p>Education</p> <ul style="list-style-type: none"> ● "EDP in Schools" Program ● Letras de Luz Program ● Support for child and adolescent education initiatives: Project ● Projeto Guri - Vale do Paraíba centers (SP); Canto de Leitura da Vila Cultural Center (SP); ● Learning and educating with robotics (ES); Educar com arte in Taquaruçu (TO) <p>Culture</p> <ul style="list-style-type: none"> ● EDP Culture <p>Sports</p> <ul style="list-style-type: none"> ● EDP Sport <p>Health</p> <ul style="list-style-type: none"> ● Dentistas do Bem <p>Solidarity</p> <ul style="list-style-type: none"> ● EDP Solidarity ● Support for agencies working with health projects – Grupo de Assistência à Criança com Câncer, Associação Capixaba Contra o Câncer Infantil (ES), Associação dos Amigos das Crianças com Câncer (MS) ● Support for projects to generate income – Strengthening local development in Taubaté (SP); Projeto Lixoarte (ES); Reciclando Juntos (ES); The Practice of aviculture as an alternative source of income in family agriculture (small holdings); from handling to market (TO); Life projects (ES) ● Boca Livre – Chat among collaborators regarding a number of subjects relating to sustainability and current news.

INITIATIVES ALIGNED WITH THE GLOBAL COMPACT AND WITH THE MILLENIUM GOALS - CONTINUATION

Employment rights		
<p>Principle 3: To support freedom of association and the effective acknowledgement of the collective agreement</p> <p>Principle 4: To eliminate all forms of forced labor</p> <p>Principle 5: Effective abolition of child labor</p> <p>Principle 6: To eliminate employment and occupational discrimination</p>   	  	<ul style="list-style-type: none"> Principles of Sustainable Development for EDP Code of Ethics Vision and Values Trade union relations policy Policy against sexual and moral discrimination and harassment Policy for the appreciation of diversity Trade union relations policy Policy against child and slave labor Corporate policy for the environment, occupational health and safety Commitment to the National Pact for the Eradication of Slave Labor in Brazil Clauses in contracts with suppliers that prohibit child labor, forced labor or quasi-slave labor Employee training and preparation Prevention and safety training OHSAS 18001 Certification Conciliatory Program: Balance between personal and professional life of the collaborators
<p>The environment</p> <p>Principle 7: To support the principal of precaution with regard to environmental challenges.</p> <p>Principle 8: To hold initiatives for promoting greater environmental responsibility</p> <p>Principle 9: To encourage the development and diffusion of clean technologies.</p>  		<ul style="list-style-type: none"> Principles of Sustainable Development for EDP Code of Ethics Contractual clauses with social-environmental criteria for suppliers Econosco Program, which provides incentive to reduce internal consumption of natural resources (water, energy, fuel and materials) Member of the Business Council for Sustainable Development Founding member of the Brazilian Program of GHG Protocol, for the voluntary management of greenhouse gases (GEE) Participant in the Carbon Disclosure Project (CDP), via which investors and companies have access to information on GHG Support for the Akatu Institute for Conscientious Consumption Environmental and Social Atlas that permits the mapping of interventions under transmission lines of EDP Bandeirante Environmental training and awareness raising for the internal public Corporate policy for the environment, occupational health and safety Monitoring of fauna and flora in the areas of generating stations ISO 14001 Certification Environmentally oriented P&D projects Energy efficiency programs carried out in low income communities, institutions and street lighting
<p>Anti-corruption</p> <p>Principle 10: The organizations are required to make an effort to eliminate all forms of corruption, extortion and bribery</p> 		<ul style="list-style-type: none"> Principles of Sustainable Development for EDP Code of Ethics Policy against corruption, graft and bribery Conformity with the norms established by the government agencies Joining of the Business Pact for Integrity and Against Corruption Engagement of strategic publics of World Anti-Corruption Day Boca Livre – Chat among collaborators to discuss matters of ethics and Conflicts of interest. Support for environmentally oriented community projects – O Quilombola: Development through culture and environmental conservation (ES)



SOCIAL ACCOUNTING IBASE

ANNUAL SOCIAL REPORT / 2009 - EDP IN BRAZIL (CONSOLIDATED)

1 - Calculation Basis	2009 Amount (Thousands of reais)			2008 Amount (Thousands of reais)		
Net revenue (RL)			4,648,348			4,610,492
Operating income (RO)			947,480			595,902
Gross payroll (FPB)			208,625			229,051
2 - Internal Social Indicators	Amount (thousand)	% on FPB	% on RL	Amount (thousand)	% on FPB	% on RL
Food	16,465	7.89%	0.35%	18,302	7.99%	0.40%
Compulsory social charges	60,554	29.03%	1.30%	64,899	28.33%	1.41%
Private pension	22,699	10.88%	0.49%	13,805	6.03%	0.30%
Health	21,949	.52%	0.47%	24,981	10.91%	0.54%
Occupational safety and health	30	.01%	0.00%	37	0.02%	0.00%
Education	3	.00%	0.00%	0	0.00%	0.00%
Culture	0	.00%	0.00%	0	0.00%	0.00%
Education and professional development	4,235	2.03%	0.09%	3,065	1.34%	0.07%
Day care nurseries or day care nursery grant	361	0.17%	0.01%	307	0.13%	0.01%
Profit sharing or gain sharing	27,063	12.97%	0.58%	19,257	8.41%	0.42%
Voluntary Resignation Program - PDV	0	0.00%	0.00%	205	0.09%	0.00%
Other	3,193	1.53%	0.07%	3,287	1.44%	0.07%
Total - Internal social indicators	156,552	75.04%	3.37%	148,145	64.68%	3.21%
3 - External Social Indicators	Amount (thousand)	% on RO	% on RL	Amount (thousand)	% on RO	% on RL
Education	2,213	0.05%	0.05%	2,905	0.49%	0.06%
Culture	4,498	0.47%	0.10%	3,117	0.52%	0.07%
Health and Sanitation	254	0.03%	0.01%	728	0.12%	0.02%
Sports	792	0.08%	0.02%	817	0.14%	0.02%
Anti-famine activity and food security	0	0.00%	0.00%	30	0.01%	0.00%
Other	797	0.08%	0.02%	891	0.15%	0.02%
total contributions to society	8,554	0.90%	0.18%	8,487	1.42%	0.18%
Taxes (excluding social charges)	2,606,723	275.12%	56.08%	2,586,980	434.13%	56.11%
Total - External social indicators	2,615,277	276.02%	56.26%	2,595,467	435.55%	56.29%
4 - Environmental Indicators	Amount (thousand)	% on RO	% on RL	Amount (thousand)	% on RO	% on RL
Investments related to the company's production/ operation	29,223	3.08%	0.63%	17,625	2.96%	0.38%
Investments in external programs and/ or projects external	0	0.00%	0.00%	9,685	1.63%	0.21%
Total environmental investments	29,223	3.08%	0.63%	27,310	4.58%	0.59%
As regards the establishment of "annual goals "to minimize waste, consumption in general in production/ operation and to increase effectiveness in the use of natural resources, the company		() does not have goals () attains from 51 to 75% () attains from 0 to 50% (x) attains from 76 to 100%			() does not have goals () attains from 51 to 75% () attains from 76 to 100% (x) attains from 0 to 50%	

5 - Staff Indicators	2009	2008
N° of employees at the end of the period	2,331	2,322
N° of employees hired during the period	193	223
N° of outsourced workers	3,259	4,265
N° of trainees	181	148
N° of employees over 45 years of age	819	819
N° of women that work at the company	561	534
% of management positions occupied by women	18.00%	4.06%
N° of blacks that work at the company(2)	359	365
% of management positions occupied by blacks	6.45%	4.69%
N° of handicapped or special needs individuals	49	88
6 - Relevant information regarding the exercise of business citizenship	2009	Goals 2010
Ratio between the highest and the lowest remuneration at the company	44.20	44.20
Total number of occupational accidents	23	0
The social and environmental projects developed by the company were defined by:	<input type="checkbox"/> senior management <input checked="" type="checkbox"/> senior management and managements <input type="checkbox"/> all the employees	<input type="checkbox"/> senior management <input checked="" type="checkbox"/> senior management and managements <input type="checkbox"/> all the employees
The occupational safety and healthiness standards were defined by:	<input checked="" type="checkbox"/> senior management and managements <input type="checkbox"/> all the employees <input type="checkbox"/> all the employees	<input checked="" type="checkbox"/> senior management and managements <input type="checkbox"/> all the employees <input type="checkbox"/> all + Cipa
As regards trade union association freedom, the right to collective bargaining and the internal representation of workers, the company:	<input type="checkbox"/> does not get involved <input checked="" type="checkbox"/> complies with ILO rules <input type="checkbox"/> encourages and ILO rules	<input type="checkbox"/> will not get involved <input checked="" type="checkbox"/> will comply with ILO rules <input type="checkbox"/> will encourage, will get involved and will comply with the ILO
Private pension involves:	<input type="checkbox"/> senior management <input type="checkbox"/> senior management and managements <input checked="" type="checkbox"/> all the employees	<input type="checkbox"/> senior management <input type="checkbox"/> senior management and managements <input checked="" type="checkbox"/> all the employees
Profit or gain-sharing involves:	<input type="checkbox"/> senior management <input type="checkbox"/> senior management and managements <input checked="" type="checkbox"/> all the employees	<input type="checkbox"/> senior management <input type="checkbox"/> senior management and managements <input checked="" type="checkbox"/> all the employees
In the selection of suppliers, the same ethical and social/environmental responsibility standards adopted by the company.	<input type="checkbox"/> are not considered <input type="checkbox"/> are suggested <input checked="" type="checkbox"/> are demanded	<input type="checkbox"/> are not considered <input type="checkbox"/> will be suggested <input checked="" type="checkbox"/> will be demanded
As regards the participation of employees involuntary work programs, the company:	<input type="checkbox"/> does not get involved <input type="checkbox"/> supports <input checked="" type="checkbox"/> organizes and encourages	<input type="checkbox"/> will not get involved <input type="checkbox"/> will support <input checked="" type="checkbox"/> will organize and encourage
Total number of claims and critiques from consumers:	in the Company 311,563 at Procon 6,890 in Court 3,071	in the Company 258,445 at Procon 5,969 in Court 3,071
% of claims and critiques dealt with or resolved	in the Company 100% at Procon 95% in Court 25%	in the Company 100% at Procon 100% in Court 25%
Total undistributed added value (in thousands of R\$):	In 2009: 3,894,141	In 2008: 3,678,969
Distribution of Added value (DVA):	68% government 6% collaborators 8% shareholders 10% third-parties 8% withheld	69% government 7% collaborators 7% shareholders 13% third-parties 4% withheld
7 - Other Information		

(1) Reclassified data (Net revenue, DVA and Tax Duties).

(2) Covers black and brown skinned workers within the company.

This company does not use child labor or slave labor, it has no involvement with prostitution or sexual exploitation of children or adolescents and has no involvement in corruption. Our company values and respects diversity both inside and outside the company.



GRI (GLOBAL REPORTING INITIATIVE) SUMMARY (GRI 3.12)

ES	Essential Indicator
AD	Additional Indicator
SU	Sectorial energy supplement indicator
	Correlation with the Global Compact

		Principle of the Global Compact	Page / Comment
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1.2	Description of the main impacts, risks and opportunities		37 and 62
	ORGANIZATIONAL PROFILE		
2.1	Name of organization		8
2.2	Main brand, products and/or services		8
2.3	Operational structure		8
2.4	Head office location		8 and 134
2.5	Number of countries in which the organization operates		
2.6	Type and legal nature of the property		
2.7	Markets Attended (Regions, Sectors And Types Of Customer / Beneficiaries)		
2.8	Size of organization		8, 12 to 14
2.9	Main changes during the period covered by this report, with regard to size, structure or share participation		8
2.10	Awards received in the period covered by the report		11
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EU2	Net energy production, per primary power source		41
EU3	Number of residential, industrial, institutional and commercial units		48
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EU5	Permits for CO equivalent allocations ²		106
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3.2	Date of the most recent previous report		20
3.3	Report issuing cycle (annual, bi-annual)		20
3.4	Contact details		20
	Scope and limit of the report		20
3.5	Content definition process		20
3.6	Limit of the report (countries, divisions, subsidiaries, suppliers)		20
3.7	Declaration on any specific limitations with regard to the scope or limit of the report		20
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3.9	Data measurement techniques and the bases for calculus		20
3.10	Consequences of any reformulations of previous information		20
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4.4	Mechanisms for shareholders and employees to make recommendations	1 to 10	31
4.5	Relationship between pay and performance	1 to 10	31
4.6	Current processes to ensure the conflicts of interest are avoided	1 to 10	30
4.7	Process to determine the qualifications and knowledge of the board members	1 to 10	30
4.8	Mission and values statements, codes of conduct and relevant internal principles for economic, environmental and social performance, as well as the stage of their implementation	1 to 10	23 and 32
4.9	Procedures of the highest body of governance to supervise the identification and management by the organization the economic, environmental and social performance, including relevant risks and opportunities, as well as compliance or conformity with the internationally established norms, codes of conduct and principles	1 to 10	31
4.10	Processes for self-assessment of performance for the highest body of governance, especially relating to economic, environmental and social performance	1 to 10	31
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4.11	Principle of precaution	7	62
4.12	Letters, principles and other outside initiatives underwritten or endorsed		22 to 24
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4.14	List of groups of stakeholders engaged by the organization.		28
4.15	Basis for identification and selection of the stakeholders with whom to engage		28
4.16	Approaches to the engagement of the stakeholders		28
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			Principle of the Global Compact	Page / Comment
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		Availability and reliability		
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		Demand management		
SU	EU7	Consumption management programs		96
		Research and development		
SU	EU8	P&D activities and expenses		68 to 71
		Decommissioning of power stations		
SU	EU9	Provision for the decommissioning of nuclear power stations		EDP in Brazil does not generate nuclear energy
		Economic performance		
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ES	EC3	Liability coverage for the defined benefit pension plan		86
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AD	EC5	Lowest wage in comparison with local minimum wage	1	85
ES	EC6	Policies, practices and proportion of spending with local suppliers		90
ES	EC7	Local hiring procedures	6	79
		Indirect economic impacts		
ES	EC8	Investments in infrastructure and community services		91
AD	EC9	Significant indirect economic impacts		94
		Availability and reliability		
SU	EU10	Planned capacity in comparison with energy demand forecast		44, 46 and 48
		System efficiency		
SU	EU11	Average generating efficiency for thermo-electric power stations		Currently there is no thermo generating
SU	EU12	Losses in transmission and distribution in relation to total power		49
ENVIRONMENTAL PERFORMANCE				
Form of management			7, 8, 9	35, 63, 102, 106
		Materials		
ES	EN1	Materials used, by weight or volume	8	109
ES	EN2	Percentage of recycled materials used	8, 9	110
		Energy		
	EN3	Direct power consumption discriminated by primary power source	8	107
ES	EN4	Indirect power consumption discriminated by primary source	8	107 and 108
AD	EN5	Energy saved through improvements in conservation and efficiency	8, 9	106
AD	EN6	Initiatives to supply products and services with low power consumption	8, 9	96 and 97
AD	EN7	Initiatives to reduce indirect power consumption and the reductions obtained	8, 9	108
		Water		
ES	EN8	Total water drawn per source	8	108
AD	EN9	Water sources significantly affected by drawing of water	8	108
AD	EN10	Total percentage and volume of recycled and reutilized water	8, 9	108
		Biodiversity		
ES	EN11	Location and size of company land within protected areas or regions of high biodiversity	8	112
ES	EN12	Description of significant impacts on biodiversity	8	113
SU	EU13	Biodiversity of substitute habitats	0	116

			Principle of the Global Compact	Page / Comment
AD	EN13	Protected or restored habitats	8	114
AD	EN14	Biodiversity impact management	8	113
AD	EN15	Number of species on the IUCN Red List and on national conservation lists	8	116
		Emissions, effluents and wastes		
ES	EN16	Total direct and indirect emissions of greenhouse gases, by weight	8	105
ES	EN17	Other relevant indirect emissions of greenhouse gases, by weight	8	105
ES	EN18	Initiatives to reduce emissions of greenhouse gases and the reductions obtained	7, 8, 9	105
ES	EN19	Emissions of ozone layer damaging substances, by weight	8	These are produced by refrigeration equipment and are not very significant.
ES	EN20	NOx, SOx and other significant atmospheric emissions, by type and weight	8	There are no emissions since the current generating system consists of hydroelectric stations.
ES	EN21	Total discarded water, by quality and destination~	8	112
ES	EN22	Total weight of residues, per type and method of disposal	8	110
ES	EN23	Total number and volume of significant spillages	8	112
AD	EN24	Weight of hazardous waste transported, imported, exported or treated	8	111
AD	EN25	Biodiversity in the bodies of water and habitats affected by discarded water and drainage and drainage	8	112
		Products and services		
ES	EN26	Initiatives to mitigate the environmental impacts of products and services	7, 8, 9	113 and 114
ES	EN27	Percentage of products and their packaging recuperated	8, 9	No packaging is used in the generation, distribution and sale of electrical power.
		Conformity		
ES	EN28	Fines and sanctions for non-conformity with environmental laws and regulations	8	117
		Transport		
AD	EN29	Environmental impacts from the transporting of products, goods and materials and workers	8	105
		General		
AD	EN30	Total investments and spending on environmental protection, per type	7, 8, 9	103
		LABOR RELATED PRACTICES AND DECENT WORK		
		Form of management	1, 3, 6	32, 33, 34, 35, 78, 87
		Employment		
SU	EU14	Programs and processes for ensuring the offer of a qualified work force		83 and 84
SU	EU15	Percentage of employees with the right to draw pension within the next 5 to 10 years, discriminated according to job category and region		82
SU	EU16	Policies and requirements regarding the health and safety of employees, third party and sub-contracted workers		87 and 88
ES	LA1	Workers per type of job, work contract and region		79 and 80
ES	LA2	Total number of employees and rate of turnover, by age group, gender and region	6	81
SU	EU17	Days worked by third parties (building, operating and maintenance activities)		EDP in Brazil does not yet have control over this data and plans to incorporate it in the mid-term.
SU	EU18	Health and safety training for outsourced and sub-contracted workers		89
AD	LA3	Benefits that are not offered to temporary or part-time employees Worker and governance relationships		85
ES	LA4	Percentage of employees covered by collective negotiation agreements	1, 3	89
ES	LA5	Minimum prior notice for operational changes Health and safety at work	3	89
AD	LA6	Percentage of employees represented in formal health and safety committees	1	87
ES	LA7	Injury, occupational illness, lost days, absenteeism and death rates	1	88



			Principle of the Global Compact	Page / Comment
ES	LA8	Education, training, counseling, prevention and risk control programs	1	88 and 89
AD	LA9	Health and safety related issues covered by formal agreements with trade unions	1	There are no specific clauses. The programs are in-line with the governing norms and are drawn up based on the needs of each company.
Training and Education				
ES	LA10	Average number of training hours per year, per employee, per job category	6	83
AD	LA11	Competence, ongoing learning and career end management programs		83
AD	LA12	Percentage of employees that regularly receive performance analyses		79
Diversity and equality of opportunities				
ES	LA13	Persons responsible for governance and employees by gender, age group, minorities	1, 6	30,31, 80 and 81
ES	LA14	Proportion of base wage between men and women, per job category	1, 6	85
HUMAN RIGHTS				
Form of management			1, 2, 3, 4, 5, 6	32, 33, 90
Investment practices and buying procedures				
ES	HR1	Investment contracts that include clauses relating to human rights	1 to 6	37
ES	HR2	Suppliers submitted to human rights evaluations	1 to 6	90
AD	HR3	human rights training for employees	1 to 6	87
non-discrimination				
ES	HR4	Total number of discrimination cases and steps taken	1, 2, 6	33
freedom of association and collective negotiation				
ES	HR5	Operations representing risk to the right to exercise freedom of association	1, 2, 3	89
child labor				
ES	HR6	Operations with significant risk of the occurrence of child labor	1, 2, 5	90
Forced or quasi-slave labor				
ES	HR7	Operations identified as representing a risk of forced or quasi-slave labor	1, 2, 4	90
Safety practices				
AD	HR8	Security personnel trained in human rights	1, 2	No specific programs were carried out
Indigenous rights				
AD	HR9	Total number of cases involving rights violations against indigenous peoples and steps taken	1, 2	99
Company				
Form of management			10	32, 33, 65, 92
Community				
SU	EU19	Stakeholder participation in planning decisions for energy and infrastructure		26 and 98
SU	EU20	Approach for displacement impact management		98
Prevention and preparation for emergencies and disasters				
SU	EU21	Contingency measures and plans for disasters/emergencies		62
Community				
ES	SO1	Programs and practices to assess and manage the impact of operations on the communities		91 to 94
SU	EU22	Number of people displaced physically and economically and compensation		98
Corruption				
ES	SO2	Business units submitted to corruption related risk assessment	10	33
ES	SO3	Employees trained in anti-corruption policies and procedures	10	33
ES	SO4	Steps taken in response to cases of corruption	10	33
Public policies				
ES	SO5	Positions and participation in the drawing up of public policies and lobbies	1 to 10	99

			Principle of the Global Compact	Page / Comment
AD	SO6	Contributions to political parties, politicians or related institutions	10	EDP in Brazil supports no political parties, does not take part in campaigns and does not make cash contributions for political events or organizations.
AD	SO7	Unfair competition Judicial proceedings for unfair competition, monopoly practices Conformity		None registered in 2009
ES	SO8	Fines and sanctions for non-compliance with laws and regulations		None registered in 2009
		PRODUCT RESPONSIBILITY		
		Form of management	1, 8	32, 33, 65, 74
SU	EU23	Access Programs for improving or maintaining access to electricity Provision of information		94 and 95
SU	EU24	Practices to overcome access barriers (schooling, special needs, etc.) Customer health and safety		74
ES	PR1	Stages in the life-cycle of products and services where impact on health and safety is assessed	1	76
AD	PR2	Conformity with voluntary health and safety regulations and codes	1	None registered in 2009
SU	EU25	Accidents and deaths among users of the service involving company property Product and service labeling		77
ES	PR3	Type of information regarding products and services required for labeling procedures	8	There is no labeling in energy supply services.
AD	PR4	Cases of non-conformity relating to information and labeling	8	There is no labeling in energy supply services.
AD	PR5	Practices relating to customer satisfaction, including the results of surveys Marketing communications		75
ES	PR6	Compliance with the voluntary laws, norms and codes of marketing communications		74
AD	PR7	Cases of non-conformity with marketing communications Customer privacy		None registered in 2009
AD	PR8	Proven complaints related to violation of privacy and loss of clients' data Conformity	1	None registered in 2009
ES	PR9	Fines arising from noncompliance in the supply and use of products and services Access		76
SU	EU26	Population not served in areas where the distribution or service is regulated		95
SU	EU27	Number of residential disconnections due to lack of payment		49 and 50
SU	EU28	Frequency of interruptions in power supply		49
SU	EU29	Average duration of interruptions in the supply of electrical power		49
SU	EU30	Average availability factor in power plants		44



NBCT-15

BRAZILIAN ACCOUNTING STANDARD NBCT-15 - PERIOD 2009 SOCIAL AND ENVIRONMENTAL INFORMATION

Gross Remuneration (R\$ thousand) ⁽¹⁾				
Employees				148,071.00
Managers				13,778.00
Contractors				-
Independent Contractors				-
			Total	161,849.00
Company's remuneration (R\$)				
Greatest				40,000.00
Lowest				905.00
Greatest/lowest ratio				44.20
Expenditures (R\$) with employees related to				
	Employees	Managers	Contractors	Independent Contractors
Social Charges	60,554	4,193	-	-
Food	16,465	-	-	-
Transport	2,408	-	-	-
Private pension	22,699	-	-	-
Health	21,949	-	-	-
Occupational health and safety	30	-	-	-
Education	3	-	-	-
Culture	0	-	-	-
Education and professional development	4,235	-	-	-
Day-care center or day-care center allowance	361	-	-	-
Voluntary Dismissal Program (PDV)	0	-	-	-
Profit Sharing	27,063	-	-	-
Other	3,193	-	-	-
Staff				
				EDP Total
Hirings				193
Dismissals				182
Trainees				181
Disabled persons				49
Outsourced service providers				3,259
Percentage of males in leadership positions (%)				82.0%
Percentage of females in leadership positions (%)				18.0%
Classification by gender				
Male employees				1,770
Female employees				561
Classification by age				
Employees aged under 18				0
Employees aged from 18 to 35				841
Employees aged from 36 to 60				1,479
Employees aged over 60				11
Classification by education level				
Illiterate employees				0
Employees that finished elementary school				302
Employees that finished high school				105
Employees that finished technical school				1,042
Employees that completed higher education				675
Employees with a graduate degree				207

Shares, labor suits				
Total of labor suits filed against the company				206
Number of lawsuits considered with grounds				244
Number of lawsuits dismissed				212
Total amount of indemnities and fines paid arising from court orders (R\$)				16,044,809.48
Relations with the Community				
Investments in education (R\$ thousand)				2,213
Investments in culture (R\$ thousand)				4,498
Investment in health and sanitation (R\$ thousand)				254
Investments in sport and leisure (R\$ thousand)				792
Investments in food (R\$ thousand)				0
Other				797
Relationship with clients				
Number of complaints directly received in the company				311,563
Number of complaints received through consumer protection bodies				6,890
Number of complaints dealt with - in the Company (%)				100%
Number of complaints dealt with - at Procon (%)				95%
Number of complaints dealt with - in Court (%)				25%
Amount of fines and indemnities to clients set by consumer protection bodies or in court (R\$)				1,337,154.22
Actions taken by the company in order to remedy or minimize the claims				0
Relations with the environment				
Investments and costs with maintenance to improve the environment (R\$ thousand)				15,060
Investments and costs with employees' environmental education (R\$ thousand)				0
Investments and costs with environmental education of the community (R\$ thousand)				42
Investments and costs with other environmental projects (R\$ thousand)				14,121
Amount of environmental, administrative and judicial procedures filed against the company				1
Amount of fines and indemnities related to environmental matters, whether administratively and/or judicially determined (R\$)				1,866,800
Environmental liabilities and contingencies				NA

(1) Gross Remuneration = salaries, bonuses, fringe benefits, allowances, rewards, thirteenth salary and profit sharing (Profit sharing).



LETTER – REPORT OF INDEPENDENT AUDITORS' LIMITED ASSURANCE

Introduction (GRI 3.13)

We were engaged to provide a limited assurance service regarding the following:

- 2009 Annual Sustainability Report of EDP Energias do Brasil S.A. ("Report")
- Compliance with engagement process of stakeholders ("Process") based on information disclosed in the aforementioned Annual Sustainability Report.

Management's responsibility over the objects

EDP's management is responsible for the preparation and presentation of the Report in compliance with the criteria described below. This responsibility includes the design, implementation and maintenance of internal controls for adequate preparation and presentation of the Report. Management is also responsible for compliance with the Process in accordance with the criteria described below.

Criteria adopted

The data included in the 2009 Annual Sustainability Report of EDP Energias do Brasil S.A. is prepared in compliance with the following criteria: (i) the Brazilian Accounting Standard NBC T 15 - Information of Social and Environmental Nature; and (ii) the guidelines for sustainability reports of the Global Reporting Initiative (GRI G3).

The engagement process of stakeholders based on the information disclosed in the Annual Sustainability Report is performed in compliance with Accountability 1000 Assurance Standard 2008 (AA1000AS) type 1, which assesses the level of compliance with the Accountability 1000 Principles Standard 2008 (AA1000APS). This rule sets forth the following procedures to be verified:

- The engagement process must take into consideration the main stakeholders;
- there must be a transparent procedure for establishing the Relevance of material subjects;
- the structure of the Response Capacity process must be well defined in the Annual Sustainability Report.

Auditor's responsibility

Our responsibility is to issue a limited assurance report on the subjects described above based on the work performed. We carried out our work in accordance with the Brazilian standard for assurance engagements other than audits and NBC TO 3000 reviews, issued by the Federal Accounting Council. This rule requires compliance with the ethical standards and the planning and performance of the assurance service so as to obtain limited assurance that we are not aware of any matters that can lead us to believe that the objects have not been prepared or performed in compliance with the criteria in all relevant aspects. In a limited assurance service, the procedures for obtaining evidence are more limited than in a reasonable assurance service; accordingly, the assurance level is lower than the one that would be obtained in a reasonable assurance service. The procedures chosen depend on the judgment of the independent auditor, including an assessment of the risk of the objects that do not significantly comply with the criteria. Within the scope of our work, we performed the following procedures, among others:

a) for limited assurance of the Report:

- (i) Planning of the work by taking into consideration the relevance and volume of the information presented in the 2009 Annual Sustainability Report of EDP Energias do Brasil S.A.;
- (ii) Obtaining of an understanding of internal controls;
- (iii) Verification, on a tests basis, of evidences to support the quantitative and qualitative data within the Annual Sustainability Report; and
- (iv) performance of interviews with managers responsible for the information.

b) for the limited assurance of compliance with the Process:

- (i) Obtainment of understanding of controls and engagement processes of interested parties through interviews with the managers responsible for such information;
- (ii) verification, on a test basis, of the evidence that support quantitative and qualitative data of the engagement process.

Conclusion

Based on our limited assurance service, no matters have come to our attention that can lead us to believe that (i)the information in the Annual Sustainability Report for EDP Energias do Brasil S.A. for the year ended December 31, 2009 does not comply, in all its material aspects, with the criteria defined in the section "Adopted Criteria" above and the process for compliance with the Accountability 1000 Principles Standard 2008 (AA1000APS) has been performed in noncompliance with the criteria defined in section "Adopted Criteria" above.

Emphasis

Despite our conclusion, we point out that the criteria for the issue of reports include certain intrinsic limitations that may influence the reliability of the information:

- As regards the standard AA1000AS (2008), we were not present at stakeholder engagement activities, and accordingly, the conclusions were based on the performance of interviews and review of documents supplied.
- In relation to the content of the Annual Sustainability Report, the opinions, historical information, and descriptive information subject to subjective assessments are not included in the scope of the work developed.
- The financial statements of EDP Energias do Brasil S.A., for the year ended December 31, 2009, were reviewed by other independent auditors, who issued an unqualified audit opinion thereon dated February 23, 2010. The social and environmental performance indicators based on accounting information and presented in the 2009 Annual Sustainability Report of EDP Energias do Brasil S.A. were extracted from these financial statements, which were not object of assurance for the purposes of this review.

São Paulo, April 30, 2010.

PricewaterhouseCoopers
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Luiz Otavio Assis Henriques - Director Vice-President of Generation and Trading
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earth is
all we
need