



Annual General Shareholders' Meeting

April 17th, 2012

Non-binding translation
For information purposes only

PROPOSAL OF POINT 3 OF THE AGENDA

Opinion of the General and Supervisory Board on the vote of confidence to the Executive Board of Directors

As established on the article 22º nº 1 h) of the Articles of Association of EDP, the General and Supervisory Board (GSB) must “Issue an opinion, by its own initiative, or when so requested by the Chairman of the Executive Board of Directors (EBD), on the annual vote of confidence which is referred in the article 455º of the Portuguese Code of Commercial Companies”.

In the exercise of its powers and without prejudice to the principle of institutional cooperation that guides the relationship with EBD promoting EDP interests, the GSB believes and has also put into practice a principle of maximum demand and responsibility, which has a special significance in terms of EBD activity and performance evaluation. EDP continues to be one of the few listed companies nationally and internationally who voluntarily instituted a formal and objective evaluation process of EBD activity. It is a distinctive practice adopted by the GSB directly contributing to EDP performance in Dow Jones Sustainability Index, recognizing the continued effort of excellence in corporate governance practices that the GSB has sought to develop.

It is recalled that, in 2010, based on the methodology developed by the CGSS, the GSB has implemented a process of evaluating the activity and performance of the EBD. In 2011, the process has been improved in terms of the methodology for the determination of the results of the evaluation questionnaires completed by the GSB members in a confidential and anonymous way.

In early January 2012, the GSB members were asked to complete the EBD evaluation questionnaire, which was divided in two major areas:

- a) Adequacy of formal and organizational aspects.
- b) EBD performance and activity.

Based on the answer to the questionnaires, at the 8th March 2012 meeting, the GSB reflected on that information to reach its conclusions. Thus, in accordance with its rules, adopted in line with best corporate governance practices, the GSB intends to record the following conclusions regarding the evaluation of the activity and performance of the EBD in 2011.



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1. Evaluation of the adequacy of formal and organizational aspects

The GSB evaluated as adequate all the matters submitted to the assessment in terms of:

- a) Organization and duties of EBD (internal rules, composition and division of responsibilities).
- b) Compliance with the terms defined by the GSB related to:
 - i. Issuing and exemption of the prior opinions.
 - ii. Treatment of the conflicts of interests.
 - iii. Additional audit services.

2. Evaluation of EBD performance and activity

As to the overall performance in 2011, the GSB considered it “Excellent” and highlighted the following areas of action:

- a) Implementation of EDP Business Plan 2010-2012.
- b) Execution of EDP Budget 2011.

As to the specific assessment, the GSB has chosen to present the assessment of EBD activity using the following scale:

- Excellent
- Above expectations
- In line with the expectations
- Below expectations

Thus, the GSB evaluated:

- a) As “excellent” the following matters:
 - i. Strategy and planning.
 - ii. Financing management.
 - iii. Cost control.
 - iv. Human Resource management.
 - v. Financial and accounting information.
 - vi. Sustainability and the environment.
 - vii. Organizational culture.
 - viii. Communication and image.
 - ix. Cooperation of the EBD with the GSB.
 - x. Availability of the EBD to the initiatives of the GSB.
 - xi. Preparation of the matters raised at meetings of the GSB.
 - xii. Quality of information provided to GSB.



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- b) As “above expectations” the following matters:
 - i. Investment policy.
 - ii. Risk Management.
 - iii. Corporate governance practices.
 - iv. Conflicts of interest.
 - v. Involvement the GSB in the crucial processes of the EBD.
 - vi. Open to the critical dialogue with the GSB.
 - vii. Acceptance of the suggestions made by GSB.
 - viii. Providing the information requested by the GSB.

- c) As “in line with expectations” the timing of the availability of the support documentation to the meetings of the GSB.

Proposal

On the basis of this analysis, at the aforementioned meeting the GSB decided to classify the overall work of the EBD during the business year 2011 as excellent.

Therefore, the GSB unanimously decided to issue its favorable opinion on the activity and performance of the EBD during 2011 and to transmit to the shareholders its support to the vote of confidence and praise to the EBD, to its Chairman, Mr. António Mexia, and to each of its Members.

Lisbon, 15th March 2012

Eduardo de Almeida Catroga
Chairman of the General and Supervisory Board