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Bloomberg: EDP PL / EDP US

Investors & Analysts' Briefing

EDP GROUP SIGNS AN AGREEMENT FOR THE SALE OF ITS STAKE IN THE SHARE CAPITAL OF GALP ENERGIA, SGPS, S.A.

Following EDP – Energias de Portugal, S.A. (“EDP”) release issued on November 30th, 2005, EDP informs that today it has signed a Sale and Purchase Agreement with the AMÉRICO AMORIM GROUP for the sale of 23,663,875 shares corresponding to a 14.268% stake in the share capital of GALP Energia, SGPS, S.A (“GALP”) owned by EDP Participações, SGPS, S.A. (“EDP PARTICIPAÇÕES”), a fully owned subsidiary of EDP.

The value of this transaction amounts to 720.5 million euros reflecting a total equity value for GALP of approximately 5,050 million euros. The transfer of the share ownership and the effectiveness of this transaction are conditional to the full payment by the AMÉRICO AMORIM GROUP of the agreed amount, of which 20% was paid on the present date and the balance will be paid until January 30th, 2006. The completion of this operation will allow EDP PARTICIPAÇÕES to book an after tax capital gain of approximately 398 million euros.

Simultaneously, EDP PARTICIPAÇÕES entered into a shareholders agreement with Rede Eléctrica Nacional, S.A. (“REN”), regarding GALP, aimed at creating a shareholders' group with significant influence in the company's governing bodies.

Among other matters, this shareholders agreement establishes a common understanding between the parties for the maintenance of the existing plan with respect to the transfer of the regulated gas assets to REN (unbundling). In addition, the agreement grants to both parties call/put options for the sale of REN's stake in GALP, as a way of ensuring its future exit from this company's share capital.

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In this context, the AMÉRICO AMORIM GROUP will subscribe to the abovementioned agreement and will replace EDP as a party to it once the purchase of EDP PARTICIPAÇÕES stake in GALP has been completed.

The decision by EDP's Board of Directors to sell EDP's stake in GALP results from an analysis of the alternatives facing the company from the perspective of maximizing the value of the aforementioned stake. This decision took into consideration the current absence of a strong strategic rationale for EDP regarding its shareholding in GALP following:

- the ruling by the European Commission on the 9th of December, 2004, confirmed by the European Court on the 21st of September, 2005, that blocked the acquisition by EDP of a 51% stake in Gás de Portugal; and
- the current strategic guidelines for the energy sector in Portugal proposed by the Government through Resolution of the Council of Ministers 169/2005, of 24 of October, supporting the existence of more than one integrated player in the gas and electricity businesses in Portugal.

EDP – Energias de Portugal, S.A.