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Investors & Analysts' Briefing

INVESTOR RELATIONS DEPARTMENT

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EDP LAJEADO REACHES AGREEMENT WITH ELETROBRÁS REGARDING THE REDEEMABLE PREFERRED SHARES ISSUED BY INVESTCO

INVESTCO, S.A. ("Investco") – the company that holds the concession for the hydro power plant Luiz Eduardo Magalhães ("Lajeado power plant") with an installed capacity of 902.5 MW located in the Brazilian state of Tocantins – and its shareholders EDP Lajeado Energia, S.A. ("EDP Lajeado"), Rede Lajeado Energia, S.A., CEB Lajeado, S.A. and Paulista Lajeado, S.A., reached an agreement with Centrais Eléctricas Brasileiras, S.A. – Eletrobrás ("Eletrobrás"), for the acquisition of Investco's redeemable shares ("PN-R Shares") currently held by Eletrobrás.

The above-mentioned PN-R Shares, which represented 37.52% of Investco's total capital, were redeemable in five annual instalments, the last one maturing on December 31, 2007. The value of these shares was annually adjusted by IGP-M (inflation) plus a 12% spread. As of November 30, 2005, the value of these shares totalled R\$1,067.3 million.

EDP Lajeado, in which Energias do Brasil holds a 99.99% stake, is responsible for 27.65% of the total PN-R Shares redeemable by Eletrobrás, which value totalled R\$295.1 million as of November 30, 2005.

With the conclusion of the present agreement, EDP Lajeado acquired from Electrobrás 27.65% of the PN-R Shares in the following conditions:

- i) credits attributed to Eletrobrás in the amount of R\$110.5 million to be used in the subscription of 83,234,057 new preferred shares without voting or redemption rights, corresponding to 40.07% of EDP Lajeado total capital, and;

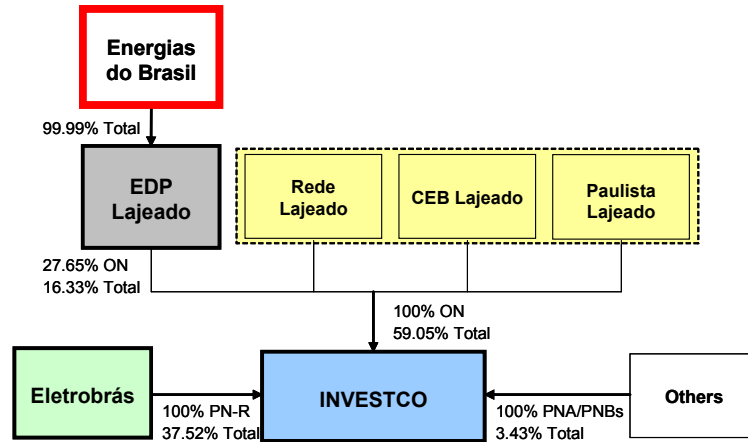
- ii) credits attributed to Eletrobrás in the amount of R\$184.6 million to be used in the acquisition of securities representative of "Partes Beneficiárias" ⁽¹⁾ of EDP Lajeado. These securities give the right to receive a dividend equal to 10% of net income and are convertible into preferred shares, with no voting right, at the end of the concession of Lajeado power plant (2032). The conversion of the "Partes Beneficiárias" into preferred shares will correspond, by the time of the conversion, to 5.084% of total EDP Lajeado's outstanding shares.

EDP – Energias de Portugal, S.A.

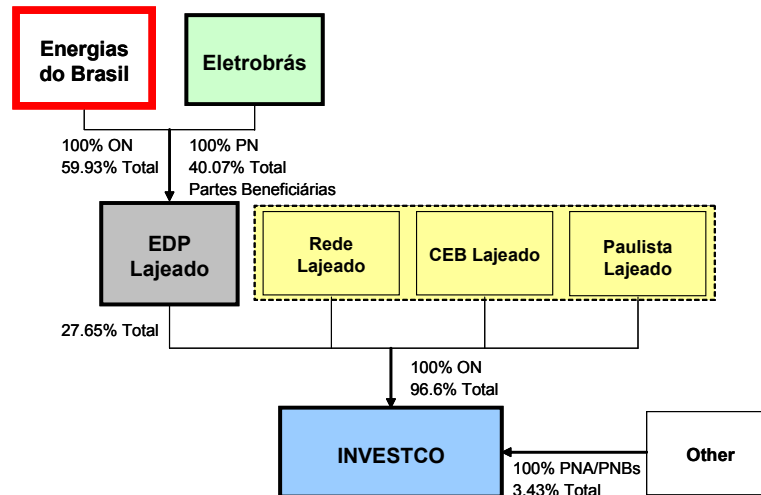
(3) Issued securities, in accordance with Brazilian law, that give its holders the right to receive a dividend out of the company's net profit, but without conferring voting right.

ANNEX

Shareholder structure before the agreement:



Shareholder structure after the agreement:



Legend:
 ON – Ordinary Shares
 PN – Preferred Shares
 PN-R – Redeemable Preferred Shares