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Investors & Analysts' Briefing

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RIGHTS ISSUE OF NEW SHARES AT €1.84 PER NEW SHARE

On 29th July 2004 EDP – Energias de Portugal, S.A. announced the acquisition of an additional 56.2% stake in Hidrocantábrico, taking total ownership to 95.7%, to be financed through a fully underwritten rights issue of up to €1.2 billion. On 10th September 2004, the EU Commission authorised EDP to increase its stake in Hidrocantábrico. Today, following the authorization granted by the Extraordinary General Shareholders Meeting on 7th October 2004, the Board of Directors has set the terms of the rights offering.

The planned offering will be executed through the issue of 656.537.715 new ordinary shares ("New Shares"), reserved to EDP shareholders, pursuant to transferable subscription rights granted to them under Portuguese Law, at a Subscription Price of €1.84 per new share. Shareholders shall receive 11 New Shares for each 50 shares owned. The offering represents 21.88% of current issued capital.

The Subscription Price of €1.84 per New Share represents a 23.3% discount to the closing price of €2.40 per share on 4th November 2004. These New Shares will be entitled to the dividend for the fiscal year of 2004.

Without prejudice to other investors that may participate in the offering, the rights issue has been fully underwritten by Banco Comercial Português, S.A., Caixa – Banco de Investimento, S.A., Caixa Geral de Depósitos, S.A., Goldman Sachs International, Morgan Stanley and UBS Limited who have undertaken, subject to certain conditions, to procure subscribers, or otherwise



themselves to subscribe for, at the subscription price, any remaining offered shares.

Subject to confirmation of the offering registration by the Portuguese Securities Market Commission, it is expected that the subscription period for the New Shares is expected to start on 12th November 2004 and end on 25th November, 2004. In the time period starting 12th November up to and including 19th November, 2004 the subscription rights will be traded on Euronext Lisbon Stock Exchange.

EDP Chief Executive Officer, João Talone, commented: «this rights issue will allow EDP to acquire an additional stake in Hidrocantábrico, thereby reinforcing its position as a leading integrated utility player in Iberia, one of the fastest growing European markets. EDP is well positioned to deliver value to shareholders through the strategy we have been pursuing in our core business.»

EDP has agreed to a 180-day lockup following the delivery of the offered shares, which is subject to certain customary exceptions. Pursuant to the privatization decree law, until 180 days after the verification of the results of the rights offering, the Portuguese Government may not sell any portion of its shareholding in EDP.

In addition, American Depositary Share (ADS) rights will be distributed through the ADS Depositary, Citibank, N.A., and may be exercised by sending instructions to Citibank N.A.; however, the ADS rights will not be transferable and holders of ADS rights who do not exercise their rights will not be able to recognize the value of the rights. In addition, the expected timetable of main events in connection with the offering of new ADSs to holders of ADS rights differs in certain respects from that outlined above. The subscription period for such new ADSs is expected to be from 13th November, 2004 through 23rd November, 2004, and the record date for determining entitlement to the ADS rights is expected to be 12th November, 2004, with the existing ADSs trading ex-ADS rights commencing on 9th November, 2004.



When available, a copy of the prospectus may be obtained by contacting in the United States, the ADS Information Agent, Georgeson Shareholder Communication, Inc. toll free on (800) 457 0179 or outside the United States by contacting the rights offering coordinators, BCP Investimento—Banco Comercial Português de Investimento, S.A. on + 351 21 721 8000 or Caixa—Banco de Investimento, S.A on +351 21 313 7300.

EDP – Energias de Portugal, S.A.



Note for editors

EDP is the largest producer and distributor of electricity in Portugal. In 2003, EDP accounted for around 82% of the installed generation capacity in the Portuguese public electricity system (PES) and 99% of the distribution in the PES. Hidrocantábrico, Spain's fourth largest electricity operator, accounted for 4.7% of Spanish mainland generation capacity and 6.5% of the Spanish liberalised electricity supply market.

In Spain, Hidrocantábrico has a controlling interest in the gas company Naturcorp, which has more than 500,000 customers. With the acquisition of an additional 56.2% stake in Hidrocantábrico, EDP will become the second largest gas company in Spain.

EDP also has interests in three distribution companies and several generation projects in Brazil. In addition, EDP owns a 56% stake in Oni, a fixed line operator active in both Portugal and Spain.

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