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# Investors & Analysts' Briefing

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## HIDROCANTÁBRICO, IBERDROLA AND UNIÓN FENOSA TRANSFERRED THE 2005 TARIFF DEFICIT TO A BANKING CONSORTIUM

HIDROELÉCTRICA DEL CANTÁBRICO, S.A, IBERDROLA, S.A., and UNIÓN FENOSA GENERACIÓN, S.A. adjudicated to a banking consortium composed by Citibank International, Plc (Citigroup), JP Morgan Europe Limited (JP Morgan), Bilbao Bizcaia Kutxa (BBK) and Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja), the exclusive negotiation for the transfer of the right recognised in the Royal Decree 809/2006, of July 30, corresponding to the revenues deficit from the regulated activities regarding 2005 (2005 Tariff Deficit).

The total value of the right corresponding to the mentioned companies amounts to 2,055,013.44 thousand euros, pursuant to the Royal Decree 809/2006, of July 30, and according to the percentages established by the paragraph I.9 of the Annex I of the Royal Decree 2017/1997, of December 26 (Hidroeléctrica del Cantábrico, S.A.: 231,679.62 thousand euros, Iberdrola, S. A.: 1,334,063.05 thousand euros, and Unión Fenosa Generación, S. A.: 489,270.77 thousand euros).

The actual legislation establishes the recovery of the referred Tariff Deficit through its inclusion in the cost of the regulated electricity tariff, for a period of fourteen and a half years.

The formalization of the transfer to the mentioned entities should occur in December 2006.

## EDP – Energias de Portugal, S.A.