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Investors & Analysts' Briefing

INVESTOR RELATIONS DEPARTMENT

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EDP AND SONATRACH AGREE TO A POTENTIAL PARTNERSHIP

Within the scope of the negotiations that have been disclosed to the market on January 17th and 23rd, 2007, EDP – Energias de Portugal, S.A. has reached an understanding with Sonatrach, S.A., the Algerian gas supply company, to enter into a memorandum of understanding, during next week, in relation to the potential creation of a business partnership in certain gas and power generation businesses.

This partnership of a non-exclusive nature is intended to comprise three basic business components:

- (i) the provision by Sonatrach, for a long term period, of up to 2 bcm/year of natural gas to be made available in part to the EDP Group and in part for the operation of certain new CCGT's projects in partnership between EDP and Sonatrach;
- (ii) the incorporation of a joint venture for the marketing of natural gas, under the joint control of the parties; and
- (iii) the participation of Sonatrach, as minority shareholder with, at least, a 25% interest, in certain power generation companies for the development of new CCGT's projects to be supplied with natural gas made available by Sonatrach.

The companies may also agree to additional partnership components, including in relation to mid-stream gas businesses.

The implementation of the partnership to be provided for in the memorandum of understanding is subject to the execution of definitive agreements to be negotiated by July 31st, 2007. In the context of the partnership, it is intended that Sonatrach be appointed as member of the General and Supervisory Board of EDP and that it hold a 2% stake in the share capital of EDP.



With this preliminary understanding for the creation of a partnership with Sonatrach, EDP gives another important step towards the implementation of the strategic business guidelines in relation to the development of an integrated natural gas strategy and the construction of the new CCGT power generation projects in Iberia.

EDP – Energias de Portugal, S.A.