



## Investors & Analysts' Briefing

Reuters: EDP.LS  
Bloomberg: EDP PL

# MOODY'S DOWNGRADES EDP'S RATING TO "BAA3" WITH NEGATIVE OUTLOOK

**Lisbon, July 8<sup>th</sup> 2011:** Today, Moody's Investors Service ("Moody's") downgraded the senior unsecured ratings of EDP - Energias de Portugal SA ("EDP"), its finance subsidiary EDP Finance BV and its Spanish subsidiary, Hidroelectrica del Cantabrico to "Baa3"/"Prime-3" with negative outlook from "Baa1"/"Prime-2" with negative outlook.

This rating action follows the earlier downgrading of the rating of the government of the Republic of Portugal ("RoP") to "Ba2" with a negative outlook from "Baa1", on review for downgrade.

Moody's also stated that: "EDP's rating is constrained by that of the government of the RoP and, in accordance with Moody's previously published guidance, infrastructure and utility companies would not normally be expected to have a rating more than two notches higher than the government of the country where the majority of their business is located. EDP's rating has been downgraded to Baa3, the top end of the range of the rating guidance as it currently applies to Portugal, given EDP's diversified business risk profile. More generally, in the context of the negative pressure currently associated with the RoP's rating, Moody's notes that there could be a further widening of the notching differential between the RoP and EDP, although this would depend on the specific circumstances and the key drivers behind any potential sovereign rating pressure at the time and the possible impact on EDP".

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