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Investors & Analysts' Briefing

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EDP ESTABLISHES STRATEGIC PARTNERSHIP WITH SONATRACH

EDP has reached today with Sonatrach, the Algerian company which is the world's 2nd largest LNG exporter, an understanding for the establishment of the initial terms for a strategic partnership in certain natural gas business areas, following the memorandum understanding entered into April 11, 2007.

The agreement includes the supply by Sonatrach to EDP of a maximum annual volume of 1.6 bcm of natural gas from Algeria through long-term contracts with high flexibility which fit the demand profile of natural gas in the Iberian Peninsula. It is foreseen that the supply of gas will start during the first half of 2008.

The partnership includes the supply of an annual volume of natural gas in order to satisfy the expected needs of each of EDP's CCGT projects in which Sonatrach comes to have a minority equity stake of 25%. The 3 projects for CCGT plants included in these agreements are:

- Soto 4 - (425MW gross installed capacity) - expected to start operations by Aug-08, located in Astúrias/Spain;
- Lares 1 - (440MW gross installed capacity) - expected to start operations by Jul-09, located at Figueira da Foz/Portugal;
- Lares 2 (440MW gross installed capacity) - expected to start operations by Aug-09, located at Figueira da Foz/Portugal. The inclusion of this plant is subject to an option to be exercised until July 1st 2008.



The agreement includes the supply by Sonatrach to EDP of a maximum annual volume of 0.7 bcm of natural gas which will allow an expansion under competitive conditions of EDP's gas liberalized supply activity in the Iberian Peninsula.

Following the decision approved at the EDP's shareholders' general meeting of April 12, 2007, this strategic partnership allows Sonatrach to become a member of EDP's General Supervisory Board. This partnership is still subject to the approval by the competent corporate boards of both companies.

This partnership represents a major contribution to achieve EDP's strategic plan targets, namely regarding EDP's liberalized electricity generation and supply and liberalized gas supply activities in the Iberian market, increasing significantly the flexibility and hedging capabilities, and supporting the growth of these activities at attractive returns and under controlled risk.

EDP – Energias de Portugal, S.A.