



Investors & Analysts' Briefing

Reuters: EDP.LS
Bloomberg: EDP PL

PORTUGUESE GOVERNMENT PROPOSES ENERGY SECTOR EXTRAORDINARY CONTRIBUTION FOR 2014

Lisbon, October 16th 2013: Pursuant to the terms and for the purposes of article 248 of the Portuguese Securities code, EDP - Energias de Portugal SA ("EDP") is providing the following information to the market:

The Portuguese Government announced yesterday the draft state budget for 2014 proposing the creation of an extraordinary contribution applicable to economic operators in the energy sector that develop the following activities: i) generation, transmission or distribution of electricity; ii) transport, distribution, storage or wholesale supply of natural gas; iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

The contribution rate on the energy sector will be 0.85% on the fixed tangible and intangible assets, as of January 1st, 2014 or as of the first day of the fiscal year. In the case of electricity generation activity, this rate will be applicable only to the power plants in operation on that date.

Among other, the following assets will be exempt from this rate:

- (i) CCGTs with an annual utilization of installed capacity in 2013, up to 2000 hours (application of a reduced rate of 0.425% for annual utilization above 2000 hours and below 3500 hours)
- (ii) The hydroelectric plants with installed capacity below 20 MW
- (iii) Wind farms
- (iv) Power plants with electricity generation licenses awarded following tender procedures or competitive consultation.

The Government expects the contribution to generate €150 million of proceeds, of which €50 million will be allocated to the reduction of the tariff deficit of the electricity sector and to energy efficiency measures.

According to the information available in the proposal now presented, the impact net of taxes for EDP of this extraordinary contribution will amount to approximately €45 million euros in 2014.

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The draft state budget for 2014 includes a reduction in the corporate tax rate from 25% to 23%. The proposal also mentions the maintenance of the state surcharge of 5% on taxable income exceeding €7.5 million, as it was already in force in 2013.

These proposals will now be subject to discussion in the Portuguese Parliament, while the approval of a final version of the state budget for 2014 shall take place at the end of November 2013.

EDP – Energias de Portugal, S.A.