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Investors & Analysts' Briefing

ENERGIAS DO BRASIL STARTS TRADING IN THE NOVO MERCADO OF THE BOVESPA FOLLOWING INITIAL PUBLIC OFFERING

Today, shares of EDP - Energias do Brasil, S.A. ("Energias do Brasil") were admitted for the first time to the Novo Mercado of the Bovespa (São Paulo, Brasil) following an Initial Public Offering (the "IPO") of 24,161,000 ordinary shares at a price of R\$18 per share, corresponding to a total amount of R\$434.9 million (excluding the exercise of the *Greenshoe*).

The IPO had an effective demand corresponding to 2.5 times the total number of shares on offer, with approximately 50% of the subscription orders coming from the USA and approximately 40% from Brazil.

Simultaneously with this transaction, EDP – Energias de Portugal, S.A. ("EDP") converted into Energias do Brasil ordinary shares the equivalent of R\$670 million in respect of the Senior Notes of Escelsa owned by EDP, through the issuance of 37,222,222 ordinary shares at the same price as those of the IPO (the "Capitalization").

Prior to the IPO, to the Capitalization and to the "roll-up" of the minority shareholders of our subsidiaries Escelsa, Enersul and Bandeirante into Energias do Brasil share capital in April 2005, EDP owned 100% of Energias do Brasil. Following the "roll-up", accepted by nearly 100% of the minority shareholders, EDP's stake in the company was of 69%. As a result of the IPO and the Capitalization, EDP will now own 66% of the share capital of Energias do Brasil.

The main objective of this operation, from the point of view of Energias do Brasil, was to (i) establish the beginning of a long term partnership with the Brazilian capital market, giving greater visibility to the assets held by the company; (ii) supply the resources to

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finance expansion projects, particularly investments in the generation of electricity; and (iii) confer greater financial autonomy to Energias do Brasil.

The conclusion of the IPO allows the EDP Group to achieve the following main objectives:

- position Energias do Brasil as one of the leaders of the Brazilian energy market by developing a long term growth strategy on a self-sustainable basis – it is not anticipated that there will be any need for new investments by EDP into Energias do Brasil in the foreseeable future;
- control a vehicle that will be able to take advantage of new opportunities in the Brazilian electricity sector - namely the need to expand the country's installed generation capacity;
- substantially strengthen the capital structure of Energias do Brasil and reduce the potential volatility associated with the foreign currency denominated debt it owned namely that related with the Escelsa bonds.

Finally, EDP demonstrates its commitment to the highest standards of corporate governance, through the fair and transparent manner in which it has conducted the process, including the listing of Energias do Brasil in the Novo Mercado of the Bovespa.

EDP – Energias de Portugal, S.A.