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Investors & Analysts' Briefing

INVESTOR RELATIONS DEPARTMENT

Miguel Viana, Head of IR
Sónia Pimpão
Elisabete Ferreira
Ricardo Farinha
Noélia Rocha

Phone +351 210012834
Fax: +351 210012899

Email: ir@edp.pt
Site: www.edp.pt

ERSE SETS ELECTRICITY TARIFFS IN PORTUGAL FOR 2011

Yesterday, the Portuguese Independent Energy Services Regulator, ERSE, made public the final document "Tariffs and prices for electricity and other services in 2011", which set a 3.8% average increase of final low voltage (LV) electricity tariffs in Portugal mainland for 2011. With the end of last resort supply tariff option for very high (VHV), high (HV), medium (MV) and special low voltage (SLV) clients, as from January 1st, 2011, transitory tariffs were defined for these clients.

ERSE established an 8.56% rate of return for the regulated activities of electricity distribution grid (operated by our subsidiary EDP Distribuição) and last resort supply (operated by our subsidiary EDP Serviço Universal). This rate corresponds to the 10 year portuguese government bond yield plus a 4.0% premium and compares with an 8.39% rate in 2010. Overall, ERSE set 2011 regulated gross profit for EDP's regulated activities (excluding adjustments from previous years) at: (i) €1,204 million for electricity distribution grid; and (ii) €105 million for last resort electricity supply.

Other key assumptions published by ERSE on the calculation of electricity tariffs in Portugal for 2011 include: (1) a forecast for average electricity purchase price in 2011 of 46.6 €/MWh; (2) a 2.1% expected average growth rate for electricity demand in Portugal in 2011 vs. the expected demand for 2010; (3) a GDP deflator of 0.5%.

EDP – Energias de Portugal, S.A.