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Investors & Analysts' Briefing

**INVESTOR RELATIONS
DEPARTMENT**

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EDP REACHES AGREEMENT FOR THE ACQUISITION OF SHAREHOLDINGS IN REGIONAL NATURAL GAS DISTRIBUTION CONCESSIONAIRES

EDP has agreed a call option, with Galp Energia, SGPS, S.A., GDP, SGPS and GDP Distribuição, SGPS, S.A., for the purchase of a shareholding equivalent to 46,265% of the share capital and respective shareholder loans, of Portgás - Sociedade de Distribuição de Gás, S.A. ("Portgás"). The option is exercisable within the next 18 months and has a strike price of €86,400,000 (adjustable based on variations in share capital and shareholder loans).

Simultaneously, EDP has agreed a call option with CGD, attributing to the latter a put option, exercisable between the 15th of June and the 15th of September, on the total share capital and shareholder loans of NQF - Projectos de Telecomunicações e Energia, S.A. ("NQF"). The agreed upon price of € 64,942,880.57, (adjustable based on variations in share capital and shareholder loans and the 6 month Euribor plus a spread of 60 bpp.) incorporates a premium associated with the ability to obtain a controlling stake in Portgás.

NQF holds, indirectly, shareholdings corresponding to 12.9% and 10.1% of the share capital of Portgás and Setgás - Sociedade de Produção e Distribuição de Gás, S.A., respectively.

Portgás and Setgás, two of the main natural gas distribution companies in Portugal, have the exclusive right to operate and maintain the regional natural gas distribution grid in their area and the right to commercialise natural gas to clients with consumption below 2 mccm/year.

Portgás has the concession to operate in the Districts of Porto, Braga and Viana de Castelo and has as its main shareholders Galp Energia, GDF/ELYO (25,34%) and Endesa (12,4%). At the end of the first half of 2003, Portgás had 111,300 clients with an annual consumption of 145 mccm.

Setgás has the concession to operate in the Districts of Setubal and has as main shareholders Galp Energia, Italgás (100% held by Eni SpA) and Koch, with 45%, 21,87% and 13,22% of the share capital, respectively. At the end of the first half of 2003, Setgás had 81,400 clients with an annual consumption of 42 mccm.

These agreements represent a significant step in the execution of the reorganization of the Portuguese energy sector, in line with the general guidelines presented by the Government in the Resolution of the Council of Ministries no. 63/2003 of the 28th of April and no. 68/2003 of the 10th of May.

The completion of the abovementioned transaction is dependent on the necessary administrative authorizations, namely the authorization by the relevant competition authorities.

EDP – ELECTRICIDADE DE PORTUGAL, S.A.