



EDP — ENERGIAS DE PORTUGAL, S.A.

(incorporated with limited liability in the Portuguese Republic)

and

EDP FINANCE B.V.

*(incorporated with limited liability in The Netherlands
and having its statutory seat in Amsterdam)*

€ 12,500,000,000

Programme for the Issuance of Debt Instruments

This Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the prospectus dated 9 September 2011, as supplemented by the supplements dated 11 November 2011 and 19 March 2012 (the "**Base Prospectus**") prepared by EDP — Energias de Portugal, S.A. ("**EDP**") and EDP Finance B.V. ("**EDP B.V.**") (together, the "**Issuers**") in connection with their Programme for the Issuance of Debt Instruments (the "**Programme**") for the issuance of up to €12,500,000,000 in aggregate principal amount of instruments ("**Instruments**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the United Kingdom Financial Services Authority (the "**FSA**"), which is the United Kingdom competent authority for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

The purpose of this Supplement is to (i) incorporate by reference in the Base Prospectus the first quarter unaudited consolidated interim financial statements of EDP for the three months ended 31 March 2012 (the "**First Quarter Consolidated Interim Financial Statements**"); (ii) disclose an amendment to the terms and conditions of Instruments issued under the Programme on or after 15 June 2012, pursuant to a tenth supplemental trust deed dated 15 June 2012 entered into between EDP, EDP B.V. and Deutsche Trustee Company Limited (the "**Tenth Supplemental Trust Deed**"); and (iii) disclose certain recent developments in relation to (A) the strategic partnership agreement entered into between EDP and China Three Gorges ("**CTG**") having become effective, (B) EDP's new business plan, and (C) certain changes to the regulation of the Portuguese power sector.

IMPORTANT NOTICES

Each of the Issuers accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Instruments issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

Investors should be aware of their rights under Section 87Q(4) of Financial Services and Markets Act 2000 (the "**FSMA**").

In accordance with Section 87Q(4) of the FSMA, investors who have agreed to purchase or subscribe for any Instruments before this Supplement is published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances.

SUPPLEMENTS TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and/or supplemented in the manner described below.

1. Documents incorporated by reference

A copy of the First Quarter Consolidated Interim Financial Statements has been filed with the FSA and shall be deemed to be incorporated by reference in, and form part of, this Supplement and the Base Prospectus.

Any information contained in the First Quarter Consolidated Interim Financial Statements which is not incorporated by reference in this Supplement is either not relevant to investors or is covered elsewhere in the Base Prospectus as supplemented by this Supplement.

Any documents themselves incorporated by reference in the First Quarter Consolidated Interim Financial Statements shall not form part of this Supplement for the purposes of the Prospectus Directive.

Copies of the First Quarter Consolidated Interim Financial Statements can be obtained, free of charge, from the registered offices of EDP and the specified office of the Paying Agent, as described in "Information Incorporated by Reference" on page 35 of the Base Prospectus.

2. Amendments to terms and conditions of Debt Instruments to be issued under the Programme

Pursuant to the Tenth Supplemental Trust Deed, the terms and conditions applicable to Instruments issued under the Programme on or after 15 June 2012 have been amended by the insertion of a new Condition 7.11 – *Redemption at option of Holders (Investor Put on Change of Control)* as follows:

"If at any time while any Instruments remain outstanding there occurs a Change of Control and within the Change of Control Period a Rating Downgrade as a result of that Change of Control occurs (together, a "**Put Event**"), each Holder will have the option (unless, prior to the giving of the Put Event Notice referred to below, the Issuer gives notice to redeem the Instruments in accordance with Condition 7.2 (*Redemption for tax reasons*)) to require the Issuer to redeem each of the Instruments held by such Holder on the Mandatory Redemption Date at its principal amount together with interest accrued to but excluding the Mandatory Redemption Date.

Upon EDP becoming aware that a Put Event has occurred EDP shall promptly notify EDP B.V. of such fact and the Issuer shall give notice (a "**Put Event Notice**") to the Trustee and the Holders in accordance with Condition 15 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the option set out in this Condition 7.11.

To exercise the option to require redemption of an Instrument under this Condition 7.11 the holder of this Instrument must, if this Instrument is in definitive form and held outside Euroclear Bank and Clearstream, Luxembourg, deliver such Instrument, on any business day in the city of the specified office of the relevant Paying Agent falling within the Put Period, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Put Option Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 7.11. The Instrument should be delivered together with all Coupons appertaining thereto maturing after the Mandatory Redemption Date failing which an amount

will be deducted from the payment to be made by the Issuer on redemption of the Instruments corresponding to the aggregate amount payable in respect of such missing Coupons.

If this Instrument is represented by a Global Instrument or is in definitive form and held through Euroclear Bank or Clearstream, Luxembourg, to exercise the right to require redemption of an Instrument under this Condition 7.11 the holder of the Instrument must, within the Put Period, give notice to the Paying Agent of such exercise in accordance with the standard procedures of Euroclear Bank and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear Bank or Clearstream, Luxembourg or any common depositary for them to the Paying Agent by electronic means) in a form acceptable to Euroclear Bank and Clearstream, Luxembourg from time to time and, if this Instrument is represented by a Global Instrument, at the same time present or procure the presentation of the relevant Global Instrument to the Paying Agent for notation accordingly.

The Paying Agent to which such Instrument and Put Option Notice are delivered will issue to the holder concerned a non transferable receipt (a "**Put Option Receipt**") in respect of the Instrument so delivered. The Issuer shall redeem the Instruments in respect of which Put Option Receipts have been issued on the Mandatory Redemption Date, unless previously redeemed and purchased. Payment in respect of any Put Option Receipt will be made on the Mandatory Redemption Date by transfer to the bank account (if any) specified in the Put Option Notice and in every other case on or after the Mandatory Redemption Date, in each case against presentation and surrender or (as the case may be) endorsement of such Put Option Receipt at the specified office of any Paying Agent in accordance with the provisions of this Condition 7.11.

For the purposes of this Condition:

A "**Change of Control**" shall be deemed to have occurred at each time (whether or not approved by the Management Board or Supervisory Board of EDP) that any person (or persons) ("**Relevant Person(s)**") acting in concert or any person or persons acting on behalf of any such Relevant Person(s), at any time directly or indirectly:

- (a) acquires or becomes entitled to exercise control over EDP; or
- (b) acquires or owns, directly or indirectly more than 50 per cent of the issued voting share capital of EDP,

provided that the foregoing shall not include the control, or ownership of issued voting share capital, exercisable by and/or owned by the Portuguese Republic, or by the Portuguese Republic and/or by any entity or entities (together or individually) controlled by the Portuguese Republic from time to time, or in respect of which the Portuguese Republic owns directly or indirectly more than 50 per cent. of the issued voting share capital.

A Change of Control shall not be deemed to have occurred if the shareholders of the Relevant Person(s) are also, or immediately prior to the event which would otherwise constitute a Change of Control were, all of the shareholders of EDP.

"**Change of Control Period**" means the period ending 120 days after the Date of Announcement.

"**Date of Announcement**" means the date of the public announcement that a Change of Control has occurred.

"Investment Grade Rating" means a rating of at least BBB- (or equivalent thereof) in the case of S&P or a rating of at least BBB- (or equivalent thereof) in the case of Fitch or a rating of at least Baa3 (or equivalent thereof) in the case of Moody's or the equivalent in the case of any other Rating Agency.

"Investment Grade Securities" means Rated Securities which have an Investment Grade Rating from each Rating Agency that assigns a rating to such Rated Securities.

"Mandatory Redemption Date" is the seventh day after the last day of the Put Period.

"Put Period" means the period of 45 days from and including the date on which a Put Event Notice is given.

"Rated Securities" means:

- (a) the Instruments; or
- (b) such other comparable long-term debt of the Issuer or, where the Issuer is not EDP, EDP selected by the Issuer from time to time for the purpose of this definition which possesses a rating by any Rating Agency.

"Rating Agency" means Standard and Poor's Credit Market Services France SAS, a division of The McGraw-Hill Companies, Inc. (S&P), Fitch Ratings Limited (Fitch) and Moody's Investors Services Limited (Moody's) or any of their respective successors or any other rating agency of equivalent international standing specified from time to time by EDP.

"Rating Downgrade" means either:

- (a) within the Change of Control Period:
 - (i) any rating assigned to the Rated Securities is withdrawn; or
 - (ii) the Rated Securities cease to be Investment Grade Securities; or
 - (iii) (if the rating assigned to the Rated Securities by any Rating Agency which is current at the Date of Announcement is below an Investment Grade Rating) that rating is lowered one full rating notch by any Rating Agency (for example from BB+ to BB by S&P or Fitch and Ba1 to Ba2 by Moody's or such similar lower of equivalent rating),

provided that no Rating Downgrade shall occur by virtue of a particular withdrawal of or reduction in rating unless the Rating Agency withdrawing or making the reduction in the rating announces or confirms that the withdrawal or reduction was the result, in whole or in part, of the relevant Change of Control; or

- (b) if at the time of the Date of Announcement, there are no Rated Securities and either:
 - (i) EDP does not use all reasonable endeavours to obtain, within 45 days of the Date of Announcement, from a Rating Agency a rating for the Rated Securities; or
 - (ii) if EDP does use such endeavours, but, as a result of such Change of Control, at the expiry of the Change of Control Period there are still no Investment Grade Securities and the Rating Agency announces or confirms in writing that its declining to assign an Investment Grade Rating was the result, in whole or in part, of the relevant Change of Control."

3. Recent Developments

a. Strategic Partnership Agreement with CTG:

On 11 May 2012, the acquisition by China Three Gorges International (Europe), S.A. ("CTGI Europe") from Parpública – Participações Públicas (SGPS), S.A. of 780,633,782 shares representing 21.35% of the share capital of EDP, in the context of the 8th reprivatization phase of EDP, was closed. As a result, a change of the title of attribution of the voting rights inherent to the respective share capital and voting rights of EDP has occurred.

Moreover, on the same date, the strategic partnership agreement between EDP and China Three Gorges Corporation ("CTG") signed on 30 December 2011 became effective and following this, as members of the General and Supervisory Board, CTG, China International Water & Electric Corp., CTGI Europe and China Three Gorges New Energy Co., Ltd. appointed their representatives.

b. New Business Plan:

EDP has presented its 2012 – 2015 Business Plan. Its strategy continues to be based on the three central pillars: controlled risk, superior efficiency and focused growth, and the main changes introduced by the new Business Plan in respect of each of the pillars are the following:

Controlled Risk: In order to maintain its unique low risk business profile, EDP is increasing its exposure to countries outside Iberia, with lower risk profile. At the same time, it expects the weight of LT Contracted generation and regulated networks in the EBITDA to continue clearly above its peers, even after the end of some CMEC's and the new hydro capacity in Portugal.

Superior Efficiency: EDP's objective is to maintain a leading position in efficiency and lean operations. In that context, it launched OPEX III which is targeting annual savings of approximately €130 million by 2015.

Focused Growth: Investments focusing on existing growth – hydro, renewables and Brazil. In particular, EDP is targeting a greener generation mix, increasing its investment in free CO2 technologies. As regards the wind business, the focus is now moving towards Eastern European markets.

The successful partnership with CTG referred to in paragraph a. above is expected to reinforce these strategic pillars.

c. Regulation of the Portuguese Power Sector:

On 17 May 2012, the Portuguese Government, acting through the Ministry of Economy and Employment, announced a set of measures for the power sector, which provide for two main changes with immediate effect and having an economic and financial impact on the EDP Group.

First, an adjustment has been set to the interest rate applicable to the tariff repercussion of the yearly fixed amount of the costs for maintenance of the contractual balance (CMEC), which, on average for the period 2013 to 2027, is €13 million per year, corresponding to a present value of €120 million. This adjustment results from the application of the mechanism for calculation of the fixed amount interest rate under Decree-Law no. 240/2004, of 27 December 2004.

In addition, the incentive to investment in power generation resulting from capacity payments shall be reviewed. In particular, the capacity mechanism shall cease to be applicable to thermal power plants until 2013, reflecting the date for completion of the measures foreseen in the Financial Assistance

Program for the energy sector, as per its 3rd review, although after such date the capacity amount shall correspond to € 6000/MW per year. The capacity payments are also maintained for new hydro power plants, during a period of 10 years, in an amount calculated on the basis of the current criteria for national supply coverage set out in regulations, which shall be reduced by 50 per cent. for capacity repowering in hydro plants with reversible pumping.

This new framework allows regulatory predictability and stability in the Portuguese power sector in the medium and long term, which has significant importance for all the stakeholders of EDP, it being estimated that, in global terms, the economic and financial impact for the EDP Group, once all the measures are in effect (2014), corresponds to 1 per cent. of EBITDA or 2.5 per cent. of EPS (earnings per share) per year.