



EDP — ENERGIAS DE PORTUGAL, S.A.

(incorporated with limited liability in the Portuguese Republic)

EDP FINANCE B.V.

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

€13,500,000,000

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 base prospectus dated 2 September 2016 (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 €13,500,000,000 in aggregate principal amount of instruments (the "**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 Central Bank of Ireland (the "**CBI**"), as competent authority under Directive 2003/71/EC (the "**Prospectus Directive**"). The CBI only approves this supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The purpose of this Supplement is to (i) disclose changes in certain shareholdings in EDP's share capital, (ii) disclose changes in EDP's stakeholdings; (iii) disclose regulatory modifications affecting the Portuguese electricity sector; and (vi) disclose recent changes in Portuguese taxation.

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 the publication of the Base Prospectus.

Investors should be aware of their rights under Article 16(2) of the Prospectus Directive. In accordance with Article 16(2) of the Prospectus Directive, 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 (the "**Withdrawal Right**"). The Withdrawal Right will expire on 23 January 2017.

AMENDMENTS OR ADDITIONS 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.

A. The section entitled "EDP and the EDP Group – Overview" on pages 106 and 107 of the Base Prospectus and the Summary on page 12 of the Base Prospectus are updated as follows:

Norges Bank's ownership interest in the share capital of EDP has decreased to below 2.00%. The Summary on page 12 of the Base Prospectus has been amended to take into account such new information. The amended Summary is attached as Appendix 1 hereto.

B. The section entitled "EDP and the EDP Group – EDP's Key Businesses – EDP Renováveis – Business Overview – Rest of Europe" on pages 118 and 119 of the Base Prospectus is updated as follows:

As at 30 June 2016, EDP Renováveis had 1,485 MW of capacity installed in the rest of Europe, as follows: Romania 521 MW (of which 50 MW are solar PV), Poland 418 MW, France 376 MW, Belgium 71 MW and Italy 100 MW. 73 MW of wind energy capacity were added in the twelve months ended 30 June 2016. By June 2016, a total of 26 MW were under construction in the rest of Europe: 14 MW in Italy and 12 MW in France.

The average load factor in the first six months of 2016 reached 27 per cent., a decrease from 28.2 per cent. for the same period in the previous year.

The electricity output increased by 5 per cent. year-on-year to 1,728 GWh in the first six months of 2016, on the back of capacity additions.

Within the scope of EDP/CTG strategic partnership, in December 2015, EDP Renováveis entered into an agreement with ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both of which are 100 per cent. owned by ACE Investment Fund LP – an entity participated by CTG HK, a fully-owned subsidiary of CTG – to sell 49 per cent. of its equity shareholding and shareholder loans in a portfolio of wind assets with a capacity of 598 MW in Poland and Italy, for a total consideration of €392 million. The transaction scope covers 392 MW in operation in Poland and 100 MW in Italy, with an average age of four years, as well as 107 MW under construction in Poland and in Italy. On 27 October 2016, EDP announced the completion of this transaction, the final consideration for which reached €363 million, reflecting changes mainly arising from: i) adjustment of the transaction perimeter, ii) cash already distributed by those wind farms, iii) customary price adjustments and iv) foreign exchange rates.

C. The section entitled "EDP and the EDP Group – Regulatory framework – European Energy Policy – Electricity Tariffs" on page 135 of the Base Prospectus is updated as follows:

According to ERSE statutes, approved by Decree-Law no. 97/2002, of 12 April, further regulated by Decree-Law no. 84/2013, of 25 June, ERSE is responsible for the establishment and for the approval of tariffs and regulated prices applicable in mainland Portugal and in the autonomous regions of Azores and Madeira, under the Tariff Regulation of the electricity sector. The tariffs and prices for electricity and other services in 2016 were approved by ERSE Directive no. 14/2015, of 15 December.

Ministerial Order no. 332/2012, of 22 October, last amended by Ministerial Order no. 359/2015, of 14 October, establishes several criteria to ensure a differentiated impact of CIEG, which are included in the UGS Tariff, on several activities of the SEN, particularly considering voltage levels and type of supply, in order to preserve the stability of the tariffs. Due to a change in the consumption profile between and in each voltage level, Ministerial Order no. 332/2012, of 22 October, was then amended by Ministerial Order no. 212-A/2014, of 14 October.

Ministerial Order no. 359/2015, of 14 October introduced improvements to the methodology of CIEG's repercussion in regulated tariffs, which enables, if necessary to ensure the tariff sustainability,

the distribution by voltage level or type of supply as directly proportional to total contracted power for each voltage level or type of supply.

The specific parameters for the application of these mechanisms are defined by ERSE in supplementary legislation every year, precedent to the publication of electricity tariffs for the following year. Ministerial Order no.-332/2012, of 22 October, DGEG Dispatch no. 13186-A/2013, of 14 October and published on 15 October, Ministerial Order no. 212-A/2014, of 14-October and DGEG Dispatch no. 11566-A/2015, of 3 October and published on 15 October, set the costs' allocation percentages by voltage level to be applied in the years 2013, 2014, 2015, 2016 and 2017, respectively.

D. The section entitled "EDP and the EDP Group – Regulatory framework – European Energy Policy – Market Regulators – ERSE" on pages 141 and 142 of the Base Prospectus is updated as follows:

ERSE was appointed as the independent regulator of electricity services in February 1997. On 2002, ERSE's authority with respect to the electricity sector was extended to the autonomous regions of Madeira and Azores and later to the natural gas sector, according to ERSE's statutes defined by Decree-Law no. 97/2002, of 12 April.

ERSE's statutes were then updated by Decree-Law no. 84/2013, of 25 June, in order to be adjusted to the legal framework defined for regulatory bodies through Law no. 67/2013, of 28 August. This revision introduced provisions aimed explicitly at establishing the autonomy and functional independence of this entity, without prejudice to the powers constitutionally assigned by the Portuguese government, while it was also intended to ensure greater representation of stakeholders in the advisory and tariff boards of ERSE.

According to ERSE statutes, ERSE is responsible for the establishment and for the approval of tariffs and regulated prices for electricity and natural gas. On 15 December of each year ERSE publishes a document defining the allowed revenues of the regulated activities and the electricity tariffs for the following year. Every three years, ERSE publishes a document containing the parameters for each new regulatory period. The tariffs and prices for electricity and other services in 2017 were approved by ERSE Directive no. 16/2016, of 24 December. The tariffs and prices for natural gas in the gas year 2016-2017 and the parameters for the regulatory period 2016-2019 were approved by ERSE Directive no. 13/2016, of 27 June.

In 2012, Decree-Law no. 212/2012, of 25 September, revised ERSE's statutes with an emphasis on the reinforcement of the regulator's independence and powers, namely those applicable to sanctions, in accordance with Directive 2009/72/EC and Directive 2009/73/EC. Law no. 9/2013, of 28 January, pursuant to Directive 2009/72/EC and Directive 2009/73/EC, established the sanctioning regime applicable to electricity and natural gas sectors and formally granted ERSE powers to initiate legal proceedings and apply sanctions to the entities operating in these sectors.

The remainder of the section entitled "ERSE" on pages 142 – 144 of the Base Prospectus describing ERSE's responsibility in relation to the Electricity Sector and the Natural Gas Sector remains unchanged.

E. The section entitled "Taxation – Portugal – Instruments issued by EDP B.V." on pages 185 and 186 of the Base Prospectus is updated as follows:

Interest and other investment income obtained by Portuguese resident individuals on Instruments issued by EDP B.V. are subject to individual income tax. If the payment of interest or other types of investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, an additional surcharge is due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Additionally, in case income aggregation is chosen, an

additional surtax is due for the tax year of 2017 according to the taxpayer taxable income, as follows: (i) 0 per cent. for taxable income up to €20,261; (ii) 0.88. per cent for taxable income exceeding EUR 20,261 up to EUR 40,522; (iii) 2.75. per cent. for taxable income exceeding €40,522 up to €80,640; and (iv) 3.21 per cent. for taxable income above €80,640. Also, in case the individual elected to aggregate the interest and other investment income, the tax withheld is deemed a payment on account of the final tax due. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent., unless the beneficial owner of the income is disclosed, in which case the general rules will apply. If the interest and other investment income on the Instruments is not received through an entity located in Portugal, it is not subject to Portuguese withholding tax, but an autonomous taxation rate of 28 per cent. will apply unless an option for aggregation is made, subject to the aforementioned progressive tax rates, additional surcharge and surtax.

Gains obtained with the repayment of Instruments are classified as capital gains for Portuguese tax purposes.

Capital gains obtained by Portuguese resident individuals on the repayment or transfer of the Instruments are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year, which is the final tax on that income, unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, an additional surcharge is due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Additionally, in case income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer taxable income, as follows: (i) 0 per cent. for taxable income up to EUR 20,261; (ii) 0.88 per cent. for taxable income exceeding EUR 20,261 up to EUR 40,522; (iii) 2.75 per cent. for taxable income exceeding EUR 40,522 up to EUR 80,640; and (iv) 3.21 per cent. for taxable income above EUR 80,640. Accrued interest qualifies as interest for tax purposes.

Interest and other investment income derived from the Instruments and capital gains obtained with the transfer of the Instruments by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent. rate is applicable to the first €15,000 of taxable income obtained by small and medium sized companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 7 per cent. on taxable profits in excess of €35,000,000.

The acquisition of Instruments through gift or inheritance by a Portuguese resident legal person or non-resident legal person acting through a Portuguese permanent establishment is subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent rate is applicable to the first EUR 15,000 of taxable income obtained by small and medium sized companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of their taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 7 per cent. on taxable profits in excess of €35,000,000.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

There is neither wealth nor estate tax in Portugal.

Payments made by EDP B.V. of interest, other investment income or principal on Instruments issued by it to an individual or legal person non-resident in Portugal for tax purposes without a permanent establishment to which such income may be attributable are not subject to Portuguese income tax.

Capital gains obtained on the transfer of an Instrument by an individual or a legal person who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese income tax.

F. The section entitled "Taxation – Portugal – Instruments issued by EDP not integrated in a centralised control system foreseen under Decree-Law no. 193/2005, of 7 November 2005" on pages 186 to 189 of the Base Prospectus is updated as follows:

Interest and other types of investment income obtained on Instruments by a Portuguese resident individual are subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent., which is the final tax on that income unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, an additional surcharge is due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Additionally, in case income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer taxable income, as follows: (i) 0 per cent for taxable income up to EUR 20,261; (ii) 0.88 per cent for taxable income exceeding EUR 20,261 up to EUR 40,522; (iii) 2.75 per cent for taxable income exceeding EUR 40,522 up to EUR 80,640; and (iv) 3.21 per cent for taxable income above EUR 80,640. Also, in case the individual elects to aggregate the interest and other investment, the tax withheld is deemed a payment on account of the final tax due.

Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

In the case of Zero Coupon Instruments, the difference between the redemption value and the subscription cost is qualified as investment income and is also subject to Portuguese income tax.

Gains obtained with the repayment of Instruments are classified as capital gains for Portuguese tax purposes.

Capital gains obtained by Portuguese resident individuals on the repayment or transfer of Instruments are taxed at a rate of 28 per cent. levied on the positive difference between the capital gains and capital losses realised on the transfer of securities and derivatives of each year, which is the final tax on that income, unless the individual elects to aggregate it to his taxable income, subjecting it to tax at progressive rates of up to 48 per cent. In the latter circumstance, an additional surcharge is due on the part of the taxable income exceeding EUR 80,000 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding €80,000 and up to €250,000 and (ii) 5 per cent. on the taxable income exceeding €250,000 (if any). Additionally, in case income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer taxable income, as follows: (i) 0 per cent for taxable income up to EUR 20,261; (ii) 0.88 per cent for taxable income exceeding EUR 20,261 up to EUR 40,522; (iii) 2.75 per cent for taxable income exceeding EUR 40,522 up to EUR 80,640; and (iv) 3.21 per cent for taxable income above EUR 80,640. Accrued interest qualifies as interest for tax purposes.

Interest and other investment income derived from Instruments and capital gains obtained with the repayment or transfer of Instruments by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable income and are subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent rate is applicable to the first EUR 15,000 of taxable income obtained by small and medium sized companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of EUR 1,500,000, 5 per cent. on taxable profits in excess of EUR 7,500,000 and up to EUR 35,000,000, and at 7 per cent. on taxable profits in excess of EUR 35,000,000.

Withholding tax at a rate of 25 per cent. applies on interest and other investment income, which is deemed a payment on account of the final tax due. Financial institutions subject to Portuguese Corporate Income Tax (including branches of foreign financial institutions located in Portugal), and *inter alia* pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings constituted under the laws of Portugal are not subject to withholding tax.

Interest and other types of investment income obtained by non-resident legal persons without a Portuguese permanent establishment to which the income is attributable are subject to withholding tax at a rate of 25 per cent., which is the final tax on that income. Interest and other types of investment income obtained by non-resident individuals without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 28 per cent., which is the final tax on that income. The rate is 35 per cent. in the case of individuals or legal persons domiciled in a country, territory or region included in the "tax havens" list approved by Ministerial order no. 150/2004, of 13 February, as amended from time to time. Interest and other investment income paid or made available (*colocado à disposição*) to accounts in the name of one or more accountholders acting on behalf of undisclosed entities is subject to a final withholding tax at 35 per cent. unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal which are in full force and effect as at the date of this Base Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes were approved by Order (*Despacho*) no. 4743-A/2008 (2nd series), of 8 February 2008, published in the Portuguese official gazette, second series, no. 37, of 21 February 2008 of the Portuguese Minister of Finance (as amended), available for viewing and downloading at www.portaldasfinancas.gov.pt.

Income paid to an associated company of EDP which is resident in the European Union is exempt from withholding tax.

For these purposes, an associated company of EDP is:

- (i) a company which is subject to one of the taxes on profits listed in Article 3 (a) (iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in an European Union Member State and is not, within the meaning of a double taxation convention on income concluded with a third state, considered to be a resident for tax purposes outside the Community; and
- (ii) which holds a minimum direct holding of 25 per cent. of the capital of the Issuer, or is directly held by the Issuer at least by 25 per cent. or which is directly held at least by 25 per cent. by a company which holds at least 25 per cent. of the capital of the Issuer; and
- (iii) provided that the holding has been maintained for an uninterrupted period of at least two years, if the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of EDP to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own account and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

The exemption from withholding tax may take place at source or through the refund of tax withheld.

Capital gains obtained on the repayment or transfer of Instruments by non-resident individuals without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation unless the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February (*Lista dos países, territórios e regiões com*

regimes de tributação privilegiada, claramente mais favoráveis) as amended from time to time. It is, however, important to note that, although there are significant grounds to consider this exemption as currently applicable (notably because its effectiveness was extended in 2012 without term and it was amended in 2016, which would alone be an indication of it remaining in force until at least 2021), the Portuguese State Budget Law for 2017 does not include it among the tax benefits, which period of application is extended; therefore, doubts may arise concerning the current applicability of this exemption. If the exemption does not apply, the gains will be subject to personal income tax at a rate of 28 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis. Accrued interest does not qualify as capital gains for tax purposes.

Gains obtained on the repayment or disposal of Instruments by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the beneficial owner is more than 25 per cent. directly or indirectly held by Portuguese resident entities or if the beneficial owner is resident in a country, territory or region subject to a clearly more favourable tax regime included in the "low tax jurisdictions" list approved by Ministerial order (*Portaria*) no. 150/2004, of 13 February (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*), as amended from time to time. For the first exception the capital gains are still exempt if the following requirements are cumulatively met: (i) the beneficial owner is resident in an EU Member State, in an European Economic Area Member State which is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or in a country with which Portugal has a double tax treaty in force which foresees the exchange of information; (ii) the beneficial owner is subject and not exempt from a tax referred to on article 2 of Council Directive 2011/96/UE of 30 November 2011, or from a tax of similar nature with a rate not lower than 60 per cent of the Portuguese IRC rate (currently 12,6 per cent.); (iii) the beneficial owner holds, directly or indirectly, at least 10 per cent. of the share capital or voting rights for at least 1 year uninterruptedly of the entity disposed; (iv) the beneficial owner is not part of an arrangement or series of arrangements which have been put into place for the main purpose or one of the main purposes of obtaining a tax advantage. It is, however, important to note that, although there are significant grounds to consider this exemption as currently applicable (notably because its effectiveness was extended in 2012 without term and it was amended in 2016, which would alone be an indication of it remaining in force until at least 2021), the Portuguese State Budget Law for 2017 does not include it among the tax benefits, which period of application is extended; therefore, doubts may arise concerning the current applicability of this exemption. If the exemption does not apply, the gains will be subject to Corporate Income Tax at a rate of 25 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

Stamp Duty at a rate of 10 per cent. applies to the acquisition through gift or inheritance of Instruments by an individual who is resident for Tax purposes in Portugal. An exemption applies to transfers in favour of the spouse, de facto spouse, descendants and parents/grandparents. The acquisition of Instruments through gift or inheritance by a Portuguese resident legal person or a non-resident legal person acting through a Portuguese permanent establishment is subject to Corporate Income Tax at a 21 per cent. tax rate (a 17 per cent rate is applicable to the first EUR 15,000 of taxable income obtained by small and medium sized companies, as defined in the annex of Decree-Law no. 372/2007, of 6 November), to which a municipal surcharge (*derrama municipal*) of up to 1.5 per cent. of its taxable income may be added. A state surcharge (*derrama estadual*) also applies at 3 per cent. on taxable profits in excess of €1,500,000 and up to €7,500,000, 5 per cent. on taxable profits in excess of €7,500,000 and up to €35,000,000, and 7 per cent. on taxable profits in excess of €35,000,000.

No Stamp Duty applies to the acquisition through gift and inheritance of Instruments by an individual who is not resident for tax purposes in Portugal. The acquisition of Instruments through gift or inheritance by a non-resident legal person is subject to corporate income tax at a rate of 25 per cent. However, under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case-by-case basis.

There is neither wealth nor estate tax in Portugal.

G. The section entitled "Taxation – Portugal – Instruments issued by EDP integrated in a centralised control system foreseen under Decree-Law no. 193/2005, of 7 November 2005" on pages 189 to 191 of the Base Prospectus is updated as follows:

The regime described in paragraph 2 above corresponds to the general tax treatment of investment income and capital gains on Instruments issued by a Portuguese entity and to the acquisition through gift or inheritance of such Instruments.

Nevertheless, pursuant to the Special Tax Regime for Debt Securities, approved by Decree-Law no. 193/2005, of 7 November 2005, as amended from time to time (hereafter "the special regime approved by Decree-Law no. 193/2005"), investment income paid on, as well as capital gains derived from, a sale, repayment or other disposition of the Instruments, to non-Portuguese resident beneficial owners will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal (such as the CVM managed by Interbolsa), or (ii) an international clearing system operated by a managing entity established in a member state of the European Union other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States, or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese government authorises the application of the Decree-Law no.193/2005, and the beneficiaries are:

- (i) central banks or governmental agencies; or
- (ii) international bodies recognised by the Portuguese Republic; or
- (iii) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement; or
- (iv) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial order no. 150/2004, as amended from time to time.

For purposes of application at source of this tax exemption regime, Decree-Law no.193/2005 requires completion of certain procedures and the provision of certain information. Under these procedures (which are aimed at verifying the non-resident status of the noteholder), the beneficial owner is required to hold the Instruments through an account with one of the following entities:

- (i) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;
- (ii) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or
- (iii) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

The special regime approved by Decree-Law no. 193/2005 sets out the detailed rules and procedures to be followed on the proof of non-residence by the beneficial owners of the Instruments to which it applies.

Under these rules, the direct register entity is required to obtain and retain proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non-residence should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Instruments), and, in the case of domestically cleared Instruments, prior to the transfer of Instruments, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Base Prospectus.

(a) Domestically Cleared Instruments

The beneficial owner of Instruments must provide proof of non-residence in Portuguese territory substantially in the terms set forth below:

- (i) If a holder of Instruments is a central bank, a public law entity or agency or an international organisation recognised by the Portuguese State, a declaration of tax residence issued by the holder of Instruments, duly signed and authenticated or proof pursuant to the terms of paragraph (iv) below.
- (ii) If the beneficial owner of Instruments is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Instruments and its domicile; or (C) proof of non-residence, pursuant to the terms of paragraph (iv) below.
- (iii) If the beneficial owner of Instruments is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country or jurisdiction with which Portugal has entered into a double tax treaty or a tax information exchange agreement in force, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation and domicile; or (B) proof of non-residence pursuant to the terms of paragraph (iv) below.
- (iv) In any other case, confirmation must be made by way of: (A) a certificate of residence or equivalent document issued by the relevant tax authorities or; (B) a document issued by the relevant Portuguese consulate certifying residence abroad; or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence. For these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable. There are rules on the authenticity and validity of the documents, in particular that the holder of Instruments must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until three months after the date on which the withholding tax would have been applied and will be valid for a three-year period starting on the date such document is issued.

In the cases referred to in paragraphs (i), (ii) and (iii) above, proof of non-residence is required only once, the beneficial owner having to inform the register entity of any changes that impact the entitlement to the exemption. The holder of Instruments must inform the register entity immediately of any change that may preclude the tax exemption from applying.

(b) Internationally Cleared Instruments

If the Instruments are registered in an account with an international clearing system, prior to the relevant date for payment of any interest or the redemption date (for Zero Coupon Instruments), the entity managing such system is to provide to the direct register entity or its representative the identification and number of securities, as well as the amount of income

payable and, when applicable, the amount of tax to be withheld, itemised by type of beneficial owner, as follows:

- (i) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income is attributable which are not exempt from tax and are subject to withholding tax;
- (ii) Entities which have residence, headquarters, effective management or permanent establishment in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004, of 13 February, as amended from time to time, which are not exempt from tax and are subject to withholding tax;
- (iii) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income is attributable which are exempt from tax or not subject to withholding tax; and
- (iv) Other entities which do not have residence, headquarters, effective management or permanent establishment to which the income would be attributable in the Portuguese territory.

In addition, the international clearing system managing entity is to provide to the direct register entity, in relation to each income payment, at least the following information concerning each of the beneficiaries mentioned in (i), (ii) and (iii) above: name and address, tax identification number, if applicable, identification of the securities held and amount thereof and amount of income.

No Portuguese exemption shall apply at source under the special regime approved by Decree-law no. 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for an exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree-law no. 193/2005. The refund claim is to be submitted to the direct register entity of the Instruments within six months from the date the withholding took place. The refund of withholding tax after the above six-month period is to be claimed to the Portuguese tax authorities through an official form available at <http://www.portaldasfinancas.gov.pt> (approved by Order no. 2937/2014 issued by Portuguese Secretary of State for Tax Matters), within two years from the end of the year in which tax was withheld. The refund is to be made within three months, after which interest is due.

H. The section entitled "Taxation – EU Savings Directive" on page 191 of the Base Prospectus is updated as follows:

Automatic Exchange of Information in the Field of Taxation

Portugal has implemented EC Council Directive 2003/48/EC, of 3 June 2003, on taxation of savings income into the Portuguese law through Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005 and Law no. 37/2010, of 2 September. On 10 November 2015 the Council of the European Union adopted the Council Directive (EU) 2015/2060 of 10 November 2015 repealing the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States of the European Union (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent an overlap between the EU Savings Directive and a new automatic exchange of information regime in the field of taxation to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU

(as amended) is generally broader in scope than the EU Savings Directive, although it does not impose withholding taxes.

As to this new regime, Portugal has implemented Directive 2011/16/EU through Decree-Law no. 61/2013, of 10 May 2013. Also, Council Directive 2014/107/EU was implemented through Decree-Law no. 64/2016, of 11 October 2016.

I. The section entitled "Taxation – Foreign Account Tax Compliance Act – Portugal" on pages 191 and 192 of the Base Prospectus is updated as follows:

Portugal and the United States have reached a Model 1 intergovernmental agreement, signed on 6 August 2015 and ratified by Portugal on 5 August 2016. Portugal has implemented, through Law no. 82-B/2014, of 31 December 2014, and Decree-Law no. 64/2016, of 11 October 2016, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. Under such legislation the Issuer will be required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities who, in turn, will report such information to the United States Tax Authorities.

Appendix 1

SUMMARY OF THE PROGRAMME

Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and Issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and Issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of 'not applicable'.

Section A – Introduction and warnings

Element		
A.1	Introduction and Warning	<p style="text-align: center;">This summary should be read as introduction to the Base Prospectus and the applicable Final Terms.</p> <p style="text-align: center;">Any decision to invest in the Instruments should be based on consideration of the Base Prospectus as a whole, including any documents incorporated by reference and the applicable Final Terms.</p> <p style="text-align: center;">Where a claim relating to the information contained in the Base Prospectus and the applicable Final Terms is brought before a court of a Member State of the European Economic Area, the plaintiff investor might, under the national legislation of that Member State, have to bear the costs of translating the Base Prospectus and the applicable Final Terms before the legal proceedings are initiated.</p> <p style="text-align: center;">Civil liability may attach only to those persons who have tabled this summary, including any translation of it, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus and the applicable Final Terms, it does not provide, when read together with the other parts of the Base Prospectus and the applicable Final Terms, key information in order to aid investors when considering whether to invest in the Instruments.</p>
A.2	Consent by Issuers for use of the Prospectus	<p style="text-align: center;">Certain Tranches of Instruments with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Public Offer"</p> <p style="text-align: center;">[Not applicable; the Instruments are not being offered to the public as part of a Public Offer]</p> <p style="text-align: center;">[Consent: Subject to the conditions set out below, the Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Instruments by the Managers[, <i>names of specific financial intermediaries listed in the final terms,</i>] [and] [each financial intermediary whose name is published on the Issuer's website (www.edp.pt) and identified as an Authorised Offeror in respect of the relevant Public Offer] [and any financial intermediary which is authorised to make such offers under the Markets in Financial</p>

Element	
	<p>Instruments Directive (Directive 2004/39/EC) and publishes on its website the following statement (with the information in square brackets being duly completed with the relevant information):</p> <p><i>"We, [insert legal name of financial intermediary] refer to the offer of [insert title of relevant Instruments] (the "Instruments") described in the Final Terms dated [insert date] (the "Final Terms") published by [EDP – Energias de Portugal, S.A./EDP Finance B.V.] (the "Issuer"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the Instruments in [specify Member State(s)] during the Offer Period and subject to other conditions to such consent, each as specified in the Base Prospectus, we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus accordingly."</i></p> <p>[EDP – Energias de Portugal, S.A./EDP Finance B.V.]'s consent referred to above is given for Public Offer of Instruments during [] (the "Ireland Offer Period").</p> <p>The conditions to the consent of [EDP – Energias de Portugal, S.A./EDP Finance B.V.] [in addition to the conditions referred to above] are that such consent:</p> <p>(a) is only valid during the Ireland Offer Period; and</p> <p>(b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Instruments in [].]</p> <p>[EDP – Energias de Portugal, S.A./EDP Finance B.V.]'s consent referred to above is given for Public Offer of Instruments during [] (the "Portugal Offer Period").</p> <p>The conditions to the consent of [EDP – Energias de Portugal, S.A./EDP Finance B.V.] [in addition to the conditions referred to above] are that such consent:</p> <p>(a) is only valid during the Portugal Offer Period; and</p> <p>(b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of Instruments in [].]</p> <p>AN INVESTOR INTENDING TO PURCHASE OR PURCHASING ANY INSTRUMENTS IN A PUBLIC OFFER FROM AN AUTHORISED OFFEROR WILL DO SO, AND OFFERS AND SALES OF SUCH INSTRUMENTS TO AN INVESTOR BY SUCH AUTHORISED OFFEROR WILL BE MADE, IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE OFFER IN PLACE BETWEEN SUCH AUTHORISED OFFEROR AND SUCH INVESTOR, INCLUDING ARRANGEMENTS IN RELATION TO PRICE, ALLOCATIONS, EXPENSES AND SETTLEMENT. THE ISSUERS WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH SUCH INVESTORS IN CONNECTION WITH THE PUBLIC OFFER OR SALE OF THE INSTRUMENTS CONCERNED AND, ACCORDINGLY, THIS BASE PROSPECTUS AND ANY FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION.</p>

Section B – Issuers and Keep Well Provider

Element	Title	

Element	Title	
B.1	Legal and commercial names of the Issuers	EDP – Energias de Portugal, S.A. ("EDP") EDP Finance B.V. ("EDP B.V.")
B.2	Domicile/legal form/legislation/country of incorporation	EDP is a limited liability company incorporated and domiciled in the Portuguese Republic under Portuguese law. EDP B.V. is a limited liability company incorporated and domiciled in the Netherlands under Dutch law.
B.4b	Trend information	Not Applicable; there are no known trends affecting the Issuers and the industries in which they operate.
B.5	Description of the Group	EDP is a vertically integrated utility company and is the parent company of the EDP Group which operates in the business areas of generation, supply and distribution of electricity and supply and distribution of gas in Portugal, Spain, France, Belgium, Italy, Poland, Romania, the United States and Brazil. EDP B.V. is a wholly owned subsidiary of EDP.
B.9	Profit forecast or estimate	Not Applicable; no profit forecast or estimate is made in the Base Prospectus.
B.10	Audit report qualifications	Not Applicable; there are no qualifications in the audit report on the historical financial information.

Element	Title				
B.12	Selected historical key financial information:				
	In relation to EDP:				
	The table below sets out summary information extracted from the EDP Group's audited income statement for each of the two years ended 31 December 2014 and 31 December 2015 and from the EDP Group's unaudited income statement for each of the six-month periods ended 30 June 2015 and 30 June 2016, respectively:				
	Consolidated Income Statement				
			Unaudited		
			Six Months Ended 30 June		Year Ended 31 December
	Thousands of Euros		2016	2015	2014
	Revenues from energy sales and services and other		7,147,613	7,947,694	15,516,799
	Cost of energy sales and other		-4,177,858	-5,197,883	-10,062,093
			<u>2,969,755</u>	<u>2,749,811</u>	<u>5,454,706</u>
	Other income		239,296	525,899	848,783
	Supplies and services		-435,743	-434,189	-920,608
Personnel costs and employee benefits		-323,500	-324,220	-652,979	
Other expenses		-383,054	-386,353	-805,944	
		<u>-903,001</u>	<u>-618,863</u>	<u>-1,530,748</u>	
		<u>2,066,754</u>	<u>2,130,948</u>	<u>3,923,958</u>	
Provisions		5,025	-3,275	-16,056	
Amortisation and impairment		-744,345	-689,179	-1,464,523	
		<u>1,327,434</u>	<u>1,438,494</u>	<u>2,443,379</u>	
Financial income		597,249	502,202	936,221	
Financial expenses		-1,004,980	-866,449	-1,768,736	
Share of net profit in joint ventures and associates		-4,586	-23,287	-23,899	
Profit before income tax and CESE		<u>915,117</u>	<u>1,050,960</u>	<u>1,586,965</u>	
Income tax expense		-242,860	-193,803	-277,769	
Extraordinary contribution to the energy sector (CESE)		-58,834	-60,863	-62,054	
		<u>-301,694</u>	<u>-254,666</u>	<u>-339,823</u>	
		<u>613,423</u>	<u>796,294</u>	<u>1,247,142</u>	
Net profit for the period		613,423	796,294	1,263,810	
Attributable to:					
Equity holders of EDP		472,171	586,809	912,703	
Non-controlling Interests		141,252	209,485	334,439	
Net profit for the period		613,423	796,294	1,263,810	
Earnings per share (Basic and Diluted) – Euros		<u>0.13</u>	<u>0.16</u>	<u>0.25</u>	
		<u>0.29</u>			

Element	Title			
	<p>The table below sets out summary information extracted from the EDP Group's audited statement of financial position as at 31 December 2014 and 31 December 2015 and from the EDP Group's unaudited statement of financial position as at 30 June 2016:</p>			
	<p>Consolidated Statement of Financial Position</p>			
		Unaudited		
		Six Months	Year Ended 31 December	
	Thousands of Euros	ended 30 June	2015	2014
		2016		
	Assets			
	Property, plant and equipment	22,986,269	22,773,716	20,523,100
	Intangible assets	5,529,735	5,524,634	5,813,026
	Goodwill	3,377,361	3,388,588	3,321,286
	Investments in joint ventures and associates	759,326	664,011	872,974
	Available for sale investments	170,324	200,206	224,457
	Investment property	32,918	36,465	37,399
	Deferred tax assets	445,976	272,498	218,747
	Trade receivables	115,996	101,087	174,591
	Debtors and other assets from commercial activities	2,773,208	3,211,231	3,052,139
	Other debtors and other assets	496,123	444,257	780,877
	Collateral deposits associated to financial debt	36,049	66,855	388,808
	Total Non-Current Assets	36,723,285	36,683,548	35,407,404
	Inventories	211,092	204,206	266,456
	Trade receivables	1,843,313	1,895,517	1,945,103
	Debtors and other assets from commercial activities	1,343,855	1,573,383	1,734,129
	Other debtors and other assets	295,790	443,118	318,848
	Current tax assets	342,435	314,867	371,653
	Financial assets at fair value through profit or loss	7,508	9,288	10,665
	Collateral deposits associated to financial debt	34,817	13,060	40,362
	Cash and cash equivalents	1,528,753	1,245,449	2,613,995
	Assets held for sale	-	154,529	164,402
	Total Current Assets	5,607,563	5,853,417	7,465,613
	Total Assets	42,330,848	42,536,965	42,873,017
	Equity			
	Share capital	3,656,538	3,656,538	3,656,538
	Treasury stock	-61,891	-62,691	-69,931
	Share premium	503,923	503,923	503,923
	Reserves and retained earnings	4,142,008	3,659,302	3,550,487
	Consolidated net profit attributable to equity holders of EDP	472,171	912,703	1,040,448
	Total Equity attributable to equity holders of EDP	8,712,749	8,669,775	8,681,465
	Non-controlling Interests	4,281,300	3,451,718	3,287,679
	Total Equity	12,994,049	12,121,493	11,969,144
	Liabilities			
	Financial debt	16,426,484	15,653,876	16,400,827
	Employee benefits	1,627,087	1,647,730	1,682,988
	Provisions	483,210	481,439	463,975
	Deferred tax liabilities	739,011	794,983	804,744
	Institutional partnerships in USA	1,932,872	1,956,217	1,801,963
	Trade and other payables from commercial activities	1,301,762	1,237,274	1,269,476
	Other liabilities and other payables	747,647	548,136	517,486
	Total Non-Current Liabilities	23,258,073	22,319,655	22,941,459
	Financial debt	2,250,168	3,616,664	3,897,356
	Employee benefits	174,667	175,763	197,285
	Provisions	27,995	24,633	21,564
	Hydrological correction account	6,553	11,417	1,010
	Trade and other payables from commercial activities	2,548,687	3,380,358	3,182,255
	Other liabilities and other payables	219,776	311,574	235,795
	Current tax liabilities	850,880	517,380	415,821
	Liabilities held for sale	-	58,028	11,328
	Total Current Liabilities	6,078,726	8,095,817	7,962,414
	Total Liabilities	29,336,799	30,415,472	30,903,873
	Total Equity and Liabilities	42,330,848	42,536,965	42,873,017
	<p>The table below sets out summary information extracted from the EDP Group's audited statement of cash flows as at 31 December 2014 and 31 December 2015 and the EDP Group's unaudited statement of cash flows as at 30 June 2015 and 30 June 2016, respectively:</p>			

Element	Title				
	Consolidated Statement of Cash Flows	Unaudited			
		Six Months Ended 30 June		Year Ended 31 December	
	Thousands of Euros	2016	2015	2015	2014
	Operating activities				
	Cash receipts from customers	6,795,836	7,452,964	14,357,283	14,802,734
	Proceeds from tariff adjustments sales	1,253,785	699,461	903,070	1,557,113
	Payments to suppliers	-4,716,295	-5,508,327	-10,512,735	-11,417,036
	Payments to personnel	-447,234	-456,489	-781,382	-813,108
	Concession rents paid	-142,475	-140,263	-277,627	-268,249
	Other receipts/(payments) relating to operating activities	-362,027	-145,337	-462,695	-385,753
	Net cash flows from operations	<u>2,381,590</u>	<u>1,902,009</u>	<u>3,225,914</u>	<u>3,475,701</u>
	Income tax received/(paid)	-173,725	16,311	-141,780	-226,915
	Net cash flows from operating activities	<u>2,207,865</u>	<u>1,918,320</u>	<u>3,084,134</u>	<u>3,248,786</u>
	Investing activities				
	Cash receipts relating to:				
	Sale of assets/subsidiaries with loss of control	95,434	242,627	242,985	228,114
	Other financial assets and investments	35,671	1,324	33,498	1,199
	Changes in cash resulting from consolidation perimeter variations	-	1,948	101,389	35
	Property, plant and equipment and intangible assets	3,185	7,471	11,596	13,685
	Other receipts relating to tangible fixed assets	4,115	5,235	16,308	35,246
	Interest and similar income	34,967	33,257	84,922	107,868
	Dividends	10,004	23,958	34,359	38,441
	Loans to related parties	32,998	5,099	4,482	-
		<u>216,374</u>	<u>320,919</u>	<u>529,539</u>	<u>424,588</u>
	Cash payments relating to:				
	Acquisition of assets/subsidiaries	-85,416	-95,423	-207,971	-21,774
	Other financial assets and investments	-70,967	-45,858	-78,014	-115,323
	Changes in cash resulting from consolidation perimeter variations	-1,085	-	-	-
	Property, plant and equipment and intangible assets	-1,137,577	-1,126,491	-1,835,636	-1,736,269
	Loans to related parties	-21,510	-17,642	-40,583	-
		<u>-1,316,555</u>	<u>-1,285,414</u>	<u>-2,162,204</u>	<u>-1,873,366</u>
	Net cash flows from investing activities	<u>-1,100,181</u>	<u>-964,495</u>	<u>-1,632,665</u>	<u>-1,448,778</u>
	Financing activities				
	Receipts/(payments) relating to loans	-502,595	-1,407,259	-1,458,838	-46,219
	Interest and similar costs including hedge derivatives	-448,359	-479,662	-920,577	-855,562
	Share capital increases/(decreases) by non-controlling interests	145,640	-25,807	-46,168	-6,116
	Receipts/(payments) relating to derivative financial instruments	-3,080	36,403	-22,808	56,561
	Dividends paid to equity holders of EDP	-672,537	-672,308	-672,308	-671,879
	Dividends paid to non-controlling interests	-119,585	-67,534	-128,971	-123,836
	Treasury stock sold/(purchased)	-1,183	4,532	6,223	12,142
	Sale of assets/subsidiaries without loss of control	556,080	394,950	394,904	109,107
	Receipts/(payments) from institutional partnerships — USA	113,431	36,657	68,474	147,860
	Net cash flows from financing activities	<u>-932,188</u>	<u>-2,180,028</u>	<u>-2,780,069</u>	<u>-1,377,942</u>
	Changes in cash and cash equivalents	<u>175,496</u>	<u>-1,226,203</u>	<u>-1,328,600</u>	<u>422,066</u>
	Effect of exchange rate fluctuations on cash held	107,808	-17,851	-39,946	35,222
	Cash and cash equivalents at the beginning of the period	<u>1,245,449</u>	<u>2,613,995</u>	<u>2,613,995</u>	<u>2,156,707</u>
	Cash and cash equivalents at the end of the period	<u>1,528,753</u>	<u>1,369,941</u>	<u>1,245,449</u>	<u>2,613,995</u>
	In relation to EDP B.V.:				
	The table below sets out summary information extracted from EDP B.V.'s audited income statement for each of the two years ended 31 December 2014 and 31 December 2015 and EDP B.V.'s unaudited income statement for each of the six-month periods ended 30 June 2015 and 30 June 2016, respectively:				

Element	Title				
	Income Statement	Unaudited			
		Six Months Ended 30 June		Year Ended 31 December	
	Thousands of Euros	2016	2015	2015	2014
	Interest income	318,687	364,484	705,667	787,198
	Interest expenses	-315,575	-393,801	-747,647	-771,703
	Net interest income/(expense)	3,112	-29,317	-41,980	15,495
	Net other financial income and expenses	7,800	-17,566	-18,564	6,028
	Net financial income/(expenses)	10,912	-46,883	-60,544	21,523
	Other income/(expenses)				
	Services rendered	609	851	2,055	1,768
	Supplies and services	-1,356	-1,465	-2,660	-3,598
	Personnel costs	-22	-20	-39	-1
	Profit/(Loss) before income tax	10,143	-47,517	-61,188	19,692
	Tax (expense)/benefit	-2,531	11,924	15,297	-4,913
	Profit/(Loss) for the period	7,612	-35,593	-45,891	14,779

The table below sets out summary information extracted from EDP B.V.'s audited statement of financial position as at 31 December 2014 and 31 December 2015 and from EDP B.V.'s unaudited statement of financial position as at 30 June 2016:

	Statement of Financial Position	Unaudited		
		Six Months ended 30 June	Year Ended 31 December	
	Thousands of Euros	2016	2015	2014
	Assets			
	Loans to and receivables from group entities	12,855,533	12,931,757	11,857,845
	Derivative financial instruments	218,296	203,998	178,373
	Deferred tax assets	10,005	10,005	-
	Total Non-Current Assets	13,083,834	13,145,760	12,036,218
	Loans to and receivables from group entities	1,263,488	1,631,137	4,333,366
	Derivative financial instruments	40,917	84,587	80,239
	Debtors and other assets	1,262	1,789	1,548
	Tax receivable	5,075	5,075	3,175
	Cash and cash equivalents	1,556	806	193,365
	Total Current Assets	1,312,298	1,723,394	4,611,693
	Total Assets	14,396,132	14,869,154	16,647,911
	Equity			
	Share capital	2,000	2,000	2,000
	Share premium	11,980	11,980	11,980
	Reserves and retained earnings	84,012	130,129	114,655
	Profit/(loss) for the period	7,612	-45,891	14,779
	Total Equity	105,604	98,218	143,414
	Liabilities			
	Debt securities	9,908,591	9,369,836	10,466,159
	Loans and credit facilities from third parties	2,338,191	2,336,111	2,643,765
	Derivative financial instruments	122,385	190,781	124,685
	Total Non-Current Liabilities	12,369,167	11,896,728	13,234,609
	Debt securities	1,229,613	2,524,513	1,851,318
	Loans and credit facilities from third parties	210,031	211,250	829,588
	Loans from group entities	488,311	34,268	377,832
	Amounts owed on commercial paper	-	110,000	210,000
	Derivative financial instruments	-10,463	-6,201	-3,926
	Trade and other payables	1,413	378	27
	Tax payable	2,456	-	5,049
	Total Current Liabilities	1,921,361	2,874,208	3,269,888
	Total Liabilities	14,290,528	14,770,936	16,504,497
	Total Equity and Liabilities	14,396,132	14,869,154	16,647,911

The table below sets out summary information extracted from EDP B.V.'s audited statement of cash flows as at 31 December 2014 and 31 December 2015 and from EDP B.V.'s

Element	Title																																																																																																																																																														
	unaudited statement of cash flows as at 30 June 2015 and 30 June 2016, respectively:																																																																																																																																																														
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expenses	-85,888	545	241	-77,772	Supplies and services	-	-	-64	-	Tax income	2,531	-11,924	-15,297	4,913		-78,818	-17,523	-18,833	-67,329	Changes in:					Loans to and receivables from group entities	1,349,795	363,837	1,181,282	-1,379,809	Debtors and other assets	147	962	-241	924	Amounts owed on commercial paper	-110,000	55,000	-100,000	-70,000	Loans from group entities	-322,232	377,832	898,187	2,021,571	Trade and other payables	1,415	831	379	-1,586		840,307	780,939	1,960,774	503,771	Interest received	134,490	170,904	318,832	336,751	Interest paid	-314,516	-365,099	-669,126	-692,053	Tax received/(paid)	-	-1,849	-1,889	1,771	Net cash used in operating activities	660,281	584,895	1,608,591	150,240	Cash flows from financing activities					Proceeds from issued debt securities	595,476	744,893	744,893	2,836,571	Redemption of debt securities	-1,250,000	-1,582,366	-1,582,366	-1,377,911	Proceeds of loans and credit facilities from third parties	-	-110,021	1,489,980	514,177	Redemption of loans and 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	<p>Statements of no significant or material adverse change</p> <p>There has been no significant change in the financial or trading position of EDP or the EDP Group since 30 June 2016, and there has been no material adverse change in the financial position or prospects of EDP or the EDP Group since 31 December 2015.</p> <p>There has been no significant change in the financial or trading position of EDP B.V. since 30 June 2016 and there has been no material adverse change in the financial position or prospects of EDP B.V. since 31 December 2015.</p>																																																																																																																																																														
B.13	Events impacting the Issuers' solvency	Not Applicable; there are no recent events particular to the Issuers which are materially relevant to the evaluation of the Issuers' solvency.																																																																																																																																																													
B.14	Dependence upon other group entities	<p>EDP is the parent company of EDP Group. EDP is not dependent upon other entities within the EDP Group.</p> <p>EDP B.V. is a funding vehicle for the EDP Group and its sole purpose is to raise finance in the international loan and capital markets and to provide funds and investment services to the EDP Group companies, including by entering into intra-group loan agreements. EDP B.V. is exposed to interest rate risk and currency risk over its outstanding intra-group loans and external borrowings, which could adversely impact its ability to meet its financial obligations. Therefore, given its sole purpose as a funding vehicle for the EDP Group, EDP B.V. relies on the ability of other companies in the EDP Group to meet their financial obligations. It does not have</p>																																																																																																																																																													

Element	Title	
		any other sources of revenue.
B.15	Principal activities	<p>EDP's principal activities include the generation, distribution and supply of electricity. EDP also distributes gas and acts as a wind-power operator.</p> <p>The principal activity of EDP B.V. is to raise funds in the international markets and to provide financial and investment services to the EDP Group.</p>
B.16	Controlling shareholders	<p>EDP B.V. is directly owned and controlled by EDP.</p> <p>EDP is neither directly nor indirectly owned or controlled by any one party. The most significant shareholdings in EDP's share capital (i.e. shareholdings equal to or higher than 2 per cent.) were, as at 30 June 2016: China Three Gorges, owning 21.35 per cent.; Capital Group Companies, Inc., owning 15.54 per cent.; Oppidum Capital S.L., owning 7.19 per cent.; BlackRock, Inc. owning 5.00 per cent.; Senfora BV owning 4.06 per cent.; China Ningbo International Cooperation Co., Ltd ("CNIC") owning 3.02 per cent.; Fundação Millennium BCP and BCP Group Pension Fund, owning 2.44 per cent.; Sonatrach owning 2.38 per cent.; Qatar Investment Authority, owning 2.27 per cent. and Norges Bank, owning 2.08 per cent.</p> <p>The holding of Norges Bank has subsequently decreased to below 2 per cent. and thus no longer constitutes a significant shareholding for this purpose.¹</p>
B.17	Credit ratings	<p>Each of EDP and EDP B.V. has been rated Baa3 by Moody's Investors Service Limited ("Moody's"), BBB- by Fitch Ratings Ltd. ("Fitch") and BB+ by Standard & Poor's Credit Market Services France SAS, a Division of The McGraw-Hill Companies, Inc. ("Standard & Poor's"). Instruments issued under the Programme with a maturity of more than one year are expected to be rated Baa3 by Moody's, BBB- by Fitch and BB+ by Standard & Poor's. Instruments issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above.</p> <p>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, revision or withdrawal at any time by the assigning rating agency.</p>
B.18	Description of the Keep Well Agreement	<p>[EDP has entered into a Keep Well Agreement with EDP B.V., pursuant to which EDP has agreed that, for so long as EDP B.V. has any Instruments outstanding under the Programme, it will make available to EDP B.V. funds sufficient to meet its payment obligations or repay borrowings then maturing to the extent that EDP B.V.'s funds or other liquid assets are insufficient to meet its payment obligations or repay its borrowings. Under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Instruments issued by EDP B.V. under the Programme, enforce EDP B.V.'s rights under the Keep Well Agreement against EDP. Holders of Instruments do not have any direct rights against EDP. The Keep Well Agreement is not a guarantee and EDP has no obligation to pay any amounts due under the Instruments issued by EDP B.V.]/[Not Applicable]</p>

¹ Further to the publication of a Supplement to the Base Prospectus dated 19 January 2017, this section has been updated to refer to the fact that Norges Bank no longer holds one of the most significant shareholdings in EDP (i.e. shareholdings equal to or higher than 2 per cent.) following a decrease in its holding bringing it below such threshold.

Element	Title	
B.19/B.1	Legal and commercial name of the Keep Well Provider	EDP – Energias de Portugal, S.A.
B.19/B.2	Domicile/legal form/legislation/country of incorporation	The Keep Well Provider is a limited liability company incorporated and domiciled in the Portuguese Republic under Portuguese Law.
B.19/B.4 b	Trend information	Not Applicable; there are no known trends affecting EDP and the industries in which it operates.
B.19/B.5	Description of the Group	EDP is a vertically integrated utility company and is the parent company of the EDP Group which operates in the business areas of generation, supply and distribution of electricity and supply and distribution of gas in Portugal, Spain, France, Belgium, Italy, Poland, Romania, the United States and Brazil.
B.19/B.9	Profit forecast or estimate	Not Applicable; no profit estimate or forecast is made regarding EDP.
B.19/B.1 0	Audit report qualifications	Not Applicable; there are no qualifications in the audit report on the historical financial information.
B.19/B.1 2	Selected historical key financial information	Historical key financial information about EDP as Keep Well Provider is the same as the historical key information for EDP as Issuer and is provided in Element B.12 above.
B.19/B.1 3	Events impacting the Keep Well Provider's solvency	Not Applicable; there are no recent events particular to EDP which are materially relevant to the evaluation of the Keep Well Provider's solvency.
B.19/B.1 4	Dependence upon other Group entities	EDP is not dependent upon other entities within the EDP Group.
B.19/B.1 5	The Keep Well Provider's Principal activities	EDP's principal activities include the generation, distribution and supply of electricity. EDP also distributes gas and acts as a wind-power operator.
B.19/B.1 6	Controlling shareholders	EDP is neither directly nor indirectly owned or controlled by any one party.
B.19/B.1 7	Credit ratings	EDP has been rated Baa3 by Moody's, BBB- by Fitch and BB+ by Standard & Poor's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Section C – Securities

Element	Title	
C.1	Description of Instruments/ISIN	<p>The Instruments to be issued under the Programme may be Fixed Rate Instruments, Floating Rate Instruments, Zero Coupon Instruments, Instalment Instruments or a combination of the foregoing.</p> <p><i>Issuance in Series</i></p>

Element	Title	
		<p>Instruments will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Instruments of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Instruments of each Tranche will all be subject to identical terms in all respects.</p> <p><i>Forms of Instruments</i></p> <p><u>Bearer Instruments:</u></p> <p>Instruments may be issued in bearer form.</p> <p>Instruments in bearer form may initially be in the form of a Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for definitive bearer Instruments or a registered Instrument in definitive form in certain limited circumstances.</p> <p>Temporary Global Instruments may also be issued which are exchangeable for definitive bearer Instruments or registered Instruments on or after a specified date.</p> <p>Bearer Instruments in definitive form will, if interest bearing, have Coupons attached and, where the Instruments have more than 27 coupon payments, Talons for further Coupons.</p> <p>Each Bearer Global Instrument will be issued in either "Classic Global Note" or "CGN" form or in "New Global Note" or "NGN" form. CGN Instruments will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, and NGN Instruments will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg.</p> <p><u>Registered Instruments:</u></p> <p>Instruments may be issued in registered form.</p> <p>Instruments may initially be in the form of Global Registered Instruments, registered in the name of (i) a common depositary for Euroclear and Clearstream, Luxembourg; or (ii) a common safekeeper for Euroclear and Clearstream, Luxembourg, and such Instruments will be exchangeable for registered Instruments in definitive form in certain limited circumstances.</p> <p>Each Tranche of Instruments represented by a Global Registered Instrument may or may not be held under the new safekeeping structure ("New Safekeeping Structure" or "NSS"). Instruments that are not held under NSS will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Instrument will be deposited on or about the issue date with the common depositary. Instruments that are held under the NSS, will be registered in the name of a common safekeeper (or its nominee) for Euroclear and/or Clearstream, Luxembourg and the relevant Global Registered Instrument will be deposited on or around the issue date with the common safekeeper for Euroclear and/or Clearstream, Luxembourg.</p>

Element	Title	
		<p><u>Book Entry Instruments</u></p> <p>Instruments issued by EDP may be issued in dematerialised book-entry form ("<i>forma escritural</i>").</p> <p>Such Instruments will be held through Interbolsa and will either be (i) <i>nominativas</i> (in which case Interbolsa, at the request of the Issuer, can ask for information regarding the identity of the holders of the Instruments and transmit such information to the Issuer); or (ii) <i>ao portador</i> (in which case Interbolsa cannot inform the Issuer of the identity of the holders). Form and title to the Book Entry Instruments will be evidenced by book entries.</p> <p>Form of the Instruments: [].</p> <p>Type of Instruments: [] Instruments.</p> <p>ISIN: [].</p> <p>Common Code: [].</p> <p>[The Instruments will be consolidated to form a single series with [identify earlier Tranches] on [Issue Date/exchange of the Temporary Global Instrument for interests in the Permanent Global Instrument, which is expected to occur on or about [date].]</p>
C.2	Currency	<p>Subject to compliance with all applicable laws, regulations and directives, the Instruments may be denominated in any currency agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Instruments (the "Specified Currency"), and the Book Entry Instruments will be denominated in Euro or such other currency as can be settled through Interbolsa, in all cases subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Specified Currency: [].</p>
C.5	Restrictions on transferability	<p>There are no restrictions on the free transferability of the Instruments.</p>
C.8	Rights attached to the Instruments, including ranking and limitations on those rights	<p>Instruments issued under the Programme will be subject to, among others, the following terms and conditions:</p> <p><i>Status (Ranking)</i></p> <p>Instruments will constitute direct, unconditional, unsubordinated and (subject to the provisions of the Issuer's negative pledge below) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.</p> <p><i>Taxation</i></p> <p>All payments in respect of Instruments will be made without deduction for or on account of withholding taxes imposed by the Issuer's country of incorporation. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so deducted.</p> <p><i>Negative pledge</i></p>

Element	Title	
		<p>The terms of the Instruments will contain a negative pledge provision which restricts the right of the Issuers to create or have outstanding any mortgage, lien, pledge or other charge or to otherwise secure any obligations (subject to certain conditions and exceptions) over the whole or any part of their assets while the Instruments remain outstanding.</p> <p>Events of default</p> <p>(a) default in payment of any principal or interest due in respect of the Instruments, continuing for a specified period of time;</p> <p>(b) non-performance or non-observance by the Issuer (or, if the Issuer is EDP B.V., by EDP) of any of its other obligations under the conditions of the Instruments, the Trust Deed, or, in the case of Book Entry Instruments, the Interbolsa Instrument, in certain cases continuing for a specified period of time;</p> <p>(c) any indebtedness (other than the Instruments) of EDP B.V. (if EDP B.V. is the Issuer), or EDP, or certain subsidiaries of EDP becomes due and payable prior to its stated maturity as a result of a default, such indebtedness is not paid at its maturity, a guarantee or indemnity in respect of such indebtedness given by such company is not honoured when due and called upon, or any security interest over the assets of such company becomes enforceable, in certain cases where the indebtedness amounts to at least U.S.\$50,000,000; and</p> <p>(d) events relating to the insolvency or winding up of EDP B.V. (if EDP B.V. is the Issuer), EDP or certain subsidiaries of EDP;</p> <p>(e) save for the purposes of reorganisation on terms previously approved by an extraordinary resolution of the Holders, EDP B.V. (if EDP B.V. is the Issuer), EDP or certain of its subsidiaries, or EDP and those certain subsidiaries (including EDP B.V.) taken as a whole cease or threaten to cease to carry on the whole or a major part of their business;</p> <p>(f) any requirements of any governmental or public body or authority necessary to enable or permit EDP B.V. or EDP to comply with its obligations under the Instruments, the Trust Deed or the Keep Well Agreement or, for the validity or enforceability of any such obligations, fails to remain in full force and effect or any law, decree or directive of any competent authority of or in the Netherlands or Portugal is enacted or issued which materially impairs the ability or right of EDP B.V. or EDP to perform such obligations;</p> <p>(g) in relation to certain of its subsidiaries, EDP ceases to own directly or indirectly more than 50 per cent. of the issued share capital or voting rights attached thereto or similar right of ownership or, in relation to EDP B.V. (if EDP B.V. is the Issuer), EDP ceases to own directly or indirectly 100 per cent. of the issued share capital or voting rights attached thereto or similar right of ownership or EDP shall cease to have direct or indirect control of certain subsidiaries or EDP B.V.; and</p> <p>(h) the Keep Well Agreement ceases to be in full force and</p>

Element	Title	
		<p>effect.</p> <p>Meetings</p> <p>The terms of the Instruments will contain provisions for calling meetings of holders of such Instruments to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders, including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority.</p> <p>Governing law</p> <p>English law, except that with respect to Book-Entry Instruments only, the form and transfer of the Instruments, creation of security over the Instruments and the Interbolsa procedures for the exercise of rights under the Book Entry Instruments are governed by, and shall be construed in accordance with Portuguese law.</p>
C.9	Interest/Redemption	<p>Interest</p> <p>The terms of the relevant Series of Instruments will be agreed between the relevant Issuer and the relevant Dealer(s) at the time of the issue of such Series of Instruments.</p> <p>Nominal interest rate: [].</p> <p>Interest commencement date: [].</p> <p>Interest Payment date(s): [].</p> <p>Reference rate: [].</p> <p>Yield: [].</p> <p>Redemption, Maturity and Redemption Price</p> <p>The terms under which Instruments may be redeemed will be agreed between the relevant Issuer and the relevant Dealer at the time of issue of the relevant Instruments.</p> <p>Maturity: [].</p> <p>Redemption price: [].</p> <p>Provisions relating to early redemption: [].</p> <p>Representation of holders</p> <p>The Trustee, who represents the holders of Instruments other than Book Entry Instruments, is Deutsche Trustee Company Limited.</p>
C.10	Derivative component in the interest payments	Not Applicable; there is no derivative component in the interest payments.
C.11 C.21	Listing and admission to trading/distribution	Application will or has been made for Instruments to be admitted to trading on the Irish Stock Exchange. The Programme also permits Instruments to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or will be admitted to listing, trading and/or quotation by such other or further

Element	Title	
		<p>competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer, including without limitation, Euronext Lisbon.</p> <p>[Application has been made for the Instruments to be admitted to trading on [the Irish Stock Exchange/Euronext Lisbon] with effect from [].]</p> <p>[The Instruments are neither listed nor admitted to trading on or by any competent authority or stock exchange.]</p>

Section D – Risks

Element	Title	
D.2	Key risks regarding the Issuers	<p>The key risks that are specific to the Issuers are as follows.</p> <p>Regulation: The EDP Group's operating results are highly affected by laws and regulations implemented by public entities in the various jurisdictions in which it operates. Changes to such laws and regulations may have an effect on concessions, licences and permits held by the EDP Group, taxes, levies and other charges to which it may be subject and also the development and profitability of energy projects.</p> <p>In addition, changes to environmental, health and safety laws and regulations to which EDP is subject that would result in them becoming more restrictive or less favourable, or if a stricter interpretation of current regulations were to be applied, this could lead to changes in EDP's operating conditions that might require additional capital expenditures, increase its operating costs or otherwise hinder the development of its business.</p> <p>EDP's cash flow is also subject to possible changes in the amounts and timings of the recovery of regulatory receivables from the energy systems.</p> <p>Competition and demand: EDP's profitability, in particular from its supply activities may be affected by significant changes in energy demand in each of the countries where it operates. In the Iberian Peninsula, electricity generation is subject to licensing by the competent authorities, which is carried out in a competitive environment. Consequently, new electricity generation power plants may be licensed to EDP's competitors in the markets where it operates, affecting the profitability of certain of its power plants. Furthermore, EDP may be unsuccessful in obtaining licences for the construction or operation of new power plants, and it could therefore be unable to increase or maintain its generation capacity or market share. EDP may also face competition as a result of the transmission of electricity from regions with excess capacity or lower energy prices. With respect to the development of wind power generation, EDP primarily faces competition in relation to bidding for or acquiring available sites and grid interconnection rights, and in setting prices for energy produced.</p> <p>In addition, the increase of competition in electricity and natural gas supply in liberalised markets in the Iberian Peninsula (where customers are free to choose their supplier) may reduce EDP's margins and reduce its ability to sell electricity and natural gas to</p>

Element	Title	
		<p>value added final customers.</p> <p>Profit Margin: The selling price and gross profit per unit of energy sold by EDP may decline significantly due to a deterioration of market conditions. This may result from an adverse imbalance between supply and demand in the electricity and natural gas markets in which EDP operates, the performance of international and/or regional energy prices such as oil, natural gas, coal, CO₂ allowances and green certificates, below-average rainfall or wind speed levels, higher cost of power plant construction, a change in the technological mix of installed generation capacity and administrative decisions imposed by legislative and regulatory authorities. In addition, certain of EDP's power plants in Portugal have ceased and others may in the future cease to benefit from the stranded cost compensation mechanism provided for under the Portuguese CMEC legislation, which will result in such power plants becoming exposed to market prices and volatility. Although EDP currently uses and may use various financial and commodity hedging instruments as well as bilateral Power Purchase Agreements and long-term fuel supply agreements in order to mitigate market risks, there is no certainty that such strategies will successfully hedge all of these risks.</p> <p>Counterparty Risk: EDP is exposed to counterparty risk in some of its businesses such as its electricity and natural gas supply to final customers, its energy wholesale activities in the Iberian Peninsula and in international fuel markets, as well as its Power Purchasing Agreements in the United States, Italy, Belgium and Brazil. Counterparties may not comply with their contractual obligations, they may become subject to insolvency or liquidation proceedings during the term of the relevant contracts or the credit support received from such counterparties will be inadequate to cover EDP's losses in the event of its counterparty's failure to perform.</p> <p>Macroeconomic Climate: The global economy and the financial system have experienced a period of significant turbulence and uncertainty, including a very severe dislocation of the financial markets and stress to the sovereign debt and economies of certain European Union countries including Portugal and Spain where EDP has a relevant presence, also accompanied by recessionary conditions and trends in many economies throughout the European Union, including Portugal and Spain. EDP is not able to predict how the economic cycle is likely to develop in the short term or the coming years or whether there will be a further deterioration of the global, Portuguese and Spanish economic cycle.</p> <p>Finance: EDP's financial position may be adversely affected by a number of factors including restrictions on its ability to borrow from the capital markets and other lending sources and the cost of such borrowings which may be affected by changes to EDP's credit ratings and adverse market conditions and volatility in the global credit markets. EDP operates in a capital-intensive business and in particular has significant construction and capital expenditure requirements. The recovery of its capital investment occurs over a substantial period of time and in certain circumstances may not be recovered at all. EDP expects to finance a significant part of its capital expenditure from its operating activities. If it is unable to do so it may need to finance these expenditures from outside sources. It may not be possible to raise funds from outside sources on acceptable terms</p>

Element	Title	
		<p>or at all leading to a reduction of its planned capital expenditures.</p> <p>Instruments issued by EDP B.V.: The Instruments issued by EDP B.V. are obligations of EDP B.V. and not of EDP. The Keep Well Agreement entered into between EDP and EDP B.V. is not a guarantee and EDP has no obligation to pay any amounts due under the Instruments issued by EDP B.V. Although under the terms of the Keep Well Agreement the Trustee may, on behalf of holders of any Instruments issued by EDP B.V., enforce EDP B.V.'s rights under that agreement against EDP to require it in certain circumstances to make available funds sufficient to enable EDP B.V. to meet its payment obligations, holders of Instruments issued by EDP B.V. do not have any direct rights against EDP.</p>
D.3	Key risks regarding the Instruments	<p>Changes in interest rates will affect the value of Instruments which bear interest at a fixed rate – if market rates increase above the rate paid on the Instrument, the value of the Instrument will be adversely affected.</p> <p>If the Issuers have the right to redeem any Instruments at their option, this may limit the market value of the Instruments concerned. During any period when the Issuers may elect to redeem the Instruments, and potentially prior to this period, the market value of the Instruments will generally not rise above the price at which they can be redeemed. Investors may also be unable to reinvest redemption proceeds at an effective yield as high as the yield on the Instruments being redeemed.</p> <p>Fixed/Floating Rate Instruments which bear interest at a rate that converts, at the option of the Issuer, from a fixed rate to a floating rate, or vice versa, may be issued under the Programme. If the Issuer elects to exercise such option, this will affect the secondary market and the market value of the Instruments, since the Issuers may be expected to convert the rate to produce a lower overall cost of borrowing. This means that where the Issuers convert from a fixed rate to a floating rate, the spread on these Instruments may be less favourable than then prevailing spreads on comparable Floating Rate Instruments tied to the same reference rate. The new floating rate may also be lower than the rates on other Instruments and where the Issuers convert from a floating rate to a fixed rate, the fixed rate may also be lower than then prevailing market rates.</p> <p>Instruments may be issued under the Programme at a substantial discount or premium to their principal amount and the market values of these Instruments tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest bearing securities. Generally, there will be greater price volatility the longer the term remaining on the Instrument.</p> <p>Inverse Floating Rate Instruments (where the interest rate is equal to a fixed rate minus a rate based on a reference rate) may be issued under the Programme and the market values of these Instruments will typically be more volatile than that of conventional Floating Rate Instruments. This is because in addition to decreasing the interest rate of the Instruments, an increase in the reference rate may reflect an increase in prevailing interest rates, which may further adversely affect the market value of these Instruments.</p> <p>An investor may not receive payment of the full amounts</p>

Element	Title	
		<p>due in respect of Instruments as a result of amounts being withheld by the Issuer in order to comply with applicable laws.</p> <p>Investors who hold less than the minimum specified denomination may be unable to sell their Instruments and may be adversely affected if definitive Instruments are subsequently required to be issued.</p> <p>There may be no or only a limited secondary market in the Instruments and this would adversely affect the value at which an investor could sell his Instruments.</p> <p>The value of an investor's investment may be adversely affected by exchange rate movements where the Instruments are not denominated in the investor's own currency.</p> <p>Any credit rating assigned to the Instruments may not adequately reflect all the risks associated with an investment in the Instruments.</p>

Section E – Offer

Element	Title	
E.2b	Reasons for the offer and use of proceeds	<p>The net proceeds from each issue of Instruments issued by EDP, will be applied by EDP for its general corporate purposes.</p> <p>The proceeds of Instruments issued by EDP B.V. will be on-lent to, or invested in, EDP Group companies.</p>
E.3	Terms and conditions of the offer	<p>Under the Programme, the Instruments may be offered to the public in a Public Offer in [Ireland or Portugal].</p> <p>The terms and conditions of each offer of Instruments will be determined by agreement between the Issuer and the relevant Dealer at the time of issue and specified in the applicable Final Terms. An Investor intending to acquire or acquiring any Instruments in a Public Offer from an Authorised Offeror will do so, and offers and sales of such Instruments to an Investor by such Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocations and settlement arrangements.</p> <p>[Not Applicable – the Instruments are not being offered to the public as part of a Public Offer.]</p> <p>[The issue of the Instruments is being offered in a Public Offer in [Ireland] [and] [Portugal].]</p> <p>Offer Price: []</p> <p>Conditions to which [] the offer is subject:</p>

Element	Title	
		<p>Offer Period: []</p> <p>Description of the application process: []</p> <p>Details of the minimum and/or maximum amount of application: []</p> <p>Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: []</p> <p>Details of the method and time limits for paying up and delivering the Instruments: []</p> <p>Manner in and date on which results of the offer are to be made public: []</p> <p>Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: []</p> <p>Whether tranche(s) have been reserved for certain countries: []</p> <p>Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made: []</p> <p>Amount of any expenses and taxes specifically charged to the subscriber or purchaser: []</p> <p>Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place. []</p>

Element	Title	
E.4	Interests material to the issue/offer	<p>There are no interest(s) material to issues of the Instruments under the Programme, save for any fees payable to the Dealer(s) acting as underwriters of issues of Instruments and that any Dealer and its affiliates may also have engaged, and may in the future engage in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuers and their affiliates in the ordinary course of business.</p> <p>[The [Dealers/Managers] will be paid aggregate commissions equal to [] per cent. of the nominal amount of the Instruments.]</p> <p>The following additional interest(s) are material to issues of the Instruments: [].</p>
E.7	Expenses charged to the investor by the Issuer or an offeror	<p>Not applicable. No expenses will be chargeable by the Issuer to an Investor in connection with any offer of Instruments. Any expenses chargeable by a Relevant Dealer or an Authorised Offeror to an Investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Relevant Dealer or an Authorised Offeror at the time of the relevant Public Offer.</p>