

MADRID

Castellana, 216
28046 Madrid
Tel.: (34) 91 582 91 00

BARCELONA

Diagonal, 640 bis
08017 Barcelona
Tel.: (34) 93 415 74 00

BILBAO

Alameda Recalde, 36
48009 Bilbao
Tel.: (34) 94 415 70 15

MALAGA

Marqués de Larios, 3
29015 Málaga
Tel.: (34) 952 12 00 51

VALENCIA

Gran Vía Marqués
del Turia, 49
46005 Valencia
Tel.: (34) 96 351 38 35

VIGO

Colón, 36
36201 Vigo
Tel.: (34) 986 44 33 80

BRUSSELS

Avenue Louise, 267
1050 Bruselas
Tel.: (322) 231 12 20

LONDON

Five Kings House
1 Queen Street Place
EC 4R 1QS Londres
Tel.: +44 (0) 20 7329 5407

LISBON

Avenida da Liberdade, 131
1250-140 Lisboa
Tel.: (351) 213 408 600

PORTUGAL'S FORTHCOMING PRIVATIZATION PLAN 2011-2013

Jorge Santiago Neves
Partner Gómez-Acebo & Pombo

Privatisation of state owned companies has been a widely discussed topic in recent years. However, the need for an international bailout followed by an agreement entered into between Portugal and the European Council, the European Central Bank and the International Monetary Fund, commonly designated as the Memorandum of Understanding on specific economic policy conditionality ("MoU"), has accelerated the privatisations process.

Consequently, in order to fully comply with the MoU, the Portuguese government has planned to privatize, until 2013, several state-owned companies, mainly the energy, transport, communications and insurance Sectors. According to the Portuguese government's program, it is expected that the privatisation of EDP, REN and TAP shall be concluded until the end of the present year if not before the end of Q3.

Following is a brief description of the main State-owned assets to be included in the Government's privatisation plan:

AIR TRANSPORT

ANA – AEROPORTOS DE PORTUGAL S.A. ("ANA")– ANA holds the concession for the airport public service supporting civil aviation in Portugal and operates the Portuguese civil airport infrastructure.

ANA also controls, amongst others, Portway – Handling de Portugal, S.A., the handling company currently operating in the Lisbon, Porto, Faro and Funchal airports.

Currently, the company, with a share capital of 200.000.000,00 Euros, is entirely, directly and indirectly, owned by the Portuguese State. According to the Government Program, the privatisation model of ANA will be coordinated with privatisation model for TAP and it is expected to occur late in 2011.

TAP – SGPS, S.A. ("TAP")– The TAP holding company controls the airline company, TAP Portugal, and several other companies, notably Ground Force Portugal (land assistance operator) and the maintenance company TAP Maintenance and Engineering.

TAP S.G.P.S., S.A. has a share capital of 15.000.000 Euros, which is entirely held by the State-owned holding company Parpública, SGPS, S.A.

It is the leading Portuguese airline in operation since 1945 and a member of the Star Alliance since 2005.

In 2010, TAP's fleet transported over 9.000.000 passengers and over 64.000 tonnes of cargo and mail. The network reaches 67 destinations across 31 countries. It stands out as the leading carrier to Brazil.

COMMUNICATIONS

CTT – CORREIOS DE PORTUGAL ("CTT")
– In 2000, CTT was granted a 30 year concession of the Universal Postal Service, and is responsible for establishing, managing and running the public mail service infrastructure. In addition, CTT engages in the sale of goods

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and rendering of services, provided that this is considered convenient and compatible with the management of public mail services (including the rendering of certain financial services).

Amongst its subsidiaries are CTT Expresso (the main activity being express courier services) and Payshop (provider of services for the payment of domestic bills, transportation tickets, mobile phones and others).

CTT is a fully owned State company, with a share capital of 87.325.000 Euros.

ENERGY SECTOR

EDP – ENERGIAS DE PORTUGAL, S.A. (“EDP”) - EDP is a listed company with a share capital of 3.656.537.715 Euros, and is the only Portuguese company listed on the Dow Jones Sustainability Indexes (World and STOXX).

The company, the largest Portuguese industrial group, is among the leading European energy operators, being one of the largest in the Iberian Peninsula and the world's third largest producer of wind power.

EDP's activities include the production, distribution and trading of energy in Portugal and in Spain, through the Spanish operator HC Energia. The company also operates on the natural gas market, through Naturgas, in Spain, and EDP Gás, in Portugal.

At an international level, it is present in several other countries such as the U.S.A., Brazil, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom.

The totality of the share capital owned directly and indirectly by the State in EDP, approximately 25%, is to be sold by the end of Q3, 2011.

GALP ENERGIA, SGPS, S.A. (“GALP”)– GALP's activities involve the exploration of oil and natural gas, refinery and distribution of oil derivatives, as well as the marketing and sale of natural gas and power generation.

GALP is a listed company with a share capital of 829.250.635 Euros, of which 8% is held, directly and indirectly, by the State. Currently the company's activities are quickly expanding on a global scale, covering several countries besides Portugal, where its main activities are located, such as Spain, Brazil, Angola, Venezuela, Mozambique, Cape Verde, Guinea-Bissau, Swaziland, Gambia, East-Timor, Uruguay and Equatorial Guinea.

REN – REDES ENERGÉTICAS NACIONAIS, SGPS (“REN”) – the company's activity entails the transmission of electricity (REN owns and operates the only electricity transmission network in mainland Portugal) and natural gas (REN receives, stores and regasifies LNG, and operates the national high-pressure gas transmission network and the underground storage of natural gas).

REN is also a player in the telecommunications business, exploiting the excess capacity of its networks for telecommunications, and in the energy trading market through a 90% participation in the OMIP, the Portuguese marketplace for trading Iberian electricity derivatives.

In addition, through the wholly owned subsidiary Enondas – Energia das Ondas S.A., REN was granted a 45 year concession for the operation of a pilot area for wave energy generation.

REN has a share capital of 534.000.000,00 Euros, of which 51,08% is held directly and indirectly by the State. The Government has announced its intention to sell this stake by the end of Q3, 2011.

INSURANCE

CAIXA SEGUROS E SAÚDE, SGPS, SA – Caixa Seguros is a global player in the Insurance market with a share capital of 448.400.000,00 Euros, fully owned by the bank Caixa Geral de Depósitos. This fully state-owned company, holding the State's insurance sector, trades products in all insurance areas and engages in a multibrand strategy counting on the largest and most diversified distribution of products network.

Included in its subsidiaries are Companhia de Seguros Fidelidade Mundial, Império Bonança, Companhia de Seguros and Via Directa. The timing for this sale is still to be announced.

RAIL TRANSPORT

CP CARGA – LOGÍSTICA E TRANSPORTES FERROVIÁRIOS E MERCADORIAS S.A. – Since its creation in 2009, CP Carga is the leading national rail-based logistics operator in Portugal.

With a share Capital of 5.000.000,00 Euros, wholly-owned by the State-owned company CP Comboios de Portugal, E.P.E., the company engages in the activity of providing rail transport for a variety of cargo and goods, owning 2700 wagons, 10 logistic hubs in Portugal and a fleet of 75 electrical and diesel engine locomotives.