

The Memorandum of Understanding on specific economic policy conditionality entered into by and between the Portuguese State, the European Council, the European Central Bank and the International Monetary Fund on May 3, 2011 (“MoU”) stipulates that the Portuguese Government will accelerate its privatisation program (one of the measures approved within the national government austerity program enacted prior to the international bailout).

Pursuant to the MoU, «*the existing plan, elaborated through 2013, covers transport (Aeroportos de Portugal, TAP, and freight branch of CP), energy (GALP, EDP, and REN), communications (Correios de Portugal), and insurance (Caixa Seguros), as well as a number of smaller firms. The plan targets front-loaded proceeds of about €5.5 billion through the end of the program, with only partial divestment envisaged for all large firms. The Government commits to go even further, by pursuing a rapid full divestment of public sector shares in EDP and REN, and is hopeful that market conditions will permit sale of these two companies, as well as of TAP, by the end of the 2011.*»

The following companies are therefore expected to catch investor attention within the upcoming privatisation program:

ANA - Aeroportos de Portugal, S.A.
(“ANA”)

Sector: Air Transport

ANA is in charge of managing Portuguese airport infrastructures, having been granted the concession over the public airport service supporting civilian aviation in Portugal.

Among its subsidiaries is Portway – Handling de Portugal, S.A., the handling company currently operating in the Lisbon, Porto, Faro and Funchal (Madeira) airports.

The share capital of ANA is currently of € 200,000,000, being fully held by the Portuguese State (68,56% of it is held by the Portuguese State holding Parpública, SGPS, S.A.).



Caixa Seguros e Saúde, SGPS, S.A.
("Caixa Seguros")

Sector: Insurance

Holding for the State's insurance sector fully owned by bank Caixa Geral de Depósitos. Among its subsidiaries are Companhia de Seguros Fidelidade Mundial (dedicated to technical life and non-life insurance policies), as well as Império Bonança, Companhia de Seguros (purposed for insuring several professional activities) and Via Directa – Companhia de Seguros (holder of the trademark "OK! Teleseguros" and operating in the sale of insurance policies via phone and internet).

Caixa Seguros has a share capital of € 448,400,000.

**CP Carga – Logística e Transportes
Ferroviários de Mercadorias, S.A.**
("CP Carga")

Sector: Rail Transport

CP Carga is a rail based logistic operator which carries out its activity mostly in the Iberian Peninsula providing transportation services for a wide range of products and materials.

CP Carga is the leader of cargo rail transportation in Portugal, operating in 10 logistic hubs and using 75 electric and diesel locomotives, providing complete logistic solutions and turn key services via the trademark "Cargo-Logistics Portugal".

CP Carga has a share capital of € 5,000,000 and is fully held by the State-owned company CP Comboios de Portugal, E.P.E.

CTT – Correios de Portugal
("CTT")

Sector: Communications

CTT is in charge of establishing, managing and exploiting public postal service infra-structures, as well as carrying out ancillary and subsidiary activities such as the sale of goods and the rendering of services deemed convenient or compatible with the management of public postal services (including the rendering of certain financial services).

Among its subsidiaries are CTT Expresso (specialized in urgent courier services), as well as Payshop (providing services for the payment of domestic bills, transportation tickets, mobile phones and other).

CTT has a share capital of € 87,325,000, which is fully owned by the State.



EDP – Energias de Portugal, S.A.
(“EDP”)

Sector: Energy

EDP, a listed company, is an integrated energy company operating in Portugal, Spain, France, Belgium, Poland, Romania, United States and Brazil.

EDP is among the major European operators in the energy sector, being one of the largest energy operators of Iberian Peninsula, the largest Portuguese industrial group and the world third largest producer of wind energy.

Besides the electricity sector (generation, distribution and trading), EDP also has significant presence in the gas sector of the Iberian Peninsula, and is the only Portuguese company that integrates the Dow Jones Sustainability Indexes (World and STOXX).

EDP has a share capital of € 3,656,537,715, approximately 25% of which is held directly and indirectly by the State-owned holding Parpública, SGPS, S.A.

Galp Energia, SGPS, S.A.
(“Galp”)

Sector: Energy

Galp Energia, a listed company, is the holding of the only Portuguese oil and natural gas operator. Its activities span from exploration and production of oil and natural gas to refining and marketing of oil products (which are predominantly marketed in the Iberian Peninsula by its own network), marketing and sale of natural gas and power generation.

Galp Energia’s activities expand worldwide and are predominantly located in Portugal, Spain, Brazil, Angola, Venezuela, Mozambique, Cape Verde, Guinea-Bissau, Swaziland, Gambia, East Timor, Uruguay and Equatorial Guinea.

With a share capital of € 829,250,635, approximately 8% of Galp Energia is held by the State (via its holding Parpública, SGPS, S.A. and the State held bank Caixa Geral de Depósitos).



**REN – Redes Energéticas Nacionais, SGPS,
S.A.**
("REN")

Sector: Energy

REN is a listed company engaged in electricity transmission (owning and operating the only electricity transmission network in mainland Portugal) and natural gas (receiving, storing and regasifying LNG, as well as operating the national high-pressure gas transmission network and the underground storage of natural gas). Enondas – Energia das Ondas, S.A., a wholly owned subsidiary of REN, was granted in 2010 with a 45 year concession for the operation of a pilot area for electricity generation from wave energy.

REN also operates a telecommunication business to exploit the excess capacity of its electricity and natural gas networks, and an energy trading business via a 90% holding in the OMIP, the Portuguese marketplace for trading Iberian electricity derivatives.

With a share capital of € 534,000,000, approximately 51.08% of REN is held directly and indirectly by the State (via its holding Parpública, SGPS, S.A., as well as the State held bank Caixa Geral de Depósitos).

TAP, SGPS, S.A.
("TAP")

Sector: Air Transport

TAP holding controls not only the airline company TAP Portugal, but also, *inter alia*, the handling operator Groundforce Portugal (SPdH, S.A.), and the maintenance company TAP Maintenance and Engineering.

TAP Portugal is the leading Portuguese airline in operation since 1945, and a member of Star Alliance since March 2005, having its hub in Lisbon, considered to be a key European gateway at the crossroads of Africa, North and South America.

TAP Portugal stands out as the international leading carrier in flight operations to Brazil, having a worldwide route network comprising 67 destinations in 31 countries. On average, TAP currently operates over 1,850 weekly flights with a fleet of 71 aircrafts in total.

With a share capital of € 15,000,000, TAP is wholly held by the State-owned holding Parpública, SGPS, S.A.



Other

The Portuguese Government has also launched a process to sell BPN - Banco Português de Negócios (“BPN”), a private bank which was subject to a public bailout procedure subsequently to the financial crisis. The MoU stipulates that a buyer should be found by the end of July, sale of BPN to be made at an accelerated schedule and without a minimum price (contrary to previous selling attempts).

The envisaged privatisation program is also expected to target other companies where the Portuguese State currently holds stakes and which have been previously identified as suitable to this effect, including:

- Inapa – Investimentos, Participações e Gestão, S.A., a listed company operating in the paper industry, 32,72% of which is held by the State-owned holding Parpública, SGPS, S.A.
- Edisoft, S.A., operating in the military defence/IT sector and with a State shareholding of 60%;
- EID, S.A., operating in the military defence/IT sector as well, and with a State shareholding of 38.57%;
- Empordef – Tecnologias de Informação, S.A., also operating in the military defence/IT sector and fully held by the Portuguese State;
- SPE – Sociedade Portuguesa de Empreendimentos, S.A., a mining company 81.1% held by the State-owned holding Parpública, SGPS, S.A., and that owns a 49% stake in Sociedade Mineira do Luçapa, Lda., a mining company located in Angola;
- EMEF – Emp. de Manutenção de Equip. Ferroviário, S.A., a company operating in the maintenance of rail equipment and fully held by the Portuguese State;
- HCB – Hidroeléctrica de Cahora Bassa, S.A., a Mozambique company operating one of the largest African water dams for the production of electricity, 15% of which is held by the Portuguese State-owned holding Parpública, SGPS, S.A.;
- Estaleiros Navais de Viana do Castelo S.A., a company fully held by the Portuguese State dedicated to ship building and repair.