

**Energy**

The Portuguese Government established the general guidelines for the privatisation of 19% of the Portuguese power and gas network company REN. It also announced that the privatisation procedure will be completed during the first trimester of 2007.

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The Portuguese government starts the privatisation of REN**1. REN – Redes Energéticas Nacionais, SGPS, S.A.**

REN – Redes Energéticas Nacionais, SGPS, S.A. (“REN”) is the holding company of REN’s group, which comprises REN – Rede Eléctrica Nacional, S.A., REN Gasodutos, S.A., REN Armazenagem, S.A. and REN Atlântico, Terminal de GNL, S.A., concessionary companies of the electricity and natural gas transmission networks, of the natural gas underground storage, and of the LNG reception, storage and re-gasifying facilities at Sines, respectively.

Presently, the shareholders to the company are the Portuguese State (which, directly and indirectly through Caixa Geral de Depósitos and Parpública, owns 70% of REN) and EDP – Energias de Portugal, S.A. (with a 30% stake in REN’s capital share).

Changes are expected in REN’s shareholder structure in the near future. Recently, EDP announced its intention to sell 15% of REN’s capital share up to the end of this year. In addition, the Portuguese Government revealed that REN’s partial privatisation is included in its privatisation programme.

2. REN’s privatisation

The privatisation of REN is now a reality, with the approval of the general guidelines of the privatisation procedure by the Portuguese Government.

Pursuant to Decree-Law 228/2006, of 22 November 2006 (“Decree-Law n.º 228/2006”), the Portuguese State will sell, through Parpública, a 19% stake of REN’s capital share. The sale will be made either through an IPO and a direct sale reserved to financial institutions, which, after the acquisition of REN’s shares, will sell those shares in both national and international exchange markets.

The acquisition of REN’s shares in the privatisation procedure is limited to a maximum stake of 5% per shareholder.

The number of shares to be sold through the IPO and the direct sale, the specifications for the direct sale or the criteria for the determination of the price of the shares are not determined so far. It is expected the Portuguese Government to rule those subjects in the forthcoming weeks.

According to Portuguese Minister of State and Treasury, REN’s privatisation will be concluded in the first trimester of 2007.

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