



Privatisation of TAP

SUMMARY

The Portuguese Government has established the legal framework for the 3rd and 4th stages of TAP's privatisation. Meanwhile, it has also selected Synergy Aerospace to present a binding offer to buy or subscribe TAP's shares until 7 December.

The two final stages of the TAP – SGPS, S.A. (“TAP”) privatisation process have already started. The process leading to the direct sale of shares began with a preliminary gathering of letters of intent to buy or subscribe shares from potential investors. Synergy Aerospace, the holding company of Avianca the Colombian airlines controlled by German Efremovich, was the only entity to present a binding offer. The 3rd stage will consist in a share capital increase and in the direct sale of shares held by PARPÚBLICA to one or more investors. The 4th stage will involve a public offering of shares to employees of the TAP Group, including SpdH – Sociedade Portuguesa de Serviços de Handling, S.A.

The specifications for the 3rd stage of the process were adopted through the Resolution of the Council of Ministers no. 88-A/2012, of 18 October, along with some of the terms for the 4th stage.

The binding offer to buy or subscribe shares must be submitted until 7 December 2012 and contain (i) a binding financial offer, (ii) a binding technical offer, and (iii) documentation and information about the legal and economic status of the bidder, as well as draft versions of legal instruments leading to the direct sale. The binding offers may be submitted in Portuguese or in English, but the required legal instruments draft versions must be submitted in Portuguese or along with a Portuguese translation.

The buyer and the subscriber will be selected based on the offered price and the economic features of the binding offer, and, among others, the maintenance and development of the existing national hub, the preservation of TAP Group' headquarters and effective management in Portuguese territory, and the continuous operation of the air link between the mainland and the Autonomous Regions under a public service regime.

The shares sold or issued in these operations cannot be resold for a period of between five and ten years. After that period the State will have a right of first refusal in any resale of shares.

The 4th privatisation stage will consist in a public offering for sale of up to 5% of the share capital of TAP, under special conditions.

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