

# Informative Note

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## Portugal: Reprivatisation of TAP – Transportes Aéreos Portugueses, SGPS, S.A.

Corporate & Commercial Department, Gómez-Acebo & Pombo

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*Commercial information.* TAP is the leading Portuguese airline operating since 1945 and a member of Star Alliance since March 2005. TAP's hub in Lisbon is a key European gateway at the crossroads of Africa, North and South America, serving 75 destinations in 34 countries worldwide, being the leading airline between Europe and Brazil. On average, TAP currently operates over 2,250 weekly flights with a modern fleet of 55 Airbus aircrafts and 16 aircrafts at the service of PGA, its regional airline. TAP – Transportes Aéreos Portugueses, SGPS, S.A. ("TAP") controls the airline company, TAP Portugal, and several other companies, notably the maintenance company TAP Maintenance and Engineering. TAP's share capital is currently entirely held by the State-owned holding company Parpública, SGPS, S.A.

*Privatisation Model.* In 2013 the Government launched the privatisation of TAP, but the sale of the airline did not go through due to inadequate financial assurances from the final bidder. The privatisation process was re-launched last month with the formal approval of the privatisation model by the Council of Ministers on 13 November 2014. The privatisation process shall be carried out by means of the disposal of shares representing up to 66% (sixty six per cent) of TAP's share capital as follows: (i) up to 61% (sixty one per cent) of the share capital shall be the subject of a direct sale to one or more national or foreign investors, individually or in aggregate, and (ii) the remaining 5% (five per cent) of TAP's share capital

shall be put in the hands of the employees of TAP or other companies of the group.

*Direct Sale.* The process of direct sale is typically initiated by the presentation of indicative offers of purchase by investors complying with a certain profile to be defined in the tender specifications of the privatisation process approved by the Government. According to the press release of the Council of Ministers the direct sale should be made to one or more investors pursuing a stable and long term investment with an adequate capitalisation of the company and which identify with the goals designed for this privatisation. These objectives are expected to be developed in further legislation to be enacted in the context of the privatisation.

*Put option.* The remaining 34% (thirty four per cent) of the share capital of TAP shall remain, at least in a first stage, in the hands of the Portuguese State. The State shall however be granted a put option allowing the transfer of an additional shareholding to the purchaser/s in the direct sale, at a later stage and depending on the level of performance of the commitments made by the latter/s in the context of the reprivatisation.

*Monitoring Committee.* Before the privatisation process is formally launched, a Monitoring Committee shall be appointed with a view to supervise the privatisation process, enhancing compliance with the principles of transparency, exemption and impartiality throughout the process.

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