

## Conditions of the Notes

### ***The following is the text of the Conditions of the Notes:***

The issue of the € 500,000,000 4.250% Notes due 2021 (the "Notes", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of Infraestruturas de Portugal, S.A. (formerly known as Rede Ferroviária Nacional — REFER, E.P.) (the "Issuer") was authorised by the Issuer's Board of Directors on 29 November 2006 and by a Despacho Conjunto of the Secretary of State of Finance and Treasury and the Secretary of State for Transport of 28 November 2006. A total of 10,000 Notes shall be issued. The Notes are subject to a fiscal agency agreement dated 13 December 2006 (the "Fiscal Agency Agreement") between the Issuer, Caixa-Banco de Investimento, S.A. as fiscal agent and the paying agent named in it. The fiscal agent and the paying agent for the time being are referred to below respectively as the "Fiscal Agent" and the "Paying Agent" (which expression shall include the Fiscal Agent).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions and definitions in the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agent. In these Conditions, "Noteholder" and (in relation to a Note) "holder" means the person in whose name a Note is registered in the records of an affiliated member of Interbolsa (as defined below). The Noteholders are bound by, and are deemed to have notice of all the provisions of the Fiscal Agency Agreement applicable to them. References in these Conditions to the Fiscal Agent and the Paying Agent shall include any successor appointed under the Fiscal Agency Agreement.

### **1. Form, Denomination and Title**

#### *1.1 Form and Denomination*

The Notes are issued in dematerialised book-entry (*forma escritural*) and nominative (*nominativos*) form in the denomination of €50,000 each. The Notes will be registered by *Interbolsa- Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.* ("Interbolsa") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("CVM").

The Notes shall not be issued in bearer form, whether in definitive bearer form or otherwise.

*So long as the Notes are held through Interbolsa, in accordance with applicable rules, and subject to any amendments thereto, the Notes shall be tradeable only in principal amounts of at least €50,000 and integral multiples of €50,000 thereafter.*

#### *1.2 Title*

Each person shown in the records of an affiliated member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "Certificate") will be delivered by the relevant affiliated member of Interbolsa in respect of its registered holding of Notes upon the request by the

relevant Noteholder and in accordance with that affiliated member's procedures pursuant to article 78 of the Portuguese Securities Code.

Title to the Notes passes upon registration in the records of an affiliated member of Interbolsa. Any Noteholder will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the Noteholder.

## **2. Transfers of Notes**

A Note may be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued thereunder, Interbolsa and the relevant affiliated member of Interbolsa through which such Notes are held.

## **3. Status**

### *3.1 Status*

The Notes are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4.1) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable laws and subject to Condition 4.1, at all times rank at least equally with all its other present and future outstanding unsecured and unsubordinated obligations.

## **4. Negative Pledge**

### *4.1 Negative Pledge*

So long as any of the Notes remains outstanding the Issuer will not create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "Security Interest") upon, or with respect to, any of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by the Issuer under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided as is approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) taken in accordance with the provisions of the Portuguese Companies Code.

### *4.2 Interpretation*

For the purposes of these Conditions:

"Relevant Indebtedness" means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt

in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness.

## **5. Interest**

### *5.1 Interest Rate and Interest Payment Dates*

The Notes bear interest from and including 13 December 2006 at the rate of 4.250% per annum, payable annually in arrear on 13 December in each year (each an "Interest Payment Date"). The first payment (representing a full year's interest) shall be made on 13 December 2007.

### *5.2 Interest Accrual*

Each Note will cease to bear interest from and including its due date for redemption unless payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, and (b) the day seven days after the Fiscal Agent has notified Noteholders of receipt of all sums due in respect of all the Notes up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant Noteholders under these Conditions).

### *5.3 Calculation of Broken Interest*

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the "Accrual Date") to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

## **6. Payments**

### *6.1 Method of Payment*

Payments in respect of the Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in euro, details of which appear in the records of the relevant affiliated member of Interbolsa at the close of business (a) in the case of principal, on the Payment Business Day (as defined below) before the due date for payment of principal, and (b) in the case of interest, on the Payment Business Day before the due date for payment of interest.

### *6.2 Payments subject to Applicable Laws*

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders in respect of any such payments.

### *6.3 Delay in Payment*

Noteholders shall not, except as provided in Condition 5, be entitled to any further interest or other payment for any delay in receiving the amount due as a result of the relevant due date not being a Payment Business Day.

"Payment Business Day" means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in Lisbon; and
- (c) is a TARGET Settlement Day.

In this Condition, "Business Day" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and "TARGET Settlement Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

#### *6.4 Initial Paying Agent*

The name of the initial Paying Agent and its initial specified office is set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Fiscal Agent) having its specified office in a major European city which (i) for as long as the Notes are listed on Euronext Lisbon and the rules of that exchange so require, and/or (ii) the Notes are registered by Interbolsa, shall be Lisbon; and
- (c) there will at all times be a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

## **7. Redemption and Purchase**

### *7.1 Redemption at Maturity*

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 13 December 2021. The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition.

### *7.2 Redemption for Taxation Reasons*

If:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws, regulations or administrative rulings of a Relevant Jurisdiction, which change or amendment becomes effective after 13 December 2006, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent (who shall make the same available for inspection by Noteholders) (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer would become obliged to pay such additional amounts as a result of such change or amendment.

### *7.3 Purchases*

The Issuer or any of its Subsidiaries may at any time purchase Notes in any manner and at any price in accordance with Portuguese law. If purchases are made by tender, tenders must be available to all Noteholders alike. The Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 13.1.

In this Condition, "Subsidiary" means any entity in respect of which another entity (i) holds (directly or indirectly) the majority of the voting rights or (ii) has (directly or indirectly) the right to appoint or remove a majority of the board of directors or (iii) holds (directly or indirectly) the majority of the share capital.

### *7.4 Cancellations*

All Notes which are (a) redeemed by the Issuer or (b) purchased by or on behalf of the Issuer or any of its Subsidiaries will forthwith be cancelled and accordingly may not be held, reissued or resold.

### *7.5 Notices Final*

Upon the expiry of any notice as is referred to in Condition 7.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

## **8. Taxation**

### *8.1 Payment of interest without Withholding*

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the

withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) to, or to a third party on behalf of, a Noteholder who is liable to the Taxes in respect of the Note by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(c) to, or to a third party on behalf of, a Noteholder in respect of whom the information (which may include certificates) required in order to comply with Decree-Law 193/2005 of 7 November, and any implementing legislation, is not received; or which does not comply with the formalities in order to benefit from tax treaty benefits, when applicable; or

(d) to, or to a third party on behalf of, a Noteholder resident for tax purposes in the Relevant Jurisdiction, or a resident in a tax haven jurisdiction as defined in Order 150/2004, of 13 February 2004, (*Portaria do Ministro das Finanças e da Administração Pública n. 150/2004*) as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, or a non-resident legal entity more than 20% of which is owned by entities resident in the Republic of Portugal; or

(e) to, or to a third party on behalf of (i) a Portuguese resident legal entity subject to Portuguese corporation tax, or (ii) a legal entity not resident in Portugal acting with respect to the holding of the Notes through a permanent establishment in Portugal.

## **8.2 Interpretation**

In these Conditions, "Relevant Jurisdiction" means the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

## **8.3 Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

## **9. Prescription**

Claims against the Issuer in respect of the Notes will become void unless made within periods of 20 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes. The Notes shall revert to the Republic of Portugal at the end of 20 years. Interest payments shall revert to the Republic of Portugal at the end of 5 years.

In these Conditions, "Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so

received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12.

## **10. Events of Default**

### *10.1 Events of Default*

If any of the following events occurs:

(a) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 10 days; or

(b) the Issuer fails to perform or observe any of its other obligations in respect of the Notes which failure is incapable of remedy or continues for the period of 30 days following the service by any Noteholder on the Fiscal Agent of notice requiring the same to be remedied; or

(c) (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer is declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person PROVIDED THAT the aggregate amount of Indebtedness for Borrowed Money in respect of which one or more of the events listed in (i) to (iv) of this paragraph have occurred equals or exceeds €10,000,000 or its equivalent; or

(d) the Issuer ceases or announces an intention to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, or the Issuer stops or announces an intention to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law; or

(e) any legislative proposal is approved in the Parliament or the Council of Ministers and promulgated by the President of the Republic of Portugal that has as its object or consequence the winding up or liquidation of the Issuer and the commencement of winding up or liquidation proceedings (including the obtaining of a moratorium); or

(f) the Issuer makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(g) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of such obligations are or become unenforceable or invalid; or

(h) any regulation, decree, consent, approval, licence or other authority necessary to enable the Issuer to perform its obligations under the Notes or for the validity or enforceability thereof expires

or is withheld, revoked or terminated or otherwise ceases to remain in full force and effect or is modified in a manner which adversely affects any rights or claims of any of the Noteholders; or

(i) assets of the Issuer exceeding €10,000,000 in value shall be seized or expropriated by any authority and remain so for 60 days; or

(j) a moratorium shall be declared in respect of all or any Indebtedness for Borrowed Money of the Republic of Portugal or any guarantee of Indebtedness for Borrowed Money of the Republic of Portugal; or

(k) the Issuer ceases to be wholly owned by the Republic of Portugal or the Republic of Portugal no longer has effective control and supervision over the Issuer; or

(l) the Issuer ceases to develop its core business of being an infrastructure provider of the railway services in the Republic of Portugal as described in number 1 of article 2 of its by-laws, save on terms approved in writing by an Extraordinary Resolution of the Noteholders; or

(m) any event occurs which, under the laws of the Republic of Portugal, has or may have, an analogous effect to any of the events referred to in subparagraphs (d) to (g) above,

then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality.

### *10.2 Interpretation*

For the purposes of this Condition: "Indebtedness for Borrowed Money" means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any bank loan or acceptance or acceptance credit.

## **11. Common Representative**

The Noteholders shall at all times be entitled to appoint and dismiss a Common Representative by Resolution. Upon the appointment of a new Common Representative by the Noteholders pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the Noteholders all documents and information then held by such Common Representative pertaining to the Notes.

## **12. Notices**

So long as the Notes are listed on Euronext Lisbon and the rules of Euronext Lisbon so require, all notices to the Noteholders will be valid if published in the Euronext Lisbon Bulletin and made available at the *Comissão do Mercado de Valores Mobiliários* internet site ([www.cmvm.pt](http://www.cmvm.pt)). The Issuer may publish notices in other publications at its sole discretion. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or traded. Without prejudice to the preceding sentence, if the Notes cease to be listed on Euronext Lisbon, all notices to the Noteholders will be valid if mailed to them at their respective addresses recorded in the respective register of Noteholders of the affiliated members of Interbolsa through which the Notes are held. Any notice shall be deemed to have been given

on the date of publication or, if so published more than once or on different dates, on the date of the first publication, or, if applicable, on the day after being so mailed.

### **13. Meetings of Noteholders and Modification**

#### *13.1 Meetings of Noteholders*

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders. Meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation of any of these Conditions by Extraordinary Resolution and the appointment or dismissal of a Common Representative are governed by the Portuguese Companies Code. Meetings may be convened by the Common Representative or by the chairman of the general meeting of shareholders of the Issuer before the appointment of, or in case of refusal to convene the meeting by, the Common Representative, and shall be convened if requested by Noteholders holding not less than 5% in principal amount of the Notes for the time being outstanding. To each Note corresponds one voting right. Resolutions (other than Extraordinary Resolutions) are passed by a majority of the votes cast whatever principal amount of the Notes held or represented by the persons present at the meeting.

At any meeting the business of which includes consideration of proposals for, *inter alia*, the modification or abrogation of certain of the provisions of these Conditions, the necessary proportion of Notes required for passing such Extraordinary Resolution will be a majority consisting of not less than 50% of the aggregate principal amount of Notes then outstanding, or at any adjourned such meeting not less than two-thirds of the votes cast. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

#### *13.2 Modification of Fiscal Agency Agreement*

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Fiscal Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

#### *13.3 Notification to the Noteholders*

Any modification, abrogation, waiver or authorisation in accordance with this Condition 13 shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12.

### **14. Further Issues**

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds (whether in bearer or nominative form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

## **15. Governing Law and Submission to Jurisdiction**

### *15.1 Governing Law*

The Fiscal Agency Agreement and the Notes are governed by, and will be construed in accordance with, the laws of the Republic of Portugal.

### *15.2 Sovereign Immunity*

The Issuer irrevocably and unconditionally waives and agrees to the fullest extent permitted by law not to raise with respect to the Fiscal Agency Agreement or the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and to the fullest extent permitted by law irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any legal action or proceedings arising out of or in connection with the Notes.