

**Parpublica Exchangeable Bonds due 2014**  
**Exchangeable into Shares in Energias de Portugal**

**Regulation S Only**

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**SUMMARY TERMS AND CONDITIONS**

<b>Issuer</b>	Parpública – Participações Públicas (SGPS), S.A. (Portuguese State Agency)
<b>Offering Size</b>	EUR 1,015,150,000
<b>Securities Offered</b>	Exchangeable Bonds due 2014
<b>Underlying Shares / Exchange Property</b>	151,517,000 existing shares of EDP – Energias de Portugal S.A., which represent 4.144% of the total share capital of EDP. EDP shares are securities listed in Eurolist by Euronext Lisbon
<b>Ranking</b>	Senior, unsecured obligations of the Issuer
<b>Issuer Rating</b>	AA-, Aa2
<b>Exchange Rights</b>	<p>Each Bondholder will have the right to exchange their Bonds for a pro rata share of the Exchange Property at any time on or after the sixth anniversary of closing up to close of business on fifth Business Day in Lisbon before the maturity date or, if earlier, the optional redemption date</p> <p>Exchange Rights will also be exercisable for a certain limited period following (i) the acceleration of the Bonds after an Event of Default, in which case the Issuer will be bound to redeem the Bonds at their principal amount plus interest accrued but unpaid to the date of redemption, and (ii) a publicly announced Change of Control Event (by EDP or any person making an Offer)</p> <p>The Issuer has the right to elect to pay cash upon exchange in lieu of delivering Exchange Property, based on a subsequent 20 trading days average period</p>
<b>Currency</b>	EUR
<b>Denomination / Principal Amount</b>	EUR 50,000
<b>Maturity</b>	7 years to 18 December 2014
<b>Issue Price</b>	100% of the Principal Amount
<b>Coupon / YTM</b>	3.250% per annum, payable annually in arrear on 18 December of each year, beginning on 18 December 2008
<b>Redemption Price</b>	100.00 % of the Principal Amount
<b>Reference Share Price</b>	EUR 4.62
<b>Exchange Premium</b>	45.0% above the Reference Share Price
<b>Exchange Price</b>	EUR 6.70
<b>Issuer Call</b>	None

<b>Clean-up Call</b>	Any time if 90% or more of the Bonds have been redeemed, exchanged, or purchased and cancelled
<b>Exchange Property</b>	On the exercise of Exchange Rights, Bondholders will (except where a Cash Election shall have been made by the Issuer) initially be entitled to receive 7,462.7888 EDP Shares, for each EUR 50,000 nominal amount of Bonds (based on an initial exchange price of € 6.70 per EDP Share)
<b>Adjustments to the Exchange Property</b>	The Bonds will contain provisions for the adjustment of the Exchange Property in the event of the occurrence of certain dilutive events including, inter alia, share sub-divisions, consolidations and redenominations, rights issues, bonus issues, reorganizations and capital distributions
<b>General Offers</b>	The Issuer shall have absolute discretion to accept or reject any offer for the ordinary shares of EDP
<b>Offers / Change of Control and Premium Compensation Amounts</b>	<p>If the Issuer accepts any Offer for Relevant Securities in a Relevant Company (or if the Relevant Securities are subject to compulsory acquisition), then, with effect from the settlement of such offer, the Exchange Property will consist, in whole or in part, of the consideration (the Offer Consideration) received for the Relevant Securities acquired under the Offer (or pursuant to such compulsory acquisition)</p> <p>In the event that the Offer Consideration consists wholly or partly of cash, a Premium Compensation Amount will be payable to Bondholders upon exercise of Exchange Rights. Such amount will be payable whether or not a cash election is made by the Issuer</p>
<b>Capital Distribution Protection</b>	<p>Protection for any cash dividend, above an aggregate dividend per share per year as follows:</p> <p>In respect of financial year ending</p> <p>31 December 2007: €0.125  31 December 2008: €0.140  31 December 2009: €0.155  31 December 2010: €0.170  31 December 2011: €0.185  31 December 2012: €0.200  31 December 2013: €0.215  31 December 2014: €0.230</p>
<b>Investor Put</b>	On the 5 <sup>th</sup> anniversary of closing (and only then) at 100% of the Principal Amount
<b>Withholding Taxes</b>	All payments in respect of the Bonds to Bondholders who are not Portuguese residents and do not have a permanent establishment in Portugal benefit from a tax exemption granted under Decree-Law n° 193/2005 of 7 November, 2005, provided that such Bondholders comply with applicable certification, and therefore such payments will be made free and clear of and without a withholding or deduction for or on account of any present or futures taxes, duties, levies, additional assessments or governmental charges of whatever nature are imposed or levied by or on behalf of Portugal or any political subdivision thereof or any authority or agency therein or thereof having power to tax and charge, unless the relevant Bondholder fails to comply with applicable certification requirements. If the above mentioned exemption ceases to apply, interest payments on the Bonds made to Bondholders who are not Portuguese residents will be subject to a final withholding tax at the current definite rate of 20 per cent, which may be reduced under the provisions of any applicable double taxation treaty by filing a specific form for reduction in the source of Portuguese tax on interest.
<b>Negative Pledge</b>	None

<b>Events of Default</b>	Events of default cover non-payment of interest and principal in respect of the Bonds, cross-default, breach of other obligations, enforcement proceedings, security enforced, insolvency, winding-up, illegality, ceasing to carry on the whole of its business, analogous events and ownership
<b>Further Issues</b>	The Issuer may from time to time without the consent of the Bondholders create and issue further bonds, having terms and conditions the same as those of the Bonds, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Bonds
<b>Governing Law / Jurisdiction</b>	Portuguese Law
<b>Clearing</b>	Interbolsa, Euroclear and Clearstream
<b>Selling Restrictions</b>	Distribution via Reg S (Category 1) only with no 144A offering. No offers or sales into the US (or to US Persons), Italy, Canada, Australia or Japan. Standard restrictions apply elsewhere, including the UK
<b>Listing</b>	Application will be made to list the Bonds on Eurolist by Euronext Lisbon
<b>Pricing Date</b>	13 <sup>th</sup> December 2007
<b>Allocation Date</b>	13 <sup>th</sup> December 2007
<b>Payment Date</b>	Expected 18 <sup>th</sup> December 2007
<b>Paying and Exchange Agents</b>	CaixaBI and Fortis Banque Luxembourg
<b>Joint Bookrunners</b>	CaixaBI, Morgan Stanley
<b>Common Code</b>	033705433
<b>ISIN code</b>	PTPETGCM0002

In accordance with the relevant Resolution of the Portuguese Council of Ministers, the Portuguese Republic will be entitled to suspend or terminate the issue on public interest grounds.

The Bonds or ordinary shares issuable upon exchange of the Bonds have not been and will not be registered under the U.S Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws and may not be offered or sold within the United States except pursuant to an exemption from the registration requirements of the Securities Act. These securities are being offered and sold only outside the United States in reliance upon Regulation S under the Securities Act. This termsheet (the 'termsheet') is provided for information and discussion purposes only and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person for any purpose. No representation, express or implied, is made as to whether it is accurate or complete. CaixaBI, Morgan Stanley and their respective affiliates expressly disclaim any and all liability which may be based on this termsheet and any errors therein or omissions therefrom. This termsheet does not constitute or form part of any offer for sale or subscription of or any solicitation of any offer to buy or subscribe for any securities nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever. Neither this nor any copy of it may be taken, sent, or transmitted into the United States or any of its territories or possessions or distributed, directly or indirectly, in the United States or to any employee or affiliate of the recipient located therein. The distribution of this termsheet in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Not for distribution in the US, Canada, Australia, Italy or Japan. This termsheet is directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or to whom this announcement may otherwise be directed without contravention of section 21 of the Financial Services and Markets Act 2000 (all such persons together being referred to as "Relevant Persons"). This announcement is directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this termsheet relates is available only to Relevant Persons and will be engaged only with Relevant Persons. This termsheet and any offer if made subsequently is only addressed to and directed at persons in member states of the European Economic Area ("EEA") who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC) ("Qualified Investors"). Any person in the EEA who initially acquires any shares in the expected offering or to whom any offer of securities is made will be deemed to have acknowledged and agreed that they are such a Qualified Investor. This termsheet may be an advertisement for the purposes of the Prospectus Directive (2003/71/EC) and does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any of the securities. In the case of any securities being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the securities acquired by it in such offering have not been acquired on a non-discretionary basis on behalf of, nor have they have been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of securities to the public other than their offer or resale in a relevant member state to Qualified Investors or in circumstances in which the prior consent of the Joint Bookrunners has been obtained to each such proposed offer or resale. The Issuer and the Joint Bookrunners and their respective affiliates, will rely upon the truth and accuracy of the foregoing presentation, acknowledgement, and agreement. A success fee may be payable by the Issuer to the Joint Bookrunners in relation to the offering of the Bonds. The success fee will be calculated by reference to certain of the pricing details of the Bonds. Further information can be obtained from your usual contacts at the Joint Bookrunners.

NO OFFERING MEMORANDUM OR PROSPECTUS WILL BE PUBLISHED IN CONNECTION WITH THE OFFERING OF THE BONDS.