



2010

MANAGEMENT REPORT
NOTES TO THE FINANCIAL
STATEMENTS
CORPORATE GOVERNANCE
SUSTAINABILITY REPORT

REFER 

This report refers to the company Rede Ferroviária Nacional – REFER, E.P.E. (REFER). Economic, social and environmental data presented in this report relate to the company's operations in 2010.

All REFER reports are available at www.refer.pt.

Rede Ferroviária Nacional – REFER, E.P.E.

Estação de Santa Apolónia

1100-105 Lisboa

Website: www.refer.pt

Share capital: EUR 305,200,000

Tax No.: 503 933 813

Content

Part I Management Report

Part II Notes to the Financial Statements

Part III Corporate Governance Report

Part IV Sustainability Report

Parte V Supervisory Board Report

PART I | MANAGEMENT REPORT



I MANAGEMENT REPORT

This report refers to the company Rede Ferroviária Nacional – REFER, E.P.E. (REFER). Economic, social and environmental data presented in this report relate to the company's operations in 2010.

All REFER reports are available at www.refer.pt.

Rede Ferroviária Nacional – REFER, E.P.E.

Estação de Santa Apolónia

1100-105 Lisboa

Website: www.refer.pt

Share capital: EUR 305,200,000

Tax No.: 503 933 813

Contents

Message from the Board of Directors	3
Overview of Indicators.....	4
Summary of the Year	5
Economic Setting	9
Evolution of Activities	12
Infrastructure Management.....	13
Investments	26
Complementary Activities.....	38
Environment.....	39
Property Assets	41
Safety.....	42
Human Resources.....	44
Shareholdings.....	48
Results and Asset Structure	51
Outlook.....	65
Application of Results	66

Message from the Board of Directors

REFER's mission is to manage the National Railway Network (NRN) as regards asset construction, maintenance, preservation and capacity management. The company's activities fall within the framework of the strategic objectives stipulated by the Strategic Guidelines for the Railway Sector:

1. Improve accessibility and mobility in order to increase the market share of railway transport;
2. Guarantee suitable standards of safety, interoperability and environmental sustainability;
3. Evolve to a sustainable financing model which also promotes efficiency;
4. Foster research, development and innovation.

REFER invests in the National Railway Network for building and renewing railway infrastructures on behalf and at the expense of the state, whereby the resulting assets become part of the Public Railway Domain. Through these activities, the company's investments in 2010 reached 407 million euros.

Among the actions completed by REFER in 2010, it is worth highlighting the operation start-up of the Link to the Port of Aveiro, the Alternative Route of Trofa, the Alternative Route of Alcácer and the new Setúbal Station.

REFER continued to implement its Plan to Eliminate and Reclassify Level Crossings (LC), for which 107 actions were completed involving a REFER investment of 25 million euros. From 2001 to 2010, the number of Level Crossings on the National Railway Network decreased nearly 50%, from 2,022 to 1,107 LC, and accidents fell 70%, from 123 to 38 accidents.

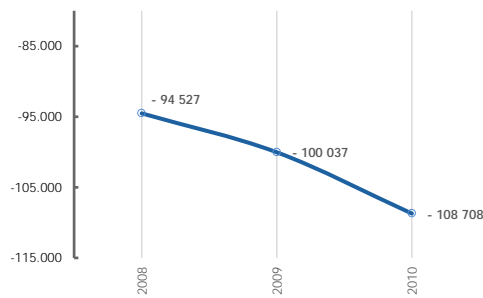
REFER's investment in 2010 was covered in 2% by the state, through Chapter 50 of the State Budget, in 24% by EU funds, in 1% by protocols with third-party entities and the remaining 73% through loans obtained by the company.

In Managing and Operating the National Railway Network, REFER performed the necessary actions to provide railway operators and users with a safe, reliable and flexible infrastructure. It placed new facilities in operation, many of them that did not exist before, and replaced some of the more rudimentary systems with new technology.

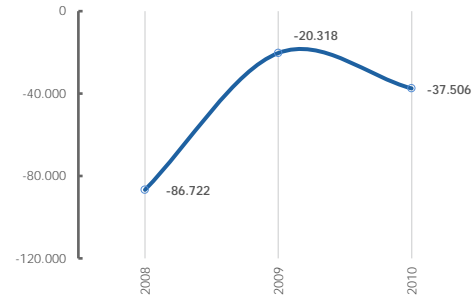
REFER also manages a considerable number of properties whose income potential is far from being reached. In view of this scenario, the REFER Board of Directors decided to have a single structure handle all relevant asset management activities. Based on this integration of functions and by reviewing policies and strategies for property transactions, we foresee a very positive evolution in this activity's main indicators.

Overview of Indicators

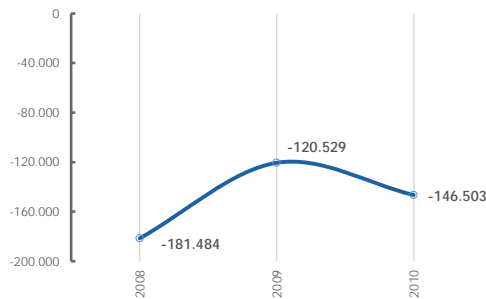
Operating Results
[thousand euros]



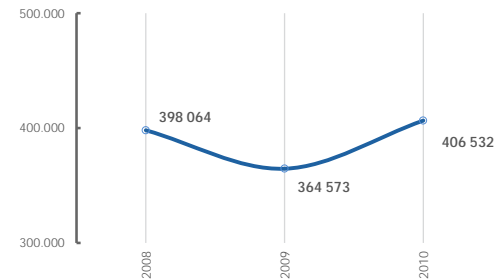
Financial Results
[thousand euros]



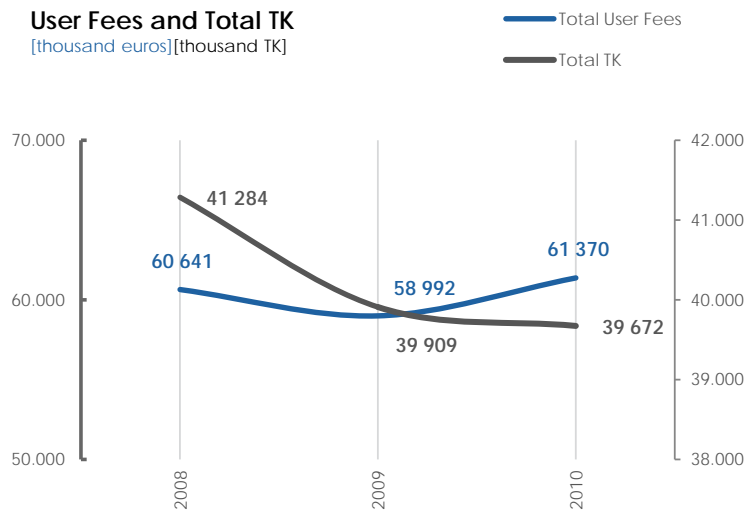
Net Result
[thousand euros]



Modernisation Investment
[thousand euros]



User Fees and Total TK
[thousand euros][thousand TK]



Summary of the Year

January

A public tender was launched to build the new Corges railway bridge on the Beira Baixa Line.

Contract Works were awarded to rehabilitate and reinforce the Sabugal Tunnel.

February

Work was completed for the contract works to build the road overpass at km 69.959, resulting in the closing of the level crossings at km 69.872 and km 70.036 on the Minho Line.

March

The Level Crossing Safety Awareness Campaign called STOP LISTEN AND LOOK opened a page on Facebook.

REFER purchased its first device to measure rail corrugation on the rail running surface. The analysis of the rail wear rate is the basis for appropriate decisions on where and when rail grinding work must be performed.



Inauguration of the Port of Aveiro Railway Branch Line.

April

The section between Tua and Pocinho, of the Douro Line, opened for circulation.

A public tender was launched to build the grade separation Level Crossings at km 43.433 and km 45.244, of the Minho Line, and to reconvert the Level Crossing to pedestrian traffic at km 43.806, in the county of Barcelos.

As part of the project to remodel the Évora Station and the program to eliminate level crossings, an international public tender was launched for the contract works to build the respective road underpasses.

The Neves Corvo Branch Line reopened to railway circulation when its safety conditions were restored.

Through a protocol signed with the Anadia Town Council, the "Bairrada Space" was inaugurated at the Curia Station, which

displays handicraft and regional products belonging to the Bairrada Route.

May

The first ETCS (European Train Control System) euro beacons were installed. This was an essential step in the transformation of the National Railway Network and its integration in the European train transport system.

REFER, RAVE and the Coimbra Town Council signed a collaboration protocol for the project to build the new Coimbra Central Station.

In partnership with the Public Security Police (PSP), a safety awareness campaign was put into practice targeting rail service users.

The contract works to remodel the S. João do Estoril Station was awarded on May 18. The Cascais Line Modernisation Project covered the elimination of all level crossings, including the S. João do Estoril Level Crossing.

To improve safety on the railway infrastructure, the company awarded the contract works to replace the Foz dos Claros Pontoon in the county of Odemira, at km 255.534 on the South Line.

Completion of the contract works to modernise the Raquete Station located on the Sines Line and which is part of the investment program stipulated for the Sines – Elvas Link, essential for improving train transport of freight coming from or going to the Port of Sines.

June

Completion of the road underpass at km 322.178 on the Algarve Line, in the ward of Estombar, county of Lagoa, in order to eliminate the level crossing at km 322.195, thereby contributing to improving safety for local populations and train operation on that line.

The Setúbal Station remodelling works were completed, which made the station more functional for railway operation and passenger traffic, including new accesses and the creation of conditions for intermodality with other means of transport.

A Road Underpass was built to eliminate the Level Crossing in the county of Carregal do Sal.

A road overpass opened for traffic, which was built to eliminate the level crossing at km 63.763 on the Beira Baixa Line in Vila Velha de Ródão.

Completion of the contract works to build the road overpass at km 225.333 and the underpass for light vehicles at km 225.535 on the North Line.

July

Contract works were awarded for corrosion protection of the Lima Bridge in Viana do Castelo on the Minho Line.

Completion of contract works to rehabilitate the North Line track, in a length of about 35 km, which reduces travel time on the Setil / Entroncamento section.

Completion of the contract works to rehabilitate Tracks A and D of the Coimbra B Station, on the North Line, in a length of about 1.2 km. This intervention increased the infrastructure's reliability whilst reducing its maintenance costs.

August

Contract works to conserve and restore decorative tiles at the São Bento Station, with the main goal of recovering and safeguarding the tile cladding on the station's entrance hall.

As part of the process to modernise the Castelo Branco/Covilhã section of the Beira Baixa Line, the level crossing at km 114.846 was closed on the same date on which the road overpass opened.

As part of the protocol signed with the Municipality of Ovar, and to eliminate situations of risk on the national railway network, the overpass at km 299.100 and the underpass at km 311.033 of the North Line opened for traffic. With the opening of these grade separation crossings, 3 level crossings will be eliminated, one in São Miguel de Ovar and the other two in Esmoriz.

The **Trofa Alternative Route**, between S. Romão and Lousado, opened for operation, as part of the Minho Line remodelling project, thereby significantly improving railway operation conditions – making it possible to increase the offer, improve service regularity and reduce travel times on the Minho and Guimarães Lines and on the Braga Branch Line – and which is also essential for completing the 1st Stage for the Porto/Vigo High Speed Link.

September

To eliminate three level crossings (LC), contract works were awarded to build grade separation crossings and the respective re-connections, between km 115.654 and km 117.699 at the Évora Station.

As part of the "Contract Works to modernise the Bombel and Vidigal section to Évora," a road overpass was open to traffic at km 57.307 on the Alentejo Line, thus restoring road traffic between the city of Vendas Novas and Lavre.

October

As part of the contract works to modernise the Bombel and Vidigal section to Évora, a road overpass was opened to traffic at km 66.830 on the Alentejo Line.

Two underpasses at the S. Pedro do Estoril Station were open to eliminate the level crossings at this station and to significantly improve train and pedestrian circulation conditions and personal and asset safety.

November

Awarding of the contract works to modernise the Évora Station.

Completion of the Contract Works to Stabilise the Embankment at km 142.500 on the Douro Line.

December

The **Alcácer Alternative Route**, on the South Line, was open to operation. This was one of the priority investments for modernising the national railway network as stipulated by the government in October 2006 in the Strategic Guidelines for the Railway Sector.

Contract works were awarded to conserve and restore the tile panels at the Pinhão Station. The work progress was inspected and monitored by the National Tile Museum and REFER.

Economic Setting

European Economy

The euro zone economy has expanded since the mid 2009. Despite concerns over financial instability, the main economic sectors experienced growth in 2010.

After the economic slump in 2009, GDP in the Euro Zone grew 1.7% over 2009.

The economic recovery, which saw moderated consumption growth, was substantially undermined by the unemployment rate and its impact on family income and on personal savings that act as a safety net during times of uncertainty.

Despite the global reach of the financial crisis, it did not have a uniform impact, either in intensity or persistence, on the various countries and economic blocks. Although the growth rate in developed economies has been more modest, emerging economies have had a robust performance despite the recent slowdown.

The average annual inflation in the Euro Zone increased 0.3 percent in 2009 to 1.6% in 2010, revealing the trend of rising prices, particularly of oil and raw materials. During 2010, a barrel of Brent oil increased about 29% in euros.

Portuguese Economy

The global financial crisis which began in 2007 intensified a number of significant unbalances on a global scale and also in Portugal. This scenario has hastened the need for urgent economic corrections.

Since Portugal's external debt has been brokered almost exclusively by the public sector and by the banking system, difficulties in obtaining financing in international money markets by these sectors make it necessary to accentuate and accelerate an adjustment between savings and investment in the Portuguese economy across all corporate sectors.

Despite the deteriorating financial conditions and the unfavourable trend in domestic demand in the second half of the year, the Portuguese economy experienced an annual growth of 1.7%.

The higher risk assigned to the sovereign debt of some Euro Zone countries, particularly Portugal, has increased borrowing costs and brought about economic policies with an emphasis on budget cutbacks. These policies reduced consumption in some of Portugal's foreign trade partners and had an impact on the growth of exports.

Moreover, the difficulties faced by companies and individuals in obtaining bank loans progressively intensified since the start of the financial crisis. The financial market's fragility may turn into a major risk hampering growth.

In 2010, the Consumer Price Index (CPI) on average increased 1.4% (-0.8% in 2009) due to the sharp rise in raw materials, energy products and VAT.

Economic Outlook

Forecasts by the European Commission (EC) disclosed in late November point toward moderate GDP growth in the Euro Zone until mid 2011, reflecting the temporary cooling of the global economy. In terms of annual averages, the EC expects a GDP growth of 1.4% in 2011.

Forecasts for the Portuguese economy indicate that performance in 2011 will drop about 1.3%.

The commission is forecasting a sharp rise in the public debt ratio within the Euro Zone during the forecast period.

The need for budget consolidation measures will lead to higher indirect costs and higher prices of raw materials and energy products.

The European Council expects prices to remain stable in the medium term, thus boosting the purchasing power of families in the Euro Zone.

In Portugal, the forecast growth of 0.2% for 2011 may be compromised by the risk of weaker foreign demand relevant for our economy, higher short-term interest rates, continued price increases of raw materials and oil, with an impact on domestic demand in our country and in countries to which we export.

Domestic demand will be undermined by the aforementioned factors. Additionally and on a negative note, the unemployment rate is expected to remain high, aggravated by a chronic difficulty in obtaining investment financing and the country's competitiveness.

Performance by domestic demand will be marked by lower nominal salaries in the public sector and higher direct taxes, thus deteriorating the outlook on growth in available income.

Foreign trade is essential for Portugal's economic recovery as it will compensate for lower growth in domestic demand caused by difficulties in obtaining credit, particularly by the private sector.

The payroll in the private sector is also expected to decrease as higher unemployment will curtail wage raises.

Inflation is expected to reach about 2.7%, influenced by higher indirect taxes, particularly VAT which rose from 21% to 23%.

Short-term and long-term interest rates can be expected to gradually increase.

Unemployment is forecast to increase by 1 percent in 2011 (after a 1.3% increase in 2010).

The GFCF is expected to fall sharply in 2011 (6.8%), applicable to all investment components, both private and public.

The need for external financing can be expected to decrease, although remaining high, reflecting a deteriorating revenue balance.

Evolution of Activities

As the service provider that manages Portugal's railway network infrastructure, REFER is responsible for performing tasks to fulfil its objective according to the principles of modernisation, safety and effectiveness, with particular emphasis on two business areas:

- **Infrastructure Management:** This aspect covers the management of the railway infrastructure's capacity, conservation, maintenance and management of the respective circulation command and control systems, including signalling, regulation and promptness guaranteeing the safety and quality levels indispensable to a public railway transport system.
- **Investment:** Covers construction, installation and renewal of the infrastructure, carried out at the expense of the state (the assets are part of the public railway domain).

In addition to infrastructure management, investment missions and normal operations, REFER also carries out other complementary activities to maximise income from its assets, as shown below in the Profit and Loss Statement per Activity:

INTEGRATED INCOME STATEMENT PER ACTIVITY

[million euros]

	Infrastructure Management			Other Complementary Activities	Total Company
	Conservation	Operation	Total		
User Fee	33,4	27,9	61,4		61,4
Other Rendered Services		12,0	12,0		12,0
Operation Subsidies	19,5	16,3	35,9	0,1	36,0
Other Income				13,9	13,9
Operating Income	53,0	56,3	109,3	14,1	123,3
Cost of Sales	4,9	0,5	5,4	0,2	5,6
Subcontracts	62,1	20,1	82,2	2,1	84,4
Other External Supplies and Services	8,8	18,8	27,6	4,7	32,3
Personnel Costs	35,4	51,9	87,3	8,0	95,3
Depreciation and Amortization in Year	2,0	1,0	3,0	0,4	3,4
Provisions for Other Risks and Expenses				3,7	3,7
Adjustments to Inventories and Receiv.	0,1		0,1	5,2	5,3
Other Expenses	0,9	0,7	1,7	0,4	2,1
Operating Expenses	114,2	93,1	207,3	24,7	232,0
Operating Result	-61,2	-36,8	-98,0	-10,7	-108,7
Financial Gains	0,0	0,0	0,1	136,3	136,4
Financial Losses	32,5	19,5	52,0	121,9	173,9
Gains / Losses in Associated Companies					
Pre-tax Results	-93,7	-56,3	-150,0	3,7	-146,2
Taxes for the Year	0,1	0,1	0,3	0,0	0,3
Net Result for the Year	-93,8	-56,4	-150,2	3,7	-146,5

Infrastructure Management

Characterisation of the National Railway Network

On 31 December 2010, the national railway network covered 3,619 km of track, of which 79% (2,843 km) are suitable for train circulation.

In recent years, the national railway network has been subject to ongoing modernisation. New facilities began operating and the technology of many others was remodelled and reconverted, thereby making today's railway operation safer, reliable and flexible, better suited to requirements and providing better and greater mobility between the various transport modes.

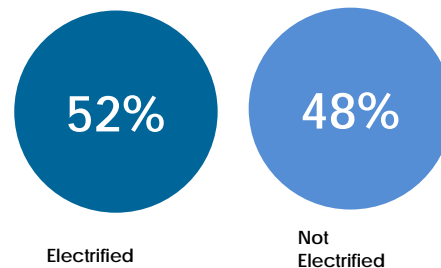
In 2010, the national railway network was characterised as follows:

Characterisation of the National Railway Network

[km]

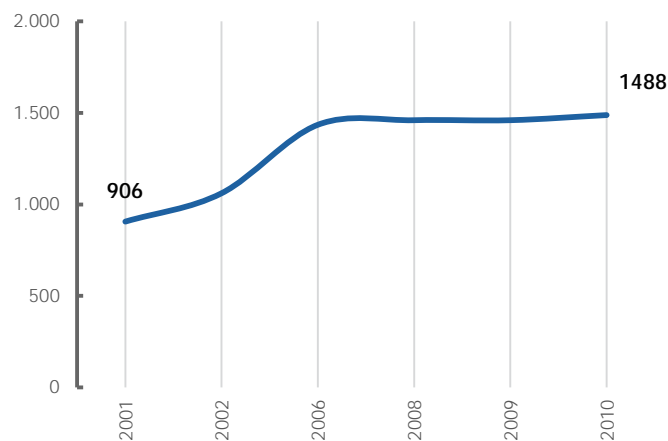
	With Train Traffic					Without Train Traffic	National Railway Network
	Electrified			Not Electrified	TOTAL		
	25.000V	1.500V	Sub-Total				
Wide Track	1 463	25	1 488	1 163	2 651	327	2 978
Single Track	879	0	879	1 163	2 042	327	2 369
Double Track	541	25	566	0	566	0	566
Multiple Track	43	0	43	0	43	0	43
Narrow Track	0	0	0	192	192	449	641
Single Track	0	0	0	192	192	449	641
TOTAL	1 463	25	1 488	1 355	2 843	776	3 619

In 2010, the electrification of track with train traffic had reached 52%, representing 1,448 km. During the year, electrification increased by 28 km mainly due to the operation start-up of the Alcácer Alternative Route in December 2010. Non-electrified track decreased 27 km compared with 2009 due to the closing of the Lousã Branch Line (35 km) in January 2010. On the other hand, the 8.8 km Railway Link to the Port of Aveiro was placed in operation in March 2010.



In the last 10 years, electrified line increased 582 km, 40% of the network in operation, which reveals the investments being made in this area.

Electrified Line [km]



Sophisticated Speed Control, Convel and Ground-Train Radio Systems have been installed covering 53.5% of the railway network length. The Convel System (a system shared between the Operators and REFER) ensures extremely high circulation safety levels by guaranteeing compliance with signalling and with authorised train circulation speeds. This system assists the train driver's tasks by warning him/her about circulation conditions and by activating the braking system (forcing the train to stop) whenever any safety requirement is not met. This system is installed in 1,496 km of track, representing 52.6% of the total track under operation. The Ground-Train Radio is another safety system covering 52.6% of the track length. Ground-Train Radio (system shared by train drivers of the operators and REFER) is used for voice and data communications between the train drivers of operators and REFER personnel in charge of traffic control. As such, communications may be performed between the Command Post and the train driver, between stations and train drivers and also between the train drivers of two trains.

Safety and Command Control System

[km]

	2008	2009	2010
Autom. Speed Control System (Convel)	1 459	1 459	1 496
ATS - Automatic Braking (Cascais Line)	25	25	25
Ground/Train Radio	1 428	1 459	1 496
Ground/Train Radio without Data Transmission	25	25	25

In 2010, the network length equipped with Convel and Ground-Train Radio increased by 37 km, 3% more than in 2009. This increase occurred in the Branch Line of Aveiro (8.8 km) and on the Alcácer Alternative Route (28.8 km).

The block system ensures circulation safety in the same track section or branch section, and defines an interval delimited by stations or signs (block) between which only one train may circulate under normal conditions.

Block Signalling Systems

[km]

	2008	2009	2010
Electric	122	119	119
Electronic	1 349	1 352	1 393
Mechanical	1 371	1 371	1 331

The national railway network has three types of block signalling systems: electric block signalling system (automatic block signalling without an adjustable block), electronic block signalling system (automatic block signalling with a controllable block) and mechanical Block signalling system (telephone block signalling). Electric block signalling is available on 4% of the national railway network. In this system, the lines are divided into blocks, which are preceded by signals protecting them, informing the train driver whether the block is free or not through light signals.

The block signalling system is different from the previous system because of its automatic wrong track signals. Today, modernisation of the railway network has increased this type of railway operation. There have been profound alterations to the means of managing traffic on most of the network. At the end of 2010, this type of block signalling had been installed in 49% of railway tracks. Track equipped with this system increased by 41 km, namely on the Petrogal Asphalt Branch Line (3.8 km), on the Port of Aveiro Branch Line (8.8 km) and on the Alcácer Alternative Route (28.8 km).

Lastly, in the mechanical block system, circulation safety in a specific block (which, in this case is delimited by two stations and the respective signalling) is ensured through telephone communications. Only manned stations can delimit blocks and give authorisation for trains to advance in the respective block. In 2010, track equipped with this safety system fell by 40 km when this block system was replaced by the electronic block system in the Petrogal Asphalt Branch Line (3.8 km) and when 35.2 km of track (Lousã Branch Line) equipped with this system was closed.

Infrastructure Management

Infrastructure Management covers two activities:

- Railway infrastructure conservation and maintenance;
- Operation: circulation control and command management and capacity management.

Infrastructure Management Activities

[million euros]

	2009	2010	Change
Income	107,7	109,3	1%
User Fee	59,0	61,4	4%
Operation Subsidies	36,1	35,9	-1%
Other Income	12,6	12,0	-4%
Costs	206,3	207,3	0%
Materials	7,9	5,4	-32%
Subcontracts	73,0	82,2	13%
Other Exter. Supplies and Services	28,1	27,6	-2%
Personnel	90,4	87,3	-4%
Amortization	3,0	3,0	1%
Other Costs	3,9	1,8	-54%
Operating Result	-98,6	-98,0	-1%
Average Employees	2 916	2 878	-1%

Income

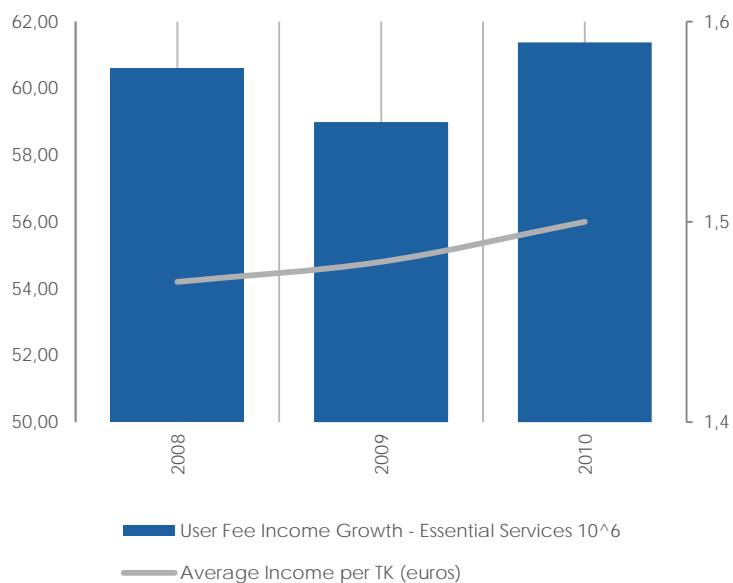
In 2010, infrastructure management income remained very similar to that in the previous year, with an increase of 1%, about 1.6 million euros. Income in 2010 reached 109.3 million euros compared with 107.7 million euros in 2009.

The User Fee item, which rose about 4%, is the only item that contributed to the aforementioned increase, whereas the Operation Subsidies item, which includes compensation indemnities for rendering a public service, fell 1%, a decrease of 299,000 euros, and the Other Income item fell 4%, equivalent to 511,000 euros.

In 2010, the User Fee item contributed the most to Infrastructure Management income. In the year, user fees rose 4%, a 2.4-million-euro increase over the previous year. This result is based on the higher base fee, which rose from 1.48 € in 2009 to 1.50 € in 2010. It is also worth noting the higher revenue from Unused Requested Capacity, which in 2010 was subject to new procedures for recording information supporting the service tariff charges.

The User Fee item includes the amounts invoiced to the companies CP, CP Carga (which consolidated its business in 2010), FERTAGUS, TAKARGO and COMSA, whereby traffic by the latter operator was charged to the TAKARGO/COMSA partnership.

User Fee Income Growth



Circulation reached 39.7 million Train Kilometres (TK) in 2010. The real utilisation of the infrastructure in this year was very similar to that in the previous year and decreased merely 0.58%, about 232,000 TK. In 2010, the CP and CP Carga operators used the network individually after having

TK Growth per Operator

[thousand TK]

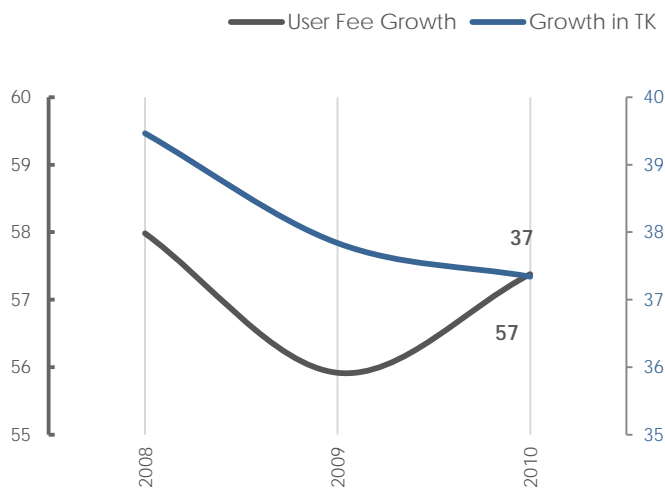
	2008	2009	2010
CP	39 464	37 839	30 696
CP Carga			6 646
Fertagus	1 783	1 771	1 784
Takargo	37	284	549
Compsa		15	2
Total TK	41 284	39 909	39 677

separated in 2009. In 2009 both operators had a joint network utilisation of 37.8 million TK, compared with 37.3 million TK in 2010, which was the main cause for the lower TK during the year. The other companies operating on the national railway network inverted the said trend, in which TAKARGO increased TK by 93%, 265,000 TK more than in 2009. On the other hand, FERTAGUS increased TK by only 1% compared with 2009, that is, an extra 13,000 TK. In 2010, COMSA operated on the national railway network in partnership with TAKARGO and consequently covered only 2,000 TK in the respective year.

A comparison of user fees paid and TK travelled by CP and CP Carga – which possess nearly all the rolling stock on the railway network and are responsible for 94% of the total network utilisation – reveals that the trend is not linear. That is, despite lower TK in 2010, the amount charged to operators rose by 1.5 million euros, about 3% more than in the previous year, explained by the higher Base Fee and by the value charged for Requested and Unused Capacity.

Growth in Essential Services for the CP and CP Carga Operators

[thousand euros | thousand TK]



In 2010, the Operation Subsidies item reached 35.9 million euros, 1% less than in 2009, that is, less 299,000 euros. This item includes amounts of Compensation Indemnities paid to REFER to settle accounts, as stipulated in Council of Ministers Resolution 96/2010, published in Diário da República, 1st series, no. 240 of 14 December 2010. This amount fell compared with 2009 because of the higher VAT rate, seeing as the subsidy's gross value is identical.

Other Income in 2010 remained similar to that of 2009, having decreased 4%, 511,000 euros, compared with 2009. In 2010, Other Income reached 12 million euros compared with 12.6 million euros in 2009.

Additional Services contributed the most to this item and, as may be seen, were not significantly altered.

Additional Services

[thousand euros]

	2009	2010	Change
Traction Energy	3,9	3,9	1%
Manoeuvres	0,6	0,6	1%
Parking of Rolling Stock	2,8	2,9	4%
Utilisation of Stations and Stops	2,8	2,6	-6%
Other Additional Services	0,1	0,1	

Expenses

Infrastructure Management expenses remained similar to those in the previous year. In 2010, this amount reached 207.3 million euros compared with 206.3 million euros in 2009, an increase of 0.49% (1 million euros).

The Subcontracts item had the greatest impact on this negative result in 2010 by increasing 13% over 2009,

that is, 9.2 million euros. The value in 2009 reached 73 million euros compared with 82.2 million euros in 2010. Track maintenance is the specialty with the most significant expenses, 35.2 million euros, and is also the specialty that, having risen

Specialised Works

[thousand euros]

	2009	2010	Change
Track	25,1	35,2	40%
Signalling	17,6	17,3	-2%
Telecommunications	12,3	13,1	6%
Catenary	5,8	5,5	-6%
Remote Control	0,0	0,0	-77%

40% over 2009, contributed the most to the higher financial cost of subcontracts.

Since the new track maintenance contracts for the Beira Alta and Oeste Lines and the weed control contract took effect only in the second half of 2009, this situation caused

costs in 2010 to increase 6.7 million euros (4 million for the Beira Alta and Oeste contract and the remaining 2.7 million euros for weed control). Services rendered using heavy equipment was another main factor underlying the higher track maintenance costs. The respective contract (signed in 2010) reached a financial cost of 2.7 million euros.

Monthly telecommunications payments to REFER Telecom increased 6.3% compared with 2009. This increase was based on greater consultancy, project and inspection activities and the greater number of equipments to be maintained (particularly video surveillance systems, operation support networks and operation telephony).

On average, 2,878 employees were assigned to Infrastructure Management during 2010, which was 1% lower than at the end of 2009. Personnel costs decreased 4% compared with 2009, thus falling 3.2 million euros. In 2010, personnel costs reached 87.3 million euros compared with 90.4 million euros in the previous year. This decrease is justified mainly by fewer employees who terminated their contract by mutual agreement.

The average cost per employee assigned to infrastructure management fell 2% in 2010, reaching 30,000 euros per employee in 2010 compared with 32,000 euros in 2009. This reduction was based on lower personnel costs and fewer employees assigned to the activity.

Operating Results

The Operating Result from Infrastructure Management remained similar to that in the previous year, with an increase of 1%, about 564,000 euros. In 2009, the result reached a negative 98.6 million euros compared with a negative 98 million euros in 2010.

Main Infrastructure Management Actions

- As part of the process to transfer the operation concession for the Lousã Branch Line to Metro Mondego, S.A., as of 04/01/2010, the Lousã Branch Line section was separated from the National Railway Network, between the Coimbra Station (exclusive) and the Serpin Station.
- Operation start-up of the Port of Aveiro Branch Line on 27 March 2010.

- Completion of the modernisation of the Raquete Station, on the Sines Line, on May 31.
- Completion of the remodelling works at the Setúbal Station, on the South Line, in June.
- Operation start-up of the Alternative Route of Trofa, on the Minho Line, on August 16.
- Formal operation start-up of the Alcácer Alternative Route on 12 December 2010.
- Automation of 52 level crossings on the Vouga Line, which considerably increased REFER's productivity. Additionally, the elimination/automation of level crossings – the railway system's most problematic components – improves railway safety.

Conservation

As part of Infrastructure Management, Infrastructure Conservation activities include the following tasks:

- Conservation of the track, signalling, telecommunications and other fixed installations;
- Planning of management and conservation activities;
- Controlling the operation parameters of quality, safety, reliability and economy;
- Managing accidents and incidents with implications on the infrastructure.

Conservation Activities

[million euros]

	2009	2010	Change
Materials	7,4	4,9	-34%
Subcontracts	52,4	62,1	18%
Other External Suppl. and Serv.	8,7	8,8	1%
Personnel	35,3	35,4	0%
Amortization	2,0	2,0	2%
Other Costs	2,1	1,0	-50%
Costs	107,9	114,2	6%
Average Employees	1 089	1 139	5%

Total expenses incurred for railway infrastructure conservation and maintenance activities in 2010 reached 114.2 million euros (a 6% increase, of 6.3 million euros), compared with 107.9 million euros in the previous year. This increase resulted from the Subcontracts item which rose 18%, a 9.6-million-euro increase from 2009 to 2010.

The personnel item amount remained practically unaltered from 2009 to 2010, although there was an increase in the average number of personnel assigned to this area. This diverging trend between the two items under analysis led to a drop of about 4% in the average cost per employee in 2010.

Operation

Infrastructure Management also included the following Operation activities:

- Circulation command and control management;
- Management of operation personnel assigned to circulation;
- Management of safety aspects, including operation event management;
- Authorisation and control of infrastructure restrictions;
- Capacity analysis;
- Assigning the capacity to operators;
- Planning infrastructure restrictions;

- Measuring, controlling, invoicing and collecting the utilised capacity and the requested and unused capacity.

Operation Activities

[million euros]

	2009	2010	Change
Materials	0,5	0,5	-2%
Subcontracts	20,6	20,1	-2%
Other External Supp. and Serv.	19,3	18,8	-3%
Personnel	55,1	51,9	-6%
Amortization	1,0	1,0	0%
Other Costs	1,8	0,7	-58%
Costs	98,4	93,1	-5%
Average Employees	1 826	1 739	-5%

Expenses on Operation Activities for the national railway network in 2010 fell 5%, equivalent to 5.3 million euros. Note that all items comprising this activity decreased in value.

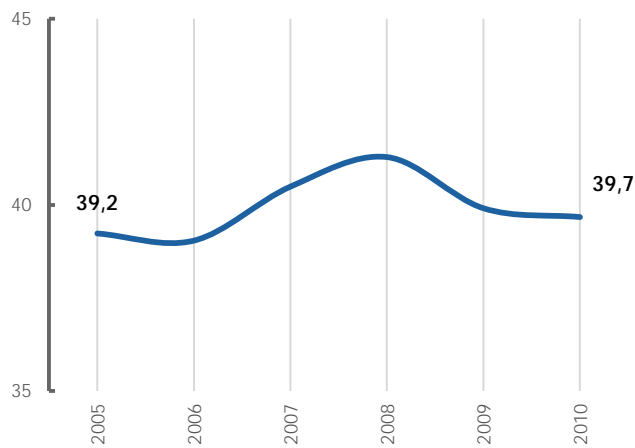
Comparing personnel costs in 2010 with costs in the previous year reveals a 6% decrease, of 3.3 million euros. The lower amount resulted from a 5% decrease in employees assigned to the activity and the decrease in employee contract terminations by mutual agreement. In 2010, on average there were 1,739 employees assigned to Operation activities, 5% less than the 1,826 employees in 2009.

Therefore, the average cost per employee in 2010 fell about 1.2% compared with the same period in 2009.

The Operation activity is also responsible, among other aspects, for allocating capacity among the various national railway network operators, measuring, controlling, invoicing and charging the used capacity and the capacity requested and not used. In 2010, TK fell by 0.6% (237,000 TK) compared with 2009.

General Train Network

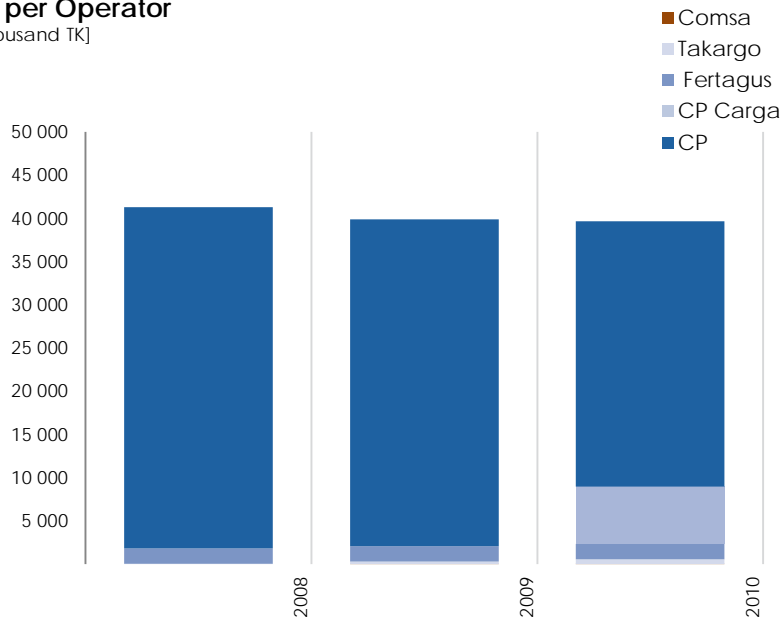
[thousand TK]



In 2010, the national railway network operators continued to be CP, CP Carga, FERTAGUS, TAKARGO and COMSA. There are still only two passenger operators – CP and FERTAGUS – in the National Railway Network. FERTAGUS has a concession only for suburban passenger rail transport in the North-South corridor, between the stations of Roma – Areeiro and Setúbal. Freight transport on the network is offered by the companies CP Carga, TAKARGO and COMSA. In 2010, the TAKARGO operator consolidated its operations. In Portugal, this operator handles all the traffic under the responsibility of the Takargo/Comsa partnership. The CP Carga operator was fully operational in 2010.

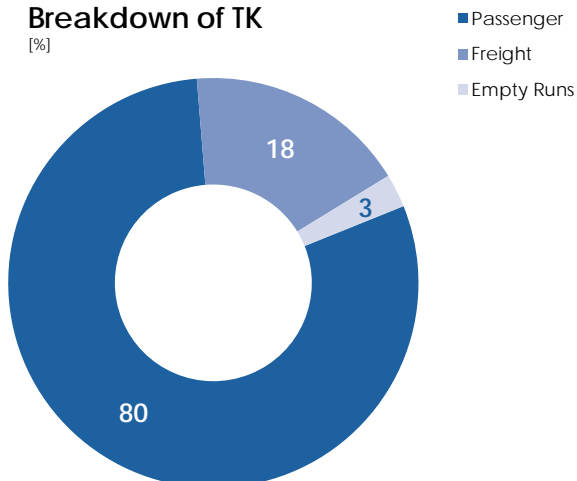
In 2010, total kilometres travelled decreased by 0.6%, or 232,000 TK, compared with 2009. This decrease, however, was experienced only by the CP and CP Carga operators, contrary to the FERTAGUS and TAKARGO/COMSA operators that increased their kilometres.

TK per Operator
 [thousand TK]



In 2010, the passenger service continued to account for most of the traffic, with 80% of the total and covering 31.7 million TK, a decrease of 698,000 TK or 2% compared with 2009. The CP and Fertagus operators also contributed to this indicator. Freight transport handled by the companies CP Carga, TAKARGO and COMSA in 2010 increased 7% (502,000 TK) compared with 2009, for a total 7 million TK in 2010. Freight traffic increased based on the greater service offer by REFER.

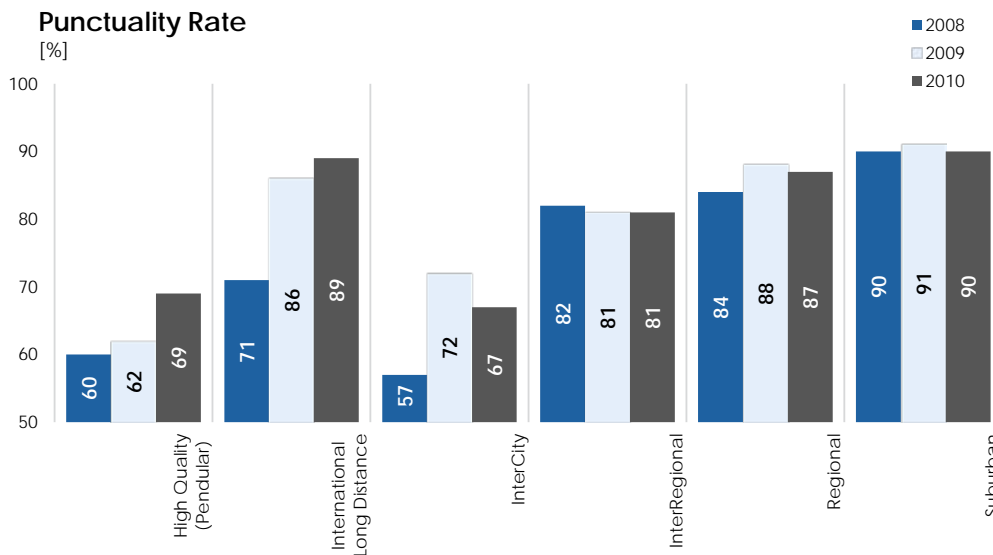
Breakdown of TK
 [%]



The North Line has the most traffic within the country, with about 15 million TK, followed by the South Line with 4.8 million TK.

Punctuality Rate

In 2010, there was a recovery in the average punctuality rate by the Pendular and International Long Distance train families.



Investments

Investments include the management of projects and works. Investment expenses cover internal management costs, materials supplied by REFER, associated financial expenses and all external expenses paid to contractors, inspections, etc. The following internal operation costs were incurred:

Investment Activities

[million euros]

	2009	2010	Change
Materials	18,2	33,2	83%
Subcontracts	0,8	0,7	-14%
Other Extern. Supply and Serv.	5,4	6,5	22%
Personnel	22,9	21,8	-5%
Amortization	1,0	1,0	-5%
Other Costs	0,0	0,2	32071%
Total Costs	48,2	63,4	31%
Average Employees	497	464	-7%

Investment activity expenses rose 31%, about 15.2 million euros, in regard to Total Expenses. This increase was partly due to the 83% rise in material costs in 2010 when compared with 2009.

Personnel costs fell 5% in 2010 compared with 2009. This decrease was brought about by the 7% reduction in the average personnel and by the amount paid for employee contract terminations by mutual agreement.

As such, it may be seen that the average cost per employee remained practically unaltered.

In terms of total investment costs, the budget execution for the year reached 108%, as shown in the following table:

Investment Execution. Investment at Total Costs

[thousand euros]

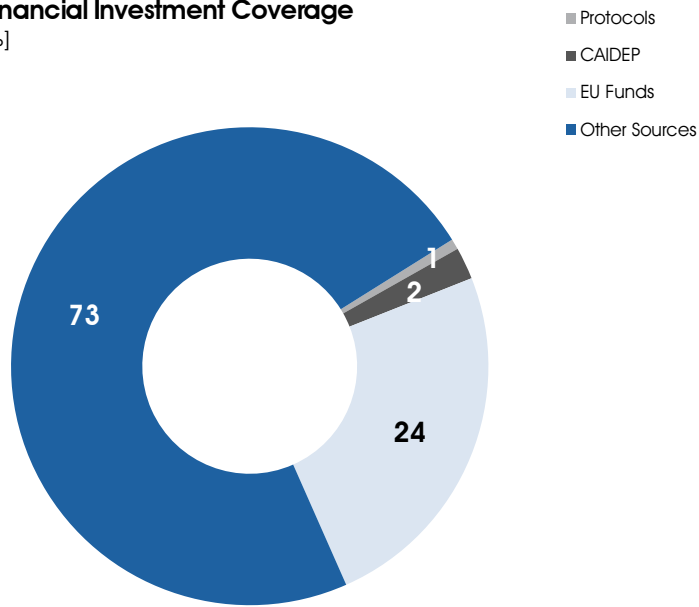
	Budget Review September	Execution	% Perform.	% Weight
Long Duration Infrastructures	233 382	295 458	127%	73%
Materials	69 377	33 168	48%	8%
TOTAL Long Duration Infrastructures	302 759	328 626	109%	81%
Technical Costs				
Overhead Costs	32 455	28 847	89%	7%
Financial Costs	38 425	46 000	120%	11%
TOTAL Long Duration Infrastructures	373 639	403 473	108%	99%
Total Costs				
Management Support Structures	3 952	3 059	77%	1%
TOTAL Investment Budget	377 591	406 532	108%	100%
2011-2013				
Investment Protocols/Financing		- 2 991	---	---
Investment Accounting Adjustments		- 752	---	---

Investments were financed by contributions through EU Funds, the state budget (Chapter 50), protocols signed between REFER and various entities and other financing sources.

The company's investment coverage is broken down as follows: EU contributions represented about 24% of the total (8 million euros), Chapter 50 of the state budget financed 2% of the total investment (7.2 million euros), other financing sources reached 73% of the total (238 million euros) and protocols contributed with 0.2 million euros (1% of the total) to finance the investment.

As such, about 73% of the investment amount in the period under analysis became company debt with the consequent impact on the financial expenses.

Financial Investment Coverage [%]



The total contribution by EU funds includes, in addition to already approved candidatures, candidatures pending approval (Railway Link to the Port of Aveiro – Stages 2 and 3 – and the Alternative Route of Trofa and Bombel / Casa Branca / Évora), meaning that the contribution rate for these projects is estimated.

Financial Investment Coverage. Investments at Technical Costs

[thousand euros]

Investment Budget	Carried Out	Financial Coverage			
		Protocols	CAIDEP	EU Funds	Other Sources
Total	331 685	2 368	7 200	80 855	241 262
Long Duration Infrastructures	328 626	2 368	7 200	80 855	238 204
REFER Investment related with High Speed Rail	6 702			618	6 084
Artery Line / High Speed + Oriente Station	6 673			618	6 055
Others	29				29
Interregional Links	88 376			443	87 933
Subsection 1.2/1.3 - Alhandra - Entrocamento / Vila Franca De Xira	5 760			443	5 317
Section - Vale De Santarém					
Others	82 616				82 616
Network Efficiency and Safety	34 604	892			33 712
Links to Logistics Centres and Ports	85 395	26	6 100	59 463	19 807
Port of Sines / Spain Railway Link (*)	26 306		1 325	18 414	6 567
Railway Link to the Port of Aveiro (*)	8 758		175	5 754	2 830
Alcácer Alternative Route	50 331		4 600	35 295	10 436
Infrastructure Renovation and Rehabilitation	26 507				26 507
Metropolitan Areas	58 094	1 450	1 100	20 332	35 213
Trofa Alternative Route (*)	25 702		1 100	17 928	6 674
Setúbal Station	2 868			2 404	465
Others	29 524	1 450			28 075
Mondego Mobility System	28 948				28 948
Management Support Structures	3 059				3 059

(*) - Submitted candidatures pending approval. The project for the Port of Sines / Spain Link is pending approval for the Bombel / Casa Branca / Évora Candidature

The investment volume on long duration infrastructures, at technical costs, incurred by REFER in 2010 reached 329 million euros, for a realisation rate of 109% compared with the planned amount of 303 million euros.

Since 2002, REFER has invested 3.220 billion euros on the national railway network.

Investment Growth 2002 . 2010
 [thousand euros]



In 2010, inter-regional links contributed the most to investments on long duration infrastructures, having reached about 88.4 million euros.

Investments also improved inter-regional links between major cities, thereby fostering inter-regional mobility with shorter travel times. The amount invested in this area covered mainly works performed on the Beira Baixa Line to modernise the Castelo Branco / Covilhã / Guarda section and the Covilhã / Guarda section. The works were meant essentially to reinforce the Sabugal Tunnel, to widen the Underpass of Baiúca, among others.

Investment in links to logistics centres and ports corresponded to 85.4 million euros of investment in long duration infrastructures. This investment creates accesses for efficient freight transport to centres and ports, thereby boosting train freight transport. The realised amount was applied on works to complete the Alcácer Alternative Route, which opened to traffic in December 2010, to complete the Port of Sines / Spain Railway Link Project, and with emphasis on completion of the Contract Works to Modernise the Raquete Station, which opened in August 2010, and the Project for the Railway Link to the Port of Aveiro.

Main National Railway Network Modernisation Actions

Minho Line

Completion of the project to build the north accesses to the Campanhã West Interface, which calls for completing the West Interface of the New Intermodal Station of Campanhã, extending the underpass, building the solid urban waste building and reforming the street Rua Monte da Estação.

The Trofa Alternative Line was open to traffic consequent to the conclusion of the general contract works covering civil construction, track and catenary.

Braga Branch Line

Inspections were carried out for the definitive acceptance of the various contract works to renovate the Nine/Tadim and Tadim/Braga sections on the Braga Branch Line.

Leixões Line

Launching of the tender to award the contract works to build the passenger stops at Hospital de S. João and Arroiteia / Efacec.

North Line

Development and completion of detailed designs for interventions at the "Alfarelos Station and Adjacent Sections."

Completion of the contract works to construct the Equipment Building for the Alfarelos Station.

Completion of the contract works to rehabilitate tracks A and D of the Coimbra-B Station.

Railway Link to the Port of Aveiro

Completion of the service rendering contract for Safety Coordination and Inspection on the Railway Link to the Port of Aveiro, awarded to DHV, SA;

Launching and awarding contract works to Rebuild the North Access to the Pedestrian Overpass of Carcavelos, on motorway A25.

Cascais Line

Completion, in October, of the contract works to Modernise the S. Pedro do Estoril Station. In May, the Contract Works were awarded to Remodel the S. João do Estoril Station, forecast to be completed in February 2011.

Sintra Line

In January 2010, two new lines (future lines 1 and 2) opened for operation for the Agualva/Cacém Station, along with the new upper passenger platform served by the facilities of CP/REFER, built temporarily in the new station atrium located at the new pedestrian underpass.

In December 2010, two new lines (future lines 3 and 4) opened for operation at the Massamá/Barcarena Station along with the new lower passenger platform, served by the new passenger building, where the CP/REFER facilities are located, and accessed by the new pedestrian overpass.

Completion of the contract works for the road underpass, at km 17+815 of the Sintra Line, and the respective access streets, for which construction had been started by the company Cacém Polis.

Lisbon Metropolitan Area

The contract works to remodel the Setúbal station were completed.

Technical and financial termination of the Contract Works for the Design/Construction of the Roma/Areeiro Station: repair of work defects detected during previous inspections, in accordance with the works' technical guarantee.

Landscape work for the flower beds of the GDRJ games field – preparing the land for planting, transporting removed debris to a dumpsite, spreading fertiliser, planting species in the flower beds, covering and irrigation.

Alcácer Alternative Route

Contract Works for the Alcácer Alternative Route (2nd Stage): Railway Crossing of the Sado River, including the bridge, access viaducts, railway track and fixed electric traction installations completed in August 2010.

Railway Link to the Port of Sines / Elvas

In 2010, most of the works were carried out for grade separation crossings, civil construction at passenger stations and earth moving to widen and improve the platform. Work also began to build track infrastructures, catenary, signalling and telecommunications.

A service rendering contract was awarded for Assistance, Inspection and Safety Coordination at the works to modernise the Évora Station.

Modernisation of the Raquete Station, on the Algarve Line, was completed on May 2010.

Level Crossings

In line with the Level Crossing (LC) Elimination and Reclassification Plan for 2010 assigned to REFER, town councils and the company Estradas de Portugal, 107 actions were carried out under which 53 level crossings were eliminated and the others reclassified.

REFER carried out 88% of these interventions, for 94 level crossings, and the other 13 were handled by external entities in partnership with the company.

Total investment for this project reached about 29.4 million euros, of which 87%, 25.7 million euros, were paid by REFER, as revealed in the table below broken down into types of intervention.

Project	Eliminated LC	Reclassified LC	Cost (euros)		
			Refer	External	TOTAL
Overpass/Underpass	-	42	2 215 208	-	2 215 208
Automation	19	4	1 205 002	150 000	1 355 002
Alternative Route	33	4	22 283 756	3 564 808	25 848 564
Others	1	4	3 032	-	3 032
TOTAL	53	50	25 706 998	3 714 808	29 421 806

At the end of 2010, there were 1,107 level crossings on all lines with Railway Operation, broken down into the following categories:

Type of Level Crossing

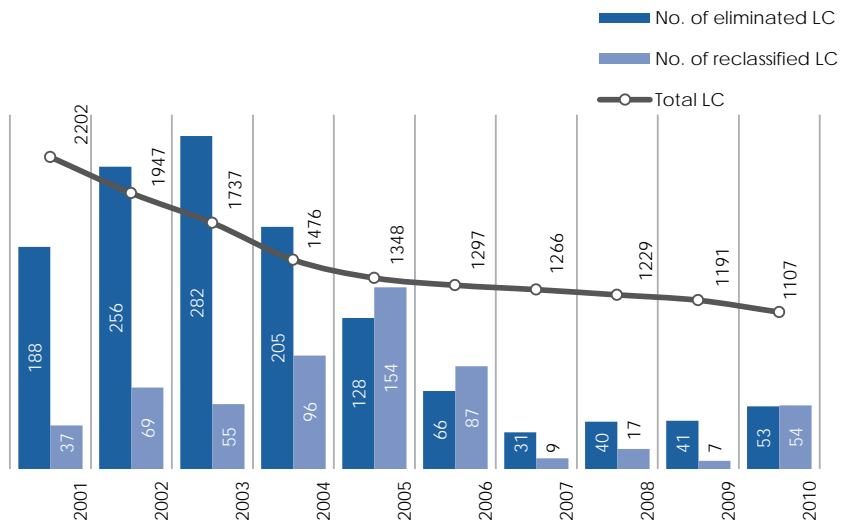
	Number
Public Level Crossings	982
Automatic (Road):	345
Automated with double lifting gates	2
Automated with half lifting gates	332
Automated with obstacle	11
With Guard	89
Without Guard	396
Type D	276
5th Category	120
Pedestrian	152
Automatic	23
Not Automatic	129
Private Level Crossings	125
Automatic	7
Not Automatic	118
TOTAL LC	1 107

Of the 1,107 level crossings still existing along the railway network, about 42%, or 464 LC, have active protection equipment (automated or with a mechanically activated physical barrier).

The average LC density at the end of 2010 was of 0.389 LC/km.

The following graph shows the trend in the number of Level Crossings and the actions carried out in recent years:

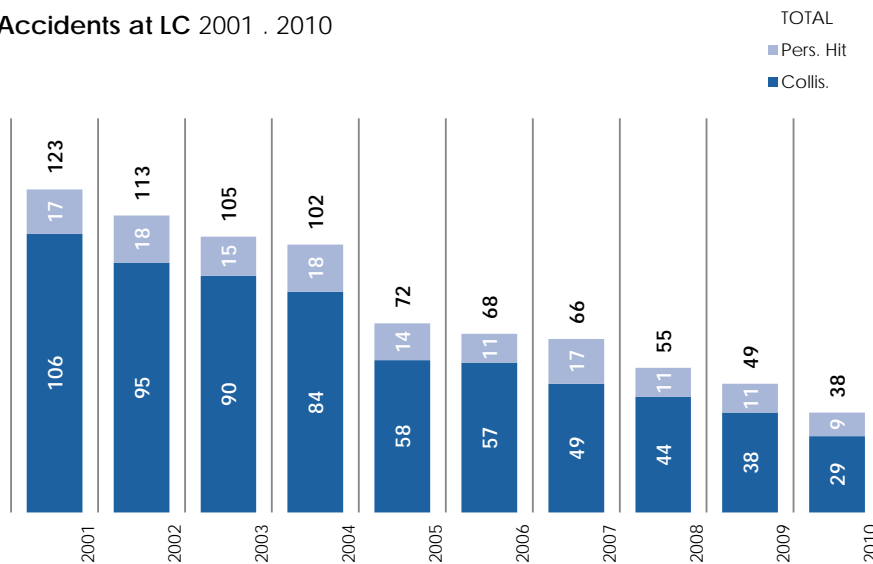
Eliminations and Reclassifications 2001 . 2010



In 2010, there were 38 accidents at level crossings, of which 29 were collisions and 9 involved persons hit by trains, which resulted in 11 deaths, 3 serious injuries and 4 minor injuries. These figures correspond to an FWI (Fatalities and Weighted Injuries = deaths + serious injuries/10 + minor injuries/200) of 11.32.

The accident rate at level crossings in recent years has evolved as follows:

Accidents at LC 2001 . 2010



The policy of eliminating level crossings and of improving their safety conditions has helped to continuously decrease the accident rate.

However, records show that persons hit by trains represent the highest number of deaths and that a very significant part of accidents (42%) take place at automated or guarded level crossings. As such, awareness raising campaigns at schools and in the media will become increasingly more important.

According to the 2009 strategy covering all actions to reduce accidents caused by trespassing, in 2010 the company maintained the process to identify and analyse trespassing locations and to define solutions to solve this problem.

To fulfil the accident rate reduction targets and in addition to the elimination and reclassification actions, it is important to implement other measures that, applied to known factors, will minimise risks at railway crossings. Within this perspective, in 2010 the following measures were applied to some level crossings:

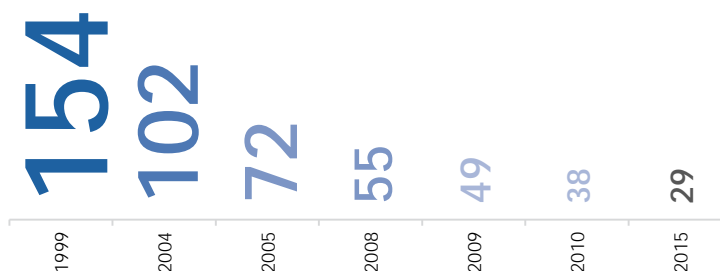
- Greater safety for pedestrians crossing between platforms;
- Mitigation of the trespassing risk and improved accesses, including access for persons with impaired mobility;
- More pedestrian signs.

The commitment by REFER to reduce accidents at level crossings has led the company to new approaches and to introduce technological solutions to improve active safety conditions.

The company has set a goal of less than 29 accidents for the year 2015.

Number of Accidents at LC

Real | Objective



Complementary Activities

These activities include:

- Supplementary services, in particular: telecommunications, concession of commercial spaces, sale of waste, etc.;
- Material recovery and waste management;
- Works under the responsibility of third parties.

Complementary Activities

[million euros]

	2009	2010	Change
Income	15,0	14,1	-6%
Other Income	15,0	14,1	-6%
Costs	16,4	24,7	50%
Materials	0,4	0,2	-43%
Subcontracts	1,5	2,1	41%
Other External Suppl. and Serv.	5,8	4,7	-19%
Personnel	6,4	8,0	25%
Amortization	0,3	0,4	36%
Provisions/Adjustments	1,3	8,9	596%
Other Costs	0,8	0,4	-48%
Operating Result	-1,4	-10,7	642%
Average Employees	132	154	17%

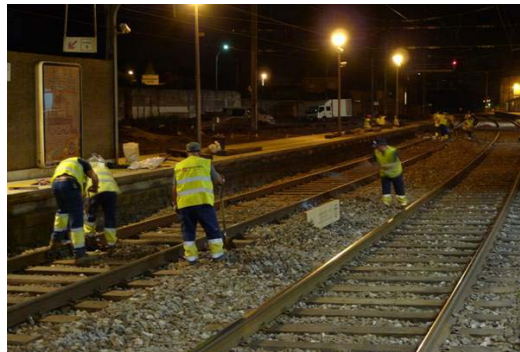
Operating Income

The operating income from Complementary Activities decreased by 9.2 million euros compared with 2009, essentially due to the 7.6-million-euro increase in the Provisions / Adjustments item.

Environment

1. Environment and Quality Management Systems

The first objective applicable to systems was to assess REFER's corporate quality management strategy and to outline the respective future approach. A survey was thus performed to obtain relevant information, which included compiling multiple decisions about the topic and testimonials / visions by the various operation departments with the greatest influence on the development of a corporate strategy. At the end of the first quarter of 2010, REFER completed the quality management approach proposal which aims to centralise management systems and thereby adapt them to the company's current scenario. In parallel and without undermining its strategy, REFER decided to go ahead with one of its main lines of action, namely to develop its chart of processes, an essential management instrument.



2. Environmental Assessment

Environmental assessment is an essential part of the company's environmental policy for placing the prevention principle into practice. This prior assessment of projects is a progressively more deep-rooted part of projects and the planning process, often constituting an initiative's a critical stage.

During 2010, the Environmental Impact Assessment process was monitored and documentation compiled for the North Line Modernisation project covering the section between the Ovar Station and Vila Nova de Gaia, which culminated with issuing the corresponding Environmental Impact Declaration (EID) rated as favourable and with restrictions. There was also a need to monitor the projects started in previous years requiring the preparation of detailed designs or environmental licensing processes. Of these projects, the following are highlighted:

- Grade separation link between the Artery Line and the Cascais Line;
- Modernisation of the Cascais Line;
- Santarém Alternative Route;
- Bombel / Casa Branca;
- Évora Station;
- Beira Baixa Line in the Castelo Branco / Covilhã and Covilhã / Guarda sections.

3. Noise

In 2010, the company consolidated the document providing a global analysis of the lines comprising the 1st stage of Directive 146/2006 of July 31. This analysis is based on Strategic Noise Charts completed in 2009 and allows REFER to be one of few companies in the transport sector to have a grounded estimate of the effort necessary to put the legal noise requirements into practice.

4. Fauna and Flora



During 2010, the company carried out the 2nd campaign covered by the Business & Biodiversity Project "Promoting Native Forest." For the second consecutive year, REFER's participation in provides organised technical support at Quercus to coordinate the multiple actions, which included planting about 6,400 trees and bushes of native varieties at 2 distinct sites.

Another relevant intervention was carried out at the overpass of Vila Franca de Xira where special stickers were placed to make glass surfaces visible to avifauna.

Another project worth noting was the Garducho Biological Station, of the Iberian Avifauna Studies Centre, which received the top architecture award in the Iberian Peninsula, the Arquifad 2009 award.

5. Waste Management

In 2010, along with the usual support to operational bodies for their waste management operations, it is worth noting that work restarted to remove the remaining volume of wood sleepers, Lot X, stored at Entroncamento. This operation ended in December and eliminated all this waste from that area. The Environment and Quality Department assisted in the structuring of the waste management strategy, coordinated its actions with those of the service provider and assisted the Contracting, Procurement and Logistics Department which was the contract manager. The company also began managing damaged concrete sleepers that were stored in an area adjacent to the Sines Line.

Property Assets

REFER's property assets include the company's private domain and the public railway domain. Under legal terms, the public domain is managed by REFER which is responsible for the conservation of these assets. Obtaining revenue from this vast number of property assets is one of the company's priorities.

The following activities are also worth pointing out:

- a. Obtaining revenue from property assets no longer assigned to railway operation, which have earned about 1.9 million euros. Note that, during the year in question, a number of land plots and buildings were yielded to various public and private entities, including some passenger buildings located at railway stations and no longer useful for railway operation. Some agreements were also signed to sell some assets for which the company will receive about 1.3 million euros.
- b. According to the aforementioned goal, the company has also continued to expand the National Ecotrails Plan, which aims to:
 - Preserve old railway tracks, safeguarding them from other illegitimate occupations and creating a number of opportunities of future re-utilisation for Transport and Mobility;
 - Provide an excellent contribution to a future national network of about 750 km of "green paths," "cycling paths," "pedestrian paths," "nature paths," etc.;
 - Contribute to a new type of tourism offer linked to Ecotourism / Nature tourism;
 - Help prevent desertification of many regions and rural areas whilst creating a potential for local jobs;
 - And somewhat contribute to the National Sustainable Development Strategy to be definitively approved at a national level.

By the end of 2010, 33 municipalities had been consigned nearly 450 km of decommissioned railway track. Currently, it is still necessary to sign protocols for nearly 300 km to complete the goal laid out in the National Ecotrails Plan, a target we believe will be met within the upcoming years.

Of the decommissioned tracks, nearly 130 km of Ecotrails have already been opened and made available to either local populations or to anyone interested in these types of facilities.



Safety

In 2010, there were about 2,010 daily train runs on the National Railway Network, totalling about 39.7 million TK during the year. Most of the trains (about 80%) provided passenger services.

REFER continuously and proficiently strives to ensure operation safety that, ultimately, protects persons and assets, particularly passengers, its personnel and the staff of railway operators and service providers. Likewise, the company is also continuously concerned with the safety of those who use level crossings.

The mission of SGE also includes ensuring stability and safety for freight transport and rolling stock, providing railway safety training internally, collaborating with other company bodies and municipalities (municipal civil protection offices) to hold awareness and prevention training sessions for the prevention of forest fires in areas near the railway. SGE also participates actively in preparing emergency plans, safety/audit visits to the various infrastructure works and to the public domain of the National Railway Network, either by internal personnel or by service providers and contractors.

These prevention measures are intrinsic concerns of a high quality public service and thus also a priority for all REFER employees.

Notwithstanding the good practises among the various participants in the rail transport system, emphasis goes to identifying risk situations in order to apply risk-preventive measures and correction measures, thereby contributing to greater operation safety and to improved cooperation between the various entities involved in the process.

However, for operation safety to be effective, it is essential and relevant that three essential aspects be taken into account:

1. Compliance with train circulation regulations and maintenance of the railway system;
2. Procedures applicable to deteriorated situations and in emergency situations;
3. Interaction with all external stakeholders.

The first two aspects depend somewhat on compliance with regulations. These regulations, to the extent possible, are influenced by changes in market regulations (domestic and foreign), by technological advances in infrastructure construction systems and by circulation management and control.

Within this scope, railway regulations have been continuously updated from the time REFER was founded in 1997. These regulations have been approved by the regulatory institute (IMTT) and have been extensively implemented at all levels of the railway system, including the creation of new software applications, of which we highlight the e-Regulamentação application, which began running in late 2007 and is a tool used to comprehensively manage the preparation, approval, publication and distribution of all

operation regulations exclusively through electronic means without requiring hard copies.

The sector's greatest transformation began in the 90s through the newly transposed EU directives through various Decree-Laws and through their implementation in the railway system. These regulations aim essentially to create a rail transport network within the European area compliant with standardised systems and technical equipment (infrastructures, rolling stock, etc.) based on the Technical Specifications for Interoperability (TSI), thus creating a safer and more sustainable common railway system among EU member states.

The impact of these goals is felt in the way each member state's national railway network is adapted and transformed to comply with this European policy, not only in terms of a European vision, but also regarding national strategic options.

As such, Operation Safety, in alliance with all intervening parties, complies with, promotes and contributes to measures maximising the operation capacity and intrinsic safety of the National Railway Network. Operation Safety also takes the initiative for creating and managing the Safety Management System. It works in conjunction with the various company entities to request and maintain the national Infrastructure Manager's safety authorisation valid, as approved by IMTT, in compliance with Directive 2004/49/EC of the European Parliament and of the Council, of 29 April 2004, and with Decree-Law 270/2003, of October 28, amended by Decree-Law 231/2007, of June 14.

In 2010, special emphasis was placed on identifying significant accidents which in this year (38) decreased compared with the previous year (49) and on compiling reliable data, in accordance with safety objectives, methods and indicators as they are currently defined in Decree-Law 231/2007, of June 14, which have been harmonised in conjunction with the railway operators – CP, CP CARGA, FERTÁGUS, TAKARGO Rail and COMSA Rail, and with the participation of the Regulatory Entity – IMTT.

Note also that by the end of 2010 about 90% of TK travelled on the National Railway Network were coverage by Automatic Speed Control and Ground-Train Radio Systems. Additionally, the SDCRQ system (Overheated Wheels and Axle Boxes Detection System) began operating in October 2007 and was strategically installed at seven network sites, which has greatly contributed to better monitoring of about 80% of long-distance traffic, especially freight traffic, to reduce derailment risks.

Thus, in 2010 about 95% of significant accidents resulted from accidents at LC and involving passengers hit by trains on tracks and at stations and stops. REFER carried out an intense internal and external campaign to raise awareness on the risks of crossing at LC, whilst maintaining its policy to eliminate and reclassify level crossings and to prevent improper railway use by pedestrians.

Also in 2010, awareness and training initiatives were increased for operation safety and for safety during works interfering with train circulation.

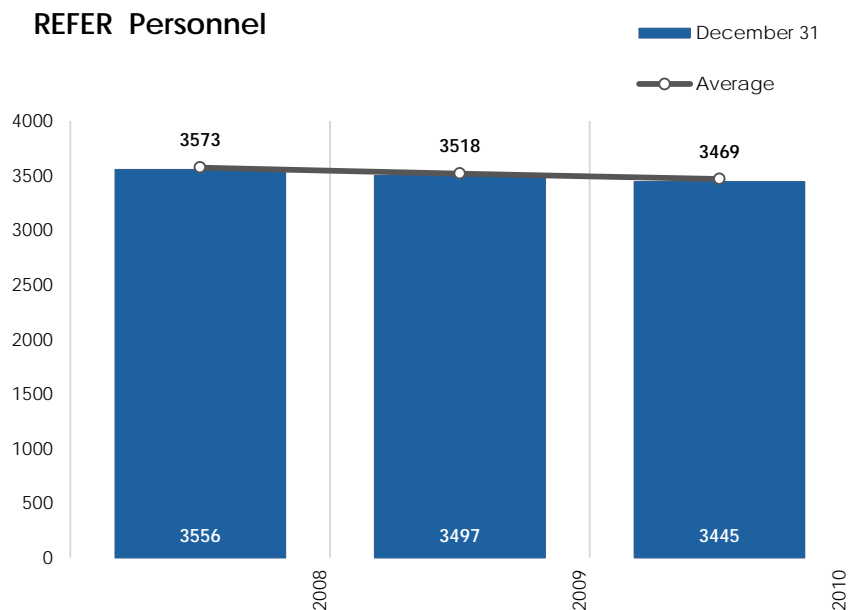
Human Resources

1. Personnel and Wage Policy

The workforce reduction trend was maintained in 2010, although at a slower rate than in the company's initial years.

In December 2010, the number of employees on the payroll reached 3,445, resulting from 75 persons leaving, only 12 new employees and 11 employees who returned to the company after having been assigned elsewhere. As such, the company had 52 fewer employees on the payroll during the year.

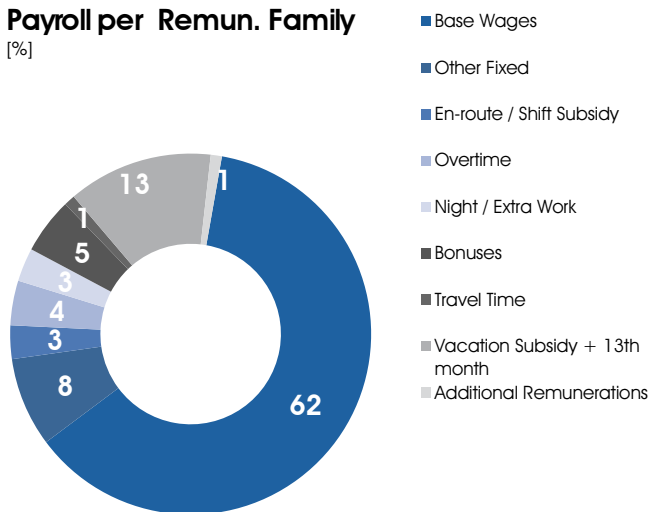
On a monthly average, the company had 3,469 employees, 1.4% less than in 2009.



Total payroll (TP) increased from 79.4 to 79.8 million euros (0.5%). This somewhat irrelevant increase in the Personnel Costs item came about when negotiations with labour unions did not result in higher base wages or increases in other pecuniary payments, contrary to the situation in previous years. On the other hand, the impact of promotions stipulated in the Career Regulations was partially offset by the aforementioned decrease in the number of employees.

The payroll structure continues to reflect the high percentage of fixed components (80%), as is common at companies similar to REFER.

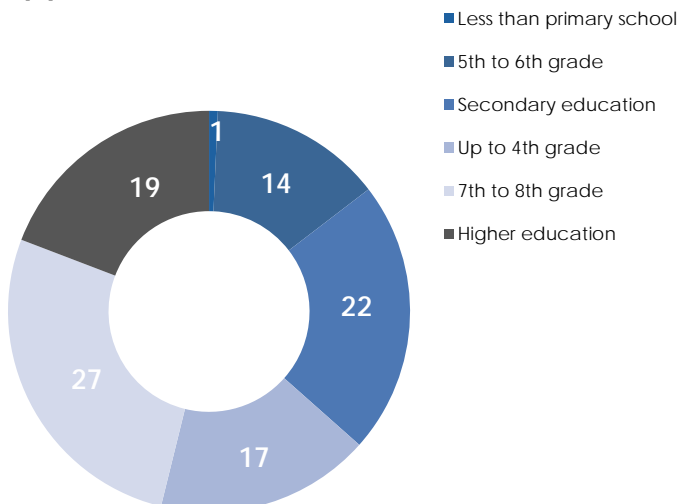
Payroll per Remun. Family [%]



In December, the average employee age reached 46.7 years and the average employee seniority was of 21.2 years. These figures are higher than in the previous year by about 0.8 years, as the balance between incoming and outgoing workers was not sufficient to invert the "natural ageing trend."

The number of better qualified employees continued to increase as opposed to a reduction in less qualified employees. The education level also increased, whereby at the end of the year employees with higher education represented over 19% of the company's total personnel.

Education [%]



2. Enhancement of the Human Potential

Training of REFER personnel during 2010 was part of the “2007-2010 Training Strategy” designed to guarantee a better alignment between the skills of company personnel with the company’s proposed strategic goals.

The country’s current cost-cutting scenario required the company to make a significant effort to internalise personnel training initiatives. This new measure enabled REFER to spend only 335,000 euros of the 950,000 which were budgeted for 2010. Despite this change of strategy, the company still held 1,416 training sessions involving 8,104 employees, for a total of 85,265 training hours.

Training covered various areas across the whole organisation. Particularly noteworthy, given their importance and number of participants, were the training actions to prepare personnel for Job Openings and Internal Selection Procedures, Safety Regulations (IET77), Technical Railway Training and Circulation Command and Control. It is also worth pointing out the completion of the “REFER Renewal” Internship Program which attracted recent graduates and oriented them through training programs related with the company’s core business within a perspective of creating and retaining know-how, to gradually safeguard personnel succession and renewal.

3. Recruitment and Mobility

The year of 2010 saw a high level of internal mobility motivated in particular by the implementation of the “Maintenance Strategy.” The company reinforced areas linked to railway infrastructure maintenance, with emphasis on re-assigning personnel available in some areas, particularly by training personnel assigned to circulation (North and Centre regions) so that they switch to the maintenance department (21 employees), based on training programs adapted to identified needs.

Overall, 50 professional reconversion processes were carried out in 12 work categories, which resulted in 32 employees changing their workplace to another district or county. These processes were facilitated by granting free trips on CP to all REFER personnel.

Note that, within a highly unstable global economic scenario, REFER significantly decreased its hiring, consequent to which it hired only 12 new employees.

The economy is expected to remain weak during 2011, to be offset through deep cost cutting measures. Within this context, REFER will continue to evaluate the possibilities of altering the functional and geographical distribution of its human resources with particular emphasis on employees assigned to departments that are restructured or whose activities are diminished.

4. Work and Labour Relations

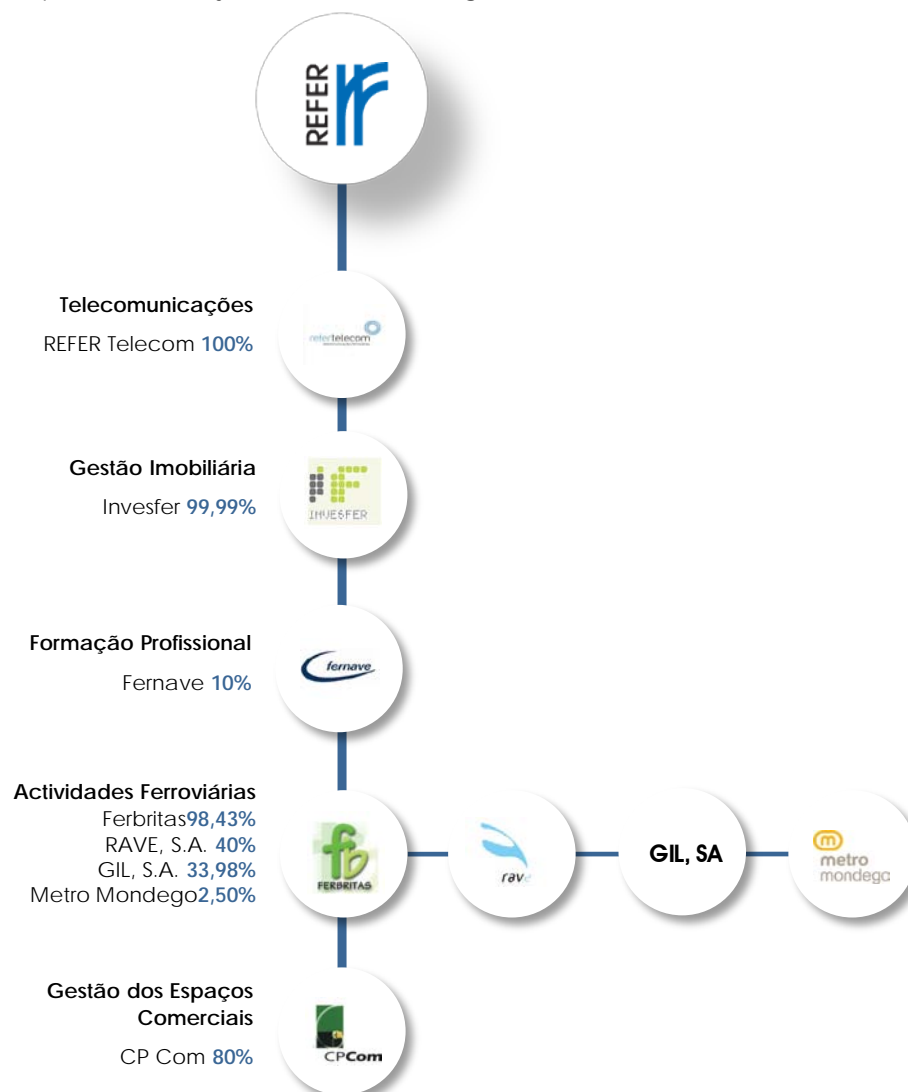
The vast majority of company employees (68%) are represented by 22 labour unions which have signed the Company Agreement in force. A key aspect in 2010 was the signing of a protocol between REFER and the various Union Organisations which calls

for a new, clearer and better understood Travel Policy that is fairer for employees and less costly for the company.

Despite the high percentage of workers belonging to a labour union and the high number of unions representing them, the company has maintained good relations with all worker representation entities and with the Workers Committee. During 2010, there were no labour relations conflicts or problems worth noting.

Shareholdings

REFER has shareholdings in a number of companies that were created to restructure the railway sector, even before REFER was founded, and that, due to their activities, complement railway infrastructure management activities.



Affiliated Companies and Main Activities

REFER TELECOM – Serviços de Telecomunicações, S.A.

REFER Telecom – Serviços de Telecomunicações, S.A., is a Telecommunications Operator licensed by ANACOM. Refer Telecom manages, supervises and maintains railway telecommunications networks and systems. It is also responsible for installing and managing telecommunications, which are essential for rail transport. It has a national coverage network and uses an optical fibre backbone extending over 2,800 kilometres, allowing it operate in the country's main district capitals and urban centres. Various connectivity services are supported on this network.

The company's mission is to "effectively manage the telecommunications infrastructure yielded by the shareholder, guaranteeing excellent services and optimising all resources through a specialised offer to the rest of the market."

INVESFER - Promoção e Comercialização de Terrenos e Edifícios S.A.

INVESFER S.A., is a company of public capital held by REFER and which renders property asset management services. Its strategic mission is to offer flexible and innovative solutions to enhance properties tailored to client needs.

The company's strategic vision is to be recognised as a leading property asset enhancement company, thereby contributing to the success of its shareholders, clients, partners and employees.

It abides by the following values:

- Ethical and professional practice based on criteria of transparency and on valuing people;
- Service quality and excellence based on streamlined procedures and persistence in the search for better solutions;
- Team spirit of cohesion, enthusiasm, dedication and determination by all employees;
- Social responsibility based on sustainability.

Railway assets no longer in use gives rise to real preservation challenges due to their fragmentation, geographical isolation and, in some cases, changes in the surrounding social and urban context.

REFER, through INVESTER, has been taking measures to improve and refurbish railway property assets that guarantee financial and environmental sustainability and that also enable them to be used by the populations.

Although these interventions have a greater impact on the outskirts of urban centres, in other places these initiatives are equally important, since they are a means of preserving historical and museological assets and of generating opportunities for developing local business such as tourism, the hotel industry and commerce.

FERBRITAS - Empreendimentos Industriais e Comerciais, S.A

FERBRITAS S.A. is a REFER Group company with over three decades of experience in the railway sector and is specialised in the planning of transports and infrastructure engineering.

CPCOM – Exploração de Espaços Comerciais da CP, SA

This company was founded in September 1995 and runs and manages the commercial and advertising spaces of the national railway network: shops, various automatic equipments (automatic vending machines for drinks, snacks and photographs, ATM's), kiosks, warehouses, land plots, billboards (public information panels, 8x3 and 4x3 panels and other supports).

RAVE, Rede Ferroviária de Alta Velocidade, SA

RAVE, Rede Ferroviária de Alta Velocidade, SA, is a Portuguese company that develops and coordinates the work and studies necessary for decisions on the planning, construction, financing, supply and operation of a high-speed rail network to be installed in mainland Portugal and the link to its counterpart Spanish network. RAVE was founded through Decree-Law 323-H/2000, published in Diário da República 291 (1st Series – Supplement), of December 19.

2010 Indicators

The following are the most important indicators regarding REFER group companies in 2010:

Indicators 2010
[euros]

Shareholdings	December 2010							
	Ferbitas	Invesfer	Refer Telecom	CP Com	RAVE	G.I.L.	Metro Mondego	Fernave
Holding	98,43%	99,99%	100,00%	80,00%	40,00%	32,98%	2,50%	10,00%
Non-current Assets	6 049 942	9 570 535	14 543 429	43 327	1 784 546	73 774 112	29 883 502	1 526 803
Current Assets	17 540 677	14 646 484	27 137 865	3 705 069	6 255 938	4 474 046	3 124 026	844 948
Total Assets	23 590 619	24 217 019	41 681 294	3 748 396	8 040 484	78 248 158	33 007 528	2 371 751
Equity	14 441 654	15 162 558	23 745 079	602 944	1 942 675	- 8 966 549	20 330 075	- 4 145 986
Net Result	1 722 295	160 616	2 925 719	38 291	- 17 058	- 1 166 456	34 867	- 2 448 327
Liabilities	9 148 965	9 054 461	17 936 215	3 145 452	6 097 808	87 214 707	12 677 453	6 517 737
Operating Income	14 774 223	9 941 736	25 172 218	5 508 693	3 511 629	5 350 092	1 078 053	2 287 571
Operating Costs	12 318 467	9 768 807	21 233 228	5 447 881	3 486 447	4 654 662	1 002 897	4 130 399
Number of Employees	154	19	171	8	31	6		
Sales Volume / No. of Employees	95 548	302 771	147 107	687 038	n.a.	891 682		
Coverage of Costs by Income	120%	102%	119%	101%	101%	115%	107%	55%
Financial Autonomy	61%	63%	57%	16%	24%	-11%	61,6%	-175%

Results and Asset Structure

Operating Result

[10⁶ euros]

	2009 ⁽²⁾	2010 ⁽¹⁾	Change % (1)/(2)
Operating Income	122,7	123,3	1%
Sales and Rendered Services	71,5	73,4	3%
Subsidies	36,1	35,9	-1%
Other Income	15,0	14,1	-6%
Operating Costs	222,7	232,0	4%
Cost of Sales	8,3	5,6	-33%
External Supplies and Services	108,3	116,7	8%
Personnel Costs	96,9	95,3	-2%
Depreciation and Amortization for the Year	3,3	3,4	4%
Provisions for Other Risks and Charges	1,1	3,7	224%
Adjustments to Inventories and Receivables	0,1	5,3	3733%
Other Expenses	4,6	2,1	-56%
Operating Result	-100,0	-108,7	9%

REFER's Operating Result decreased 9%, (8.7 million euros) compared with 31 December 2009, due mainly to higher Operating Expenses (+9.3 million euros) consequent to the 2.5-million-euro increase in the item Provisions for Other Risks and Charges.

Operating Income increased 1% (+0.6 million euros).

Income

Operating Income improved due to higher income from rendered services, particularly the higher user fee.

User Fee

[10⁶ euros]

	2009 ⁽²⁾	2010 ⁽¹⁾	Change % (1)/(2)
User Fee	59,0	61,4	4%
Base Fee	57,6	58,8	2%
Requested Capacity Not Used	1,4	2,6	86%
Other Rendered Services	13,0	12,0	-7%
Sub-Total Sales and Rendered Services	72,0	73,4	2%
Operation Subsidies	36,2	36,0	0%
Other Income	15,1	13,9	-8%
Operation Income	123,2	123,3	0%
Rate of Change 2009 / 2010 (without Operation Subsidies)		0,3%	

User Fee income rose from 59 million euros in 2009 to 61.4 million euros in 2010, due to the higher base fee (+1.2 million euros) and a growth in requested capacity not used (+1.2 million euros). Infrastructure utilisation remained the same as in 2009. In 2010, Unused Requested Capacity increased when a new information recording procedure was implemented to assist the fee charging process. This measure enabled the company to invoice all operator capacity cancellations and not merely those notified two weeks (or less) in advance.

The **Other Income** item fell 7.7% compared with 2009 consequent to lower earnings from the concession to REFER Telecom (-0.2 million euros) and lower waste sales (-0.8 million euros).

Expenses

Operating Expenses increased 4% (+9.3 million euros) compared with 2009.

Operating Costs

[million euros]

	2009	2010	Change
Materials	8,3	5,6	-33%
Subcontracts	74,5	84,4	13%
Other Extern. Supplies and Serv.	33,9	32,3	-5%
Personnel	96,8	95,3	-2%
Other Operating Costs	9,2	14,5	57%
Operation Costs	222,7	232,0	4%

The most significant increase took place in the Subcontracts item (+9.9 million euros). Track maintenance is the specialised area that incurs the most significant expenses and is also the main cause for the higher financial execution compared with the previous year. The new track maintenance contracts for the Beira Alta and Oeste Lines and the weed control contracts began only in the second half of 2009, which implied a rise in costs (subcontracts) in 2010 of 6.7 million euros.

The Other Operating Costs item increased 5.3 million euros, essentially due to an increase in the impairments item (+5.2 million euros).

Financial Results

Financial Results

[thousand euros]

	Real		Deviation
	2009	2010	
Financial Result from Infrastructure Management Activities	-52,1	-51,9	0%
Financial Gains	0,0	0,1	229%
Financial Losses	-52,7	-52,0	-1%
Gains / Losses in Associated Companies	0,6	0,0	-100%
Financial Result from Hedging Activities	31,7	14,4	-55%
Interest Earned from Derivative Financial Instruments	114,7	91,6	-20%
Interest Paid for Derivative Financial Instruments	-97,5	-90,4	-7%
Variation in the Fair Value of Derivatives - Gains	47,7	44,7	-6%
Variation in the Fair Value of Derivatives - Losses	-33,2	-31,4	-5%
Financial Result	-20,3	-37,5	85%

Financial Results reached -37.5 million euros at the end of 2010. This result is broken down as follows:

- Financial Result from Infrastructure Management Activities: -51.9 million euros;
- Financial Result from Hedging Activities: +14.4 million euros.

A comparative analysis with results in 2009 reveals that Financial Results fell 17.1 million euros, as shown in the Statement of Comprehensive Income.

This decrease was caused essentially by Hedging Activities that fell by 17.3 million euros. This performance is justified by the 23-million-euro drop in "Interest Obtained from Derivative Financial Instruments" consequent to continued historically low short-term interest rates of the euro and of the reference rates for most of the receiving legs of the swaps.

The financial result associated to infrastructure management activities did not change significantly despite the higher level of financing.

This result reflects the impact on interest charges associated to float rate loans for which short-term interest rates of the euro remained at historically low rates during the whole year despite the increasing spreads applicable to the debt comprising short-term loans.

The ongoing deficit resulted in higher short- and medium-term debt which increased 487 million euros over 2009, whereby total needs reached 493 million euros.

Cash Flow Statement

[million euros]

	31.12.2009	31.12.2010
Operating Deficit	- 128	- 104
Investment Deficit	- 135	- 201
Financial Costs	- 155	- 188
Total Needs	- 418	- 493
Short Term Debt	548	1 328
Medium and Long Term Debt	4 991	4 698
Total Debt	5 539	6 026

Financial Position Statement

Total assets increased 641 million euros compared to that on 31 December 2009.

Financial Position Statement

[On 31 December 2010]

[million euros]

	2010	2009 (Re-expressed)	Change
Assets			
Long Duration Infrastructure Investment Activities	1 074	428	646
Non-current	62	68	- 6
Current	130	129	1
Total Assets	1 266	626	641
Equity			
Capital and reserves assignable to shareholders	-1 299	-1 179	- 121
Result for the year attributable to shareholders	- 147	- 121	- 26
Total Equity	-1.446	-1.299	-147
Liabilities			
Non-current	1 111	1 105	6
Current	1 601	820	781
Total Liabilities	2.712	1.925	787
Total Equity and Liabilities	1 266	626	641

To be read jointly with the notes to the Financial Statements

Assets

The most significant change took place in the Long Duration Infrastructure (LDI) Investment (+646 million euros).

This activity reflects the investment on railway infrastructure on behalf of the state.

The LDI item changed consequent to the combined effect of higher investment in 2010 (+407 million euros) and lower financial coverage (-299 million euros).

Long Duration Infrastructure Investment Activities

[10⁶euros]

	31.12.2009	31.12.2010
Assets (LDI)	7 573	7 971
Working Capital	- 39	- 57
Subsidies (LDI)	- 3 709	- 3 836
Costs on Loans	504	599
Loans Obtained	- 3 898	- 3 598
Return on Assets	- 3	- 3
Long Duration Infrastructure Investment Activities	428	1 074

Non-current Assets – on 31 December 2010 showed a balance of 62 million euros (-6 million euros compared with 2009).

Current Assets – showed a balance of 130 million euros, reflecting an increase of 1.3 million euros over 2009. This increase resulted essentially from:

- Appreciation of derivative financial instruments: +3 million euros;
- Reduction in accounts receivable: -2.8 million euros;
- Increase in income tax to be received: +1.6 million euros.

Liabilities

Total liabilities rose 787 million euros, essentially due to the higher current liabilities - short-term financing, which itself resulted from the need to obtain short-term loans to finance the investment activity.

In 2009, long-term debt represented 90% of the total debt, whereas the ratio was of 78% in 2010.

Non-current Liabilities increased 5.6 million euros compared with 2009, which essentially resulted from higher provisions (+3.7 million euros), particularly the provision for restructuring.

Financial Debt Management

The international financial environment and the political and economic background in Portugal affected REFER's debt performance in 2010.

In the first months of the year, the disclosure of the public debt figures of Euro zone countries took its toll on the European sovereign debt market. In fact, the exceptional measures carried out by member states to mitigate the harmful effects of the international financial crisis severely affected these indicators. Budget deficits and public debt as percentage of GDP have run significantly away from the levels required by the Stability and Growth Pact - respectively, 3% and 60% of GDP. Amongst euro zone countries, however, peripheral countries were the ones that captured the attention of international financial markets. In fact, albeit experiencing different realities, these countries' common feature was a feeble economic recovery, restrained by the budget the consolidation efforts which their respective governments will have to make in the next three years. This outlook, on par with refinancing needs, contributed to the downgrading of credit ratings for Greece, Portugal, Spain and Ireland throughout the year. In terms of the financial markets, these events led to a widening gap between these countries public debt yields and German public debt and to an increase in their credit default swaps (CDS) premiums.

The situation worsened even further when Greece revealed that its public debt figures had been deliberately manipulated and hid a considerably worse situation than that previously disclosed. Greece was forced to call the IMF and the European Financial Stability Facility (EFSF) to the rescue, in order to ensure the solvency of its creditors. This Fund was Europe's answer to a situation that had not been foreseen in European Treaties.

However, despite Greece's bail-out, the European capital market was not reassured. In fact, as public accounts, economic figures, budget policies and austerity measures were scrutinised by the EU, rating agencies and analysts brought to light the economic and financial frailty of some euro zone countries and consequently the unity of the single currency. With the euro losing almost 17% against the dollar until mid June, European leaders were under pressure to establish a structuring and permanent mechanism to help member states with financing problems.

Albeit all efforts made since then, international investors' aversion to risk kept considerably high. Except for the States, corporations and banks in Portugal, Spain and Ireland have seen their access to the market practically denied. The market's feeling was that the effects of the Greek debt crisis could spread to those countries as result of their rising borrowing costs.

On the other hand, the financing problems felt by these countries' banks, particularly Irish banks, pointed to a credit crunch situation with considerable impact on the economies of the said countries. At this stage, the European Central Bank played a crucial role as lender of last resort, covering the liquidity needs of the banking system: eligibility criteria for re discounting operations were adjusted due to the deterioration in

the ratings of peripheral countries' bonds and the ECB reference rate was kept at 1% throughout the year.

In the last quarter of the year, Ireland was strongly pressured to seek a bail-out from the EU given the serious recapitalization needs of its banking system, which the State could not cover. Following this bail-out, which occurred in November, Portugal became the markets' next target. As a matter of fact, Portuguese debt spreads widened considerably, despite the approval of the State Budget for 2011, which included a series of measures to raise revenues and cut down expenses, so as to bring the budget deficit down to 4.6% in 2011. Nevertheless, the Treasury (IGCP) complied with its refinancing schedule, with only a marginal rise in the average cost of public debt. However, neither banks nor companies had the same access to capital markets. Actually, these issuers run across a strong risk aversion by institutional investors. The refinancing problems faced by Portuguese banks increased the pressure on companies in general and public companies in particular, in terms of credit granted. Refinancing risks worsened considerably, only eased by a few private placement operations.

This background of aversion to Portugal's risk and high refinancing risk was what REFER had to face in 2010.

In the first half of the year, REFER saw its financing needs reduced as result of the Stability and Growth Pact released in March that imposed limits to State companies' debt growth. The integration of these new ceilings in the company's budget delayed the approval of the budget forcing REFER to seek a separate authorization to carry out its refinancing programme¹.

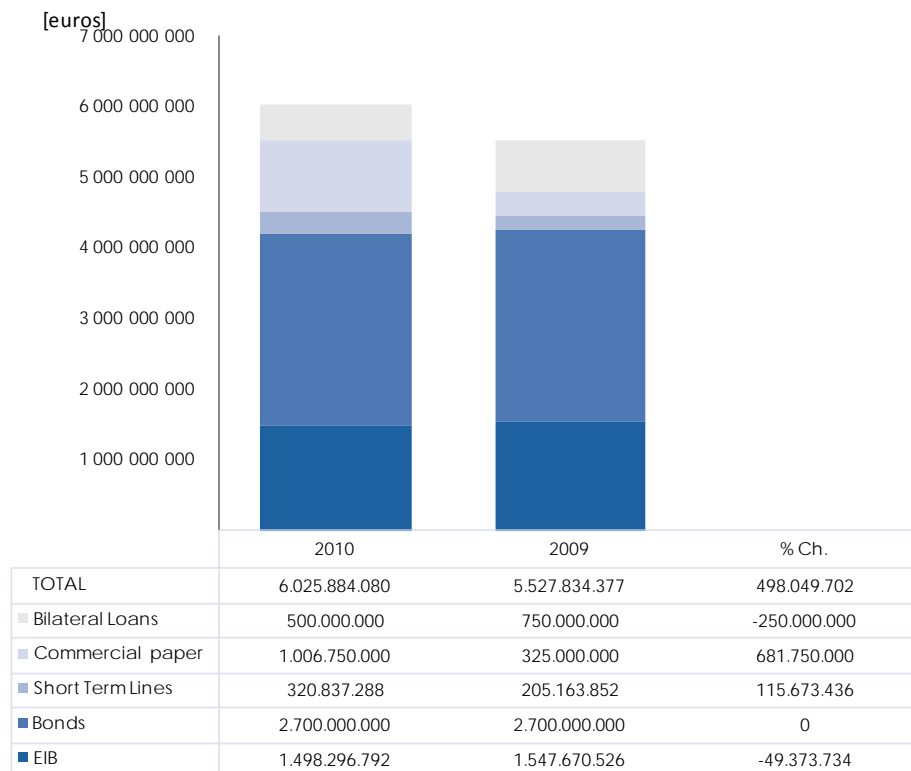
Until the end of the first half of the year, REFER requested the approval of the company's supervising ministries to carry out capital market and bank credit operations with explicit guarantee from the Portuguese State for a global amount of EUR 700 million. If granted these authorisations, REFER would be prepared to access the capital market, by means of Eurobond issues or private placements. The existence of a Euro Medium Notes Programme since 2008 has given REFER a contractual instrument that simplifies administrative procedures for the approval of financing operations, permitting a quicker access to any opportunity that may arise in the capital markets. Access to the market remained quite difficult throughout the year, and only private placements emerged once in a while. The said authorisations have not yet been granted, which combined with the worsening of the sovereign debt crisis, has jeopardized REFER's refinancing plan. In the light of the above, only the efforts made to increase short term credit lines have contributed to mitigate the company's refinancing risk.

¹ According to its Articles of Association, REFER is required to seek the Government's prior authorization to any funding. These authorisations are globally obtained via the approval of the Budgets and Business Plans which set out the financial operations planned, or where not included therein, via separate authorisations for each operation (Decree-law 141/08 and Decree-law 300/07).

Evolution of Financial Debt

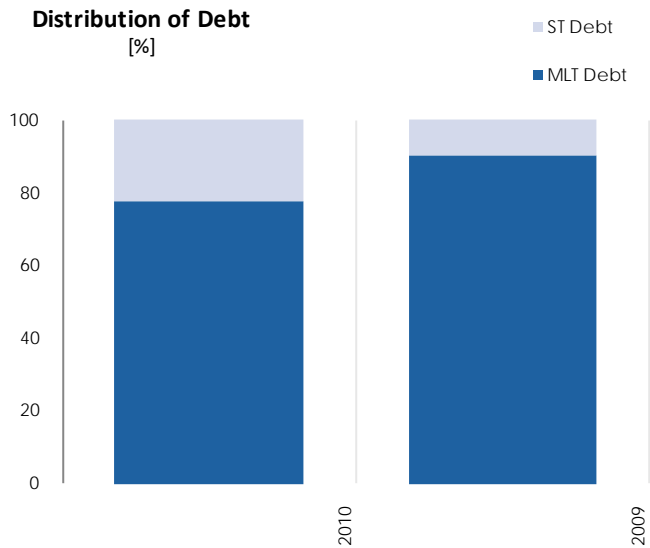
At the end of 2010 REFER's financial debt had increased by approximately EUR 498 million as against 2009, distributed as follows:

Debt Structure



As shown, this debt rise was fully backed by short term debt which also financed the repayment of the EIB and Schuldschein ABN loans, in a total amount of EUR 299 million. Repayment of principal concerned exclusively loans with State guarantee, resulting in a decrease in the secured debt/total debt ratio to 55% in 2010 down from 66% in 2009.

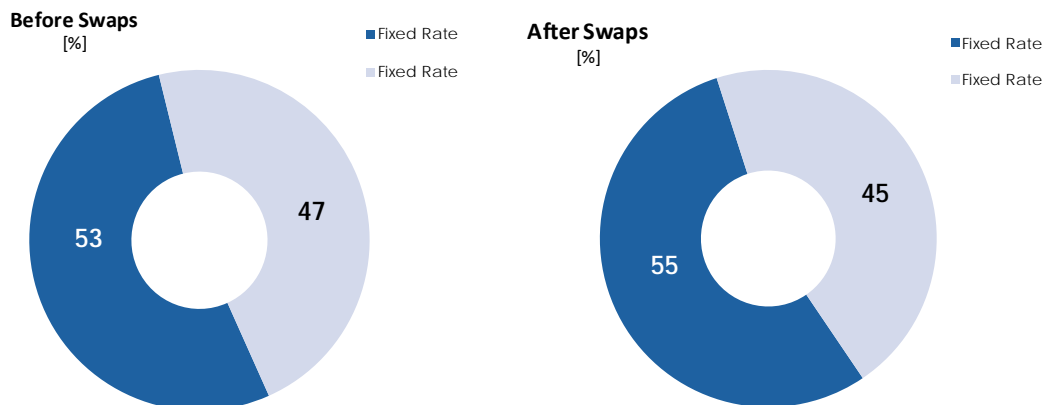
The need to meet global financing requirements through short term instruments resulted in the worsening of REFER's refinancing risk, as shown in the following graph:



This risk is partly mitigated by a Revolving Credit Facility of EUR 500 million contracted with a bank syndicate.

While working to obtain an adequate debt structure, REFER also sought to reduce respective financial expenses. To this end, the company has to carefully decide over choice of fixed or floating interest rate for medium- and long-term debt, interest rate risk management activities (Hedging) and negotiation with financial intermediaries with a view to minimising credit spreads.

As at 31 December 2010, REFER's financial debt broken down by interest rate was as follows:



The impact of the rise in short term debt by approximately EUR 800 million that was not hedged as it was supposed to be refinanced through over 1-year debt, increased the floating rate debt ratio to 45% in 2010 from 36% in 2009.

Financial Result

Financial results are viewed from the overall financial income perspective, which adds to the accounting perspective (resulting from the direct reading of the Profit and Loss Statement, including Infrastructure Management and Hedging) the financial results obtained with Investment Activity, which, in accordance with IFRS standards, are described in the Balance Sheet. This approach gives a true view of REFER's debt and risk management performance.

The following table illustrates REFER's financial performance:

Financial Performance

[10⁶euros]

	Effective		Deviation
	2009	2010	
Financial Results from Infrastructure Management Activity	-52,1	-51,9	0,1
Financial gains	0,0	0,1	0,0
Financial losses	-52,7	-52,0	0,7
Gains/Losses on associates	0,6		-0,6
Financial Results from Hedging Activity	31,7	14,4	-17,3
Interest earned on derivatives	114,7	91,6	-23,1
Interest paid on derivatives	-97,5	-90,4	7,1
Change in the fair value of derivatives - Gains	47,7	44,7	-3,1
Change in the fair value of derivatives - Losses	-33,2	-31,4	1,7
Financial Result	-20,3	-37,5	-17,2
Financial Results from Investment Activity	-133,5	-140,9	-7,5
Financial gains	0,0		0,0
Financial losses	-133,5	-140,9	-7,5
Overall Financial Result	-153,8	-178,4	-24,6

In 2010, Overall Financial Result amounted to – EUR 178,4 million. These results are broken down as follows:

- Financial Results from Infrastructure Management Activity: -EUR 51,9 million;

- Financial Results from Investment Activity: -EUR 140,9 million; and
- Financial Results from Hedging Activity: -EUR 14,4 million.

As compared to 2009, Overall Financial Results deteriorated by EUR 24,6 million. This deterioration is mainly caused by the Hedging Activity which fell by -EUR 17,3 million distributed as follows: -EUR 1.4 million in the fair value of the swaps portfolio and -EUR 16 million in the cash component of these instruments. The reduction in the cash component was due to the maintenance of the euro short term interest rates at historically low levels, affecting the receiving legs of interest rate swaps.

Note that despite the rise in indebtedness by approximately EUR 498 million, the increase in interest paid on debt, excluding the effect of the Hedging Activity, was only of EUR 6,8 million. This marginal rise was due to the fact that financing (new debt and refinancing) was essentially in the form of short term lines, which are normally provided at floating rate, thus benefiting from reduced interest rate levels, in spite of worse credit spreads.

The following table shows the evolution of the annual average interest rate for the 2006-2010 period:

Annual average financing rate

	2010	2009	2008	2007	2006
M/L Term	3,644%	3,451%	4,042%	4,043%	3,857%
Short term	2,580%	2,668%	5,029%	4,800%	3,537%
Average 6-month Euribor	1,084%	1,429%	4,727%	4,352%	3,276%

Finally, mention should be made to the long term credit rating given by Moody's and Standard & Poor's (S&P) to REFER. These rating agencies have consistently followed the liquidity position of REFER and the State's capacity to support the company, which contributed to the changes shown in table below:

REFER's rating

REFER EPE	Moody's		S & P	
	Rating	Outlook	Rating	Outlook
07-Dez-09	-		A	Negative
28-Abr-10	-		BBB+	Negative
11-Mai-10	Aa2	Review for downgrade		-
13-Jul-10	A1	Stable		
03-Dez-10	-		BBB	Watch negative
22-Dez-10	A1	Review for downgrade		-

Outlook

In keeping with the guidelines specified in the Stability and Growth Plan, REFER reduced its investment plan for 2011 by about 65%. Similarly, and due to the work carried out during 2009 and 2010, it will be possible to decrease operation costs by about 15% compared with 2010, thereby reducing the operation deficit by about 34%.

However, and despite substantial reductions in the investment plan and in operating costs, the company foresees, when the amounts specified in Chapter 50 of the state budget and the compensation indemnities are taken into account, that the company will continue to need very significant amounts obtained on the capital market or through bank loans. These amounts will be extremely difficult to obtain in view of the current aversion to risk in Portugal and particularly in regard to companies and banks.

Within this scenario, the state, as REFER's sole shareholder, will play a crucial role in ensuring the financial conditions for the company to continue rendering a public service on the National Railway Network.

We must highlight the support REFER has always received from the supervising ministries, the dedication and commitment by its personnel and the support from other entities that collaborated with the company during 2010, which we regard as essential for building REFER's future.

Application of Results

Within the terms stipulated in no. 1 of article 245 of the Securities Code, the Board of Directors declares that, to its knowledge, the information in the documentation rendering the accounts was prepared in compliance with the applicable accounting standards, truly and appropriately portray the assets and liabilities, the financial situation and results of REFER and that the management report faithfully describes the company's business activities, performance and position, in addition to describing the main future risks and uncertainties.

In accordance with the provisions in force, it is proposed that the Net Result for the Year – a deficit of 146,502,588 euros – be transferred to Retained Results.

Lisbon, 30 March 2011

The Board of Directors

President Eng.º Luís Filipe Melo e Sousa Pardal

Member Dr. Romeu Costa Reis

Member Eng.º Alberto Castanho Ribeiro

Member Eng.º Carlos Alberto Fernandes

PART II | NOTES TO THE FINANCIAL STATEMENTS



II NOTES TO THE FINANCIAL STATEMENTS

This report refers to the company Rede Ferroviária Nacional – REFER, E.P.E. (REFER). (REFER). Economic, social and environmental data presented in this report relate to the company's operations in 2010.

All reports of REFER are available at www.refer.pt.

Rede Ferroviária Nacional – REFER, E.P.E.

Estação de Santa Apolónia

1100-105 Lisboa

Website: www.refer.pt

Share capital: EUR 305,200,000

Tax No.: 503 933 813

Contents

Statement of Compliance	4
Financial Statements	5
Notes to the Financial Statements	10
1. REFER economic activity	10
1.1 REFER Missions	10
1.2 Regulation of REFER's missions	11
2. Bases of presentation and accounting policies	13
2.1 Bases of presentation	13
2.2 Accounting policies	18
2.3 Main estimates and judgements used for preparing the financial statements.	31
3. Financial risk management policies	32
4. Long Duration Infrastructure (LDI) investments Activities	38
4.1 LDI - Long Duration Investments	38
4.1.1 Capitalized financial expenses	39
4.2 Revenue from assets	40
4.3 Current funds	40
4.3.1 Inventories	40
4.3.2 Suppliers and other accounts payable	40
4.3.3 Accounts receivable	41
4.4 Subsidies	41
4.5 Loan expenses	42
4.6 Loans obtained	43
4.6.1 Amounts owed to credit institutions	43
5. Infrastructure Management	47
5.1 Tangible fixed assets	47
5.2 Intangible assets	50
5.3 Investments in subsidiaries	51
5.4 Investments in associated companies	52
5.5 Categories according to IAS 39	53
5.6 Available-for-sale financial assets	55
5.7 Loans and accounts receivable	56
5.8 Inventories	56
5.9 Derivative financial instruments	57

5.10	Suppliers and other accounts payable	59
5.11	Cash and cash equivalents	61
5.12	Loans obtained	62
5.12.1	Amounts owed to credit institutions	62
5.12.2	Loans maturities and terms	62
5.13	Suppliers and other accounts payable	63
5.14	Provisions	66
5.15	Income tax refund	66
5.16	Services and operating subsidies	67
5.16.1	Services rendered	67
5.16.2	Operating subsidies	67
5.17	Supplies and Services	68
5.18	Personnel expenses	70
5.19	Impairment	71
5.20	Other expenses	72
5.21	Other income	73
5.22	Financial losses and gains	74
5.23	Losses and gains in subsidiaries and associated companies	75
5.24	Income tax for the year	75
5.24.1	Deferred tax assets and liabilities	75
5.24.2	Income tax for the year	76
6.	Statement of internal results for the long duration infrastructure investment activity	77
7.	Remuneration of the members of governing bodies	78
8.	Balances/transactions with related entities	79
8.1	Summary of related entities	79
8.2	Balances and transactions with subsidiaries	80
8.3	Balances and transactions with associated companies	81
8.4	Balances and transactions with other related entities	82
8.5	Balances and invoicing with public entities	83
9.	Recently issued accounting standards and interpretations	84
10.	Investment commitments	87
11.	Guarantees and State guarantees	88
12.	Contingencies	89
13.	Subsequent events	90

Statement of Compliance

Statement as provided in Article 245 no. 1 sub-paragraph c) of the Securities Code

Under the terms and for the purposes of provisions in Article 245, no. 1, sub paragraph c) of the Securities Code, each member of the Board of Directors of REFER, E.P.E., as identified below, underwrote the following statement:

"I hereby declare, under the terms and for the purposes of the provisions in Article 245, no. 1, sub paragraph c) of the Securities Code, that to the best of my knowledge, within the scope of the duties assigned to me and based on the information supplied to the Board of Directors, the financial statements were prepared in compliance with the applicable accounting standards, and give a true and appropriate view of the assets and liabilities, the financial situation and the results of REFER, E.P.E. and the management report relating to the company activity in 2010 faithfully describes the material events that occurred in this period and the impact on the respective financial statements, in addition to describing main risks and uncertainties for the forthcoming year."

The Board of Directors

President Eng.º Luís Filipe Melo e Sousa Pardal

Member Dr. Romeu Costa Reis

Member Eng.º Alberto Castanho Ribeiro

Member Eng.º Carlos Alberto Fernandes

Financial Statements

31 December 2010

STATEMENT OF FINANCIAL POSITION

31 December 2010

Amounts in Euro

Headings	Notes	2010	2009 (Restated)	Jan-09 (Restated)
Assets				
Activity in Long Duration Infrastructure investments	4.	1 074 119 628	429 777 031	1 383 294 146
Non current				
Tangible fixed assets	5.1.	40 205 657	42 250 040	44 766 069
Intangible assets	5.2.	2 258 601	3 417 35	3 419 881
Investments in subsidiaries	5.3.	19 286 631	19 286 631	10 795 624
Investments in associates	5.4.	0	1 000 000	1 000 000
Available-for-sale financial assets	5.6.	3 187 5	3 187 5	3 187 5
Loans and accounts receivable	5.7.	0	2 497 861	9 849 012
		61 782 764	68 208 143	69 862 461
Current				
Derivative financial instruments	5.9.	29 949 075	26 947 070	17 596 647
Inventories	5.8.	14 492 397	14 418 050	12 925 569
Clients and other accounts receivable	5.10.	82 593 475	85 458 255	87 609 941
Income tax refund	5.15.	3 070 977	1 463 884	884 772
Cash and cash equivalents	5.11.	163 319	635 789	249 760
		130 269 244	128 923 048	119 266 689
Total assets		1 266 171 636	626 908 222	1 572 423 296
Equity				
Capital and reserves attributable to shareholders				
Share capital		305 200 000	305 200 000	305 200 000
Cumulative results		-1 604 652 799	-1 484 124 203	-1 484 124 203
		-1 299 452 799	-1 178 924 203	-1 178 924 203
Net profit/(loss) for the year attributable to shareholders		- 146 502 588	- 120 528 596	
Total equity		-1 445 955 387	-1 299 452 799	-1 178 924 203
Liabilities				
Non current				
Loans obtained	5.12.	1 094 282 418	1 093 660 099	1 112 971 309
Suppliers and other accounts payable	5.13.	1 297 631	1 297 631	1 297 631
Provisions	5.14.	15 377 091	11 702 371	10 568 997
		1 110 957 140	1 106 660 101	1 124 837 937
Current				
Loans obtained	5.12.	1 333 077 826	547 901 255	1 392 150 268
Derivative financial instruments	5.9.	89 282 049	99 504 050	104 716 922
Suppliers and other accounts payable	5.13.	178 810 009	172 295 614	129 642 370
		1 601 169 883	819 700 919	1 626 509 560
Total Liabilities		2 712 127 023	1 926 361 020	2 751 347 497
Total equity and liabilities		1 266 171 636	626 908 222	1 572 423 296

To be read jointly with the Notes to the Financial Statements

30 March 2011

The Board of Directors

Financial Director

Dr. Alberto Manuel Diogo

The Official Accountant

Dra. Isabel Rasteiro Lopes

President

Eng.º Luís Filipe Melo e Sousa Pardal

Member

Dr. Romeu Costa Reis

Member

Eng.º Alberto Castanho Ribeiro

Member

Eng.º Carlos Alberto Fernandes

STATEMENT OF COMPREHENSIVE INCOME

31 December 2010

Amounts in Euro

Headings	Notes	2010	2009 (Restated)
Services rendered	5.16.1	73 413 666	71 540 838
Operating subsidies	5.16.2	35 850 553	36 149 308
Cost of materials consumed		- 5 619 642	- 8 326 677
Supplies and services	5.17.	- 116 679 778	- 108 341 163
Personnel expenses	5.18.	- 95 264 279	- 96 861 419
Depreciation and amortisation for the year	5.1/5.2.	- 3 423 715	- 3 290 831
Provisions	5.14.	- 3 674 720	- 1 133 375
Impairment	5.19.	- 5 316 860	- 138 696
Other expenses	5.20.	- 2 053 226	- 4 636 919
Other income	5.21.	14 060 247	15 001 782
Operating profit/(loss)		- 108 707 755	- 100 037 152
Financial losses	5.22.	- 173 877 326	- 183 354 116
Financial gains	5.22.	136 371 646	162 458 493
Gains/(losses) on subsidiaries and associates	5.23.	0	1 500 000
Gains/(Losses) on other companies	5.22.	0	- 922 007
Profit/(Loss) before tax		- 146 213 435	- 120 354 781
Tax for the year	5.24.2.	- 289 154	- 173 814
Net profit for the year		- 146 502 588	- 120 528 596

To be read jointly with the Notes to the Financial Statements

30 March 2011

The Board of Directors

Financial Director

Dr. Alberto Manuel Diogo

President

Eng.º Luís Filipe Melo e Sousa Pardal

Member

Dr. Romeu Costa Reis

The Official Accountant

Dra. Isabel Rasteiro Lopes

Member

Eng.º Alberto Castanho Ribeiro

Member

Eng.º Carlos Alberto Fernandes

NOTE:

REFER does not present Earnings per Share because the company is not included in the scope of the IAS, since its share capital holds the form of "Statutory Capital" fully held by the Portuguese State, not being therefore represented by shares or any other type of securities.

Statement of changes in shareholders' equity

31 December 2010

Amounts in Euro

	Share capital	Cumulative results	Comprehensive Result	Total Equity
Balances at 01 January 2009	305 200 000	-1 460 438 516		-1 155 238 516
restated (Note 2.1)		- 23 685 687		- 23 685 687
Restated balances at 01 January 2009	305 200 000	-1 484 124 203		-1 178 924 203
2009 Comprehensive Results			- 12 779 931	- 12 779 931
2009 restated comprehensive result (Note 2.1)			- 7 748 665	- 7 748 665
Restated balances at 31 December 2009	305 200 000	-1 484 124 203	- 120 528 596	-1 299 452 798
Appropriation of comprehensive result		- 120 528 596	120 528 596	
2010 Comprehensive Results			- 146 502 588	- 146 502 588
Balances at 31 December 2010	305 200 000	-1 604 652 799	- 146 502 588	-1 445 955 386

CASH FLOW STATEMENT

Period ended at 31 December 2010

Amounts in Euro

Headings	2010	2009
Operating activities		
Cash receipts from clients	82 389 862	90 786 528
Cash paid to suppliers	- 131 729 223	- 129 702 096
Cash paid to personnel	- 12 000 385	- 116 603 662
Flows generated by operations	- 161 339 746	- 155 519 230
Other receipts/payments relating to operating activities	56 964 843	27 482 290
Net cash from operating activities (1)	- 104 374 903	- 128 036 940
Investing activities		
Cash receipts relating to:		
Investment subsidies	127 299 006	129 636 952
Cash payments relating to:		
Tangible fixed assets	328 148 380	264 735 172
Net cash from investing activities (2)	- 200 849 374	- 135 098 220
Financing activities		
Cash receipts relating to:		
Loans obtained	810 052 436	1678 598 222
Interest	91639 304	114 723 055
Cash payments relating to:		
Loans obtained	316 977 734	1260 164 052
Interest and similar costs	279 962 199	269 636 036
Net cash from financing activities (3)	304 751 807	263 521 189
Variation in cash and cash equivalents (4) = (1) + (2) + (3)	- 472 470	386 029
Effect of foreign exchange differences	0	0
Cash and cash equivalents at the end of the year	163 319	635 789
Cash and cash equivalents at the beginning of the year	635 789	249 760
Variation in cash and cash equivalents	- 472 470	386 029

Notes to the Financial Statements for the year ended as of 31 December 2010

1. REFER economic activity

Rede Ferroviária Nacional – REFER, *E.P.E.*, hereinafter REFER, with head office at Estação de Santa Apolónia, Lisbon, is a state-owned company with administrative and financial independence and own assets. The company was established pursuant to Decree-law 104/97 of 29 April, and is supervised by the Ministry of Finance and Public Administration and the Ministry of Public Works, Transports and Communications.

REFER's main object is the provision of public services consisting in the management of national railway infrastructures, including construction, installation and renewal of railway infrastructures.

In carrying out its activities and in order to provide a highly efficient and effective service, REFER relies on complementary services in business areas not covered by its main object, but that are performed by its subsidiaries.

1.1 REFER Missions

REFER's activity comprises two missions: Investment Activity in Long Duration Infrastructures (LDI) and Infrastructure Management (IM).

Long Duration Investment (LDI)

This mission covers investments associated to:

- New infrastructures and/or network expansion;
- Modernisation and renewal, by introducing new technology in operations;
- Replacement, including interventions introducing lasting improvements or likely to increase the value and/or lifetime of the asset whilst not altering operation conditions.

As described hereinabove, the financing required for the investments made is obtained by REFER and may be in the form of loans with financial institutions and the financial market, suppliers, capital contributions and subsidies.

Investment in Support and Management Structures (ISMS) - and Infrastructure Management

This covers operating investments bearing no implications on railway concessions and operation (e.g. furniture and IT equipment).

The IM mission corresponds to providing a public service, covering tasks such as the conservation and maintenance of infrastructures, management of capacity, and management of the regulation system, and safety, command and control of traffic.

1.2 Regulation of REFER's missions

User Fee Regulation

Pursuant to Decree-Law 104/97, of April 29, REFER was entrusted with the duty to provide the public service of managing the overall national rail network and granted the right to charge fees for the use of the railway infrastructure.

In what concerns the user fees, under the terms of Decree-Law no. 270/2003 of 28 October, as amended by Decree-Law no. 231/2007 of 14 June, REFER shall establish and collect the fees due for using the infrastructure, viewing to finance the infrastructure management activity, respecting the rules defined in the aforementioned legal decree, as well as those provided in Regulation no. 21/2005, of 3 February, by the IMTT.

Within the scope of its activity, REFER provides essential, additional and auxiliary services, the description and conditions of which – including fee charging conditions – are defined in the Network Directory.

User Fees for Essential Services

a) Base Fees

Main services provided by the infrastructure manager include the following:

- the minimum access package;
- railway access to service facilities and to the supply of services;
- the use of infrastructures and equipment for the supply, transformation and distribution of traction electricity;

- the provision of emergency railway assistance under the terms provided in article 51 of Decree-Law 270/2003.

b) User Fee for Requested Capacity that is not Used

The amount owed for the capacity requested and not used corresponds to:

- 10% of the applicable user fee if the non-utilisation is notified before the technical timetable takes effect for the year in which the capacity is distributed;
- 25% of the applicable user fee if the non-utilisation is notified up to 12 weeks prior to the date for which the capacity was requested;
- 50% of the applicable user fee if the non-utilisation is notified up to six weeks prior to the date for which the capacity was requested;
- 75% of the applicable user fee if the non-utilisation is notified up to two weeks prior to the date for which the capacity was requested;
- 100% of the applicable user fee if the non-utilisation is notified within less than two weeks prior to the date for which the capacity was requested;

User Fees for Additional Services

a) Traction Power

Since access to traction electricity required by Operators can only be provided through the infrastructures managed by REFER, the company provides the Operators with access to the means which it manages.

If any contracts exist establishing the payment to REFER of any amount as service fee for checking, invoicing and/or distributing consumption, the fee regulations shall apply until that amount is reached.

b) Manoeuvres

Manoeuvre services are charged according to the mobilisation of human resources (including travel time, if applicable), measured in minutes, and which may correspond to three professional categories: Manoeuvres Operator, Circulation Operator or Circulation Controller.

c) Parking of Rolling Stock

Parking in station lines not assigned to circulation is considered for periods equal to or greater than 1 hour.

d) Use of Stations and Stops

REFER charges fees to rail transport companies for their right to use passenger stations and stops that are not included in the essential services.

The fee for this service is defined per station and is applied to the number of commercial stops made in the passenger service at that station.

User Fees for Auxiliary Services

Services involving the use of REFER labour are invoiced according to the human resources used.

Other Fees

The Network Directory, the railway regulations and the technical documentation necessary for studying capacity requests are supplied to interested parties, upon request and payment of the publication cost.

2. Bases of presentation and accounting policies

2.1 Bases of presentation

The financial statements presented herein reflect the results of REFER's operations and its financial position for the years ending at 31 December of 2010 and 2009, constituting the Company's separate financial statements.

These financial statements were assessed by the Board of Directors at a meeting held on 30 March 2011, which decided to submit them to approval by the respective ministerial department. The Board of Directors is of the opinion that these financial statements give a true and fair view of REFER's operations, its financial position, performance and cash flows.

All amounts are expressed in Euros (€), without any rounding, unless otherwise stated. REFER's financial statements were prepared according to the International Financial

Reporting Standards (IFRS) as adopted by the European Union, and in force on 31 December 2010.

IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor body.

The financial statements presented herein were prepared according to the principle of the historic cost, except for financial assets and liabilities recorded at fair value, in particular derivative financial instruments, which are recorded at respective market value, except for those for which the fair value is not possible to determine.

The preparation of financial statements in conformity with IFRS requires the application of judgement and the use of estimates and assumptions by the Company that affects the process of applying the accounting policies and the reported amounts of income, expenses, assets and liabilities. Estimates and related assumptions are based on historic experience and on other factors deemed applicable and form the basis for the judgements on the values of the assets and liabilities, the valuation of which is not evident through other sources. Issues requiring greater judgement detail or complexity, or for which the assumptions and estimates are considered significant, are presented in Note 2.3 . (Main estimates and judgements used for preparing the financial statements).

2.1.1 Changes in accounting policies

Equity holdings in associates and subsidiaries

Until 31 December 2009, REFER had only presented individual financial statements according to IFRS, since it was not required to prepare consolidated financial statements. In view of these circumstances, equity holdings were measured according to the equity method, by way of derogation to principles in IAS 27 – 'Separate and consolidated financial statements', in order to present the economic situation of REFER and its subsidiaries.

Pursuant to Decree-law no. 158/2009, of 13 July, REFER was required to prepare consolidated financial statements, thus, under the terms of IAS 27 - 'Separate and consolidated financial statements' its financial statements are now referred to as separate financial statements.

Stemming from facts above, in 2010 REFER changed its accounting policy to measure its equity holdings in associates and subsidiaries retrospectively, as provided in IAS 8 – 'Accounting policies, changes in estimates and errors'. Considering the measuring options of equity holdings in the separate financial statements provided in IAS 27, and the nature of associates and subsidiaries, REFER opted for measuring at cost, deducted of any impairment losses.

In 2010 it occurred a **change in the presentation of REFER's equity holding in RAVE**. Up to 2009, this equity holding was presented as associate company.

Following the change in the national accounting rules in 01/01/2010, pursuant to Decree-law 158/2009, of 13 July, and given the fact that it has listed bonds, REFER was required to present consolidated accounts in accordance with international accounting standards. Within the scope of the companies to be included in the consolidation perimeter, as refers to RAVE – Rede Ferroviária de Alta Velocidade, S.A, pursuant to provisions in article 2 of Decree-law 158/2009, an opinion as to the inclusion in the consolidated accounts was requested to the representative of the major shareholder – the Ministry of Finance and Public Administration, General Director for Treasury and Finance (GDTF).

The GDTF expressed its non opposition to the inclusion, referring the decision to the Board of Directors of REFER, EPE, with validation by the Supervising Body. In view of the above, the Board of Directors of REFER, SA, with the approval of the Supervising Body, decided to include RAVE in the consolidation perimeter as subsidiary as from 2010.

Impact of restatements on the financial statements of REFER

In addition to the change in the measuring of equity holdings, during the year under review REFER also recorded a swap operation relating to land located in Sines, with respective counterparts (see note 4.1), on account of its materiality. The restatement now presented includes the following impacts:

- i. Restatement relating to the land swap operation in Sines;
- ii. Restatement resulting from a change in accounting policies relating to financial investments;
- iii. Reclassification of the stamp duty, prompt-payment discounts and exchange differences captions.

Amounts in Euro			
Statement of Financial Position	01-01-2009	Restated	01-01-2009 Restated
Activity in Long Duration Infrastructure investments	430 873 524	- 1 096 493	429 777 031
Assets (LDIs)	7 581 915 812	- 8 464 124	7 573 451 688
Land and natural resources (i)	221598 709	- 6 494 685	215 104 025
Buildings and other constructions (i)	4 692 165 479	- 91500	4 692 073 979
Work in progress (i)	2 626 309 549	- 1877 939	2 624 431 610
Others LDII	41842 074		41842 074
Current Funds	- 44 674 710	7 367 631	- 37 307 079
Other debtors (i)	15 750 890	7 367 631	23 118 521
Inventories, Suppliers and other heading payable	- 60 425 600		- 60 425 600
Other LDII headings non restated	- 7 106 367 578		- 7 106 367 578
Non current Assets	97 248 370	- 29 040 227	68 208 143
Tangible fixed assets	39 855 916	2 394 124	42 250 040
Land and natural resources (i)	2 254 069	2 590 716	4 844 786
Work in progress (i)	587 096	- 186 592	390 504
Other tangible fixed assets	37 014 751		37 014 751
Investments in subsidiaries (ii)	50 857 068	- 31 570 437	19 286 631
Investments in associated companies (ii)	863 915	136 085	1 000 000
Other Non current Assets non restated	5 671 471		5 671 471
Current Assets - non restated	128 923 048		128 923 048
ASSETS	657 044 942	- 30 136 721	626 908 222
Equity	- 1 268 018 447	- 31 434 352	- 1 299 452 799
Share capital	305 200 000		305 200 000
Cumulative results (ii)	- 1 460 438 516	- 23 685 687	- 1 484 124 203
Net profit/(loss) for the year attributable to shareholders (ii)	- 112 779 931	- 7 748 665	- 120 528 596
Non current Liabilities	1 105 362 470		1 106 660 101
Suppliers and other accounts payable		1 297 631	1 297 631
Other Non current Liabilities non restated	1 105 362 470		1 105 362 470
Current Liabilities - non restated	819 700 919		819 700 919
EQUITY + LIABILITIES	657 044 942	- 31 434 352	626 908 222

Amounts in Euro			
Statement of Financial Position	01-01-2009	Restated	01-01-2009 Restated
Activity in Long Duration Infrastructure investments	1 384 390 639	- 1 096 493	1 383 294 146
Assets (LDIIs)	7 232 658 037	- 8 464 124	7 224 193 913
Land and natural resources (i)	147 473 633	- 6 494 685	140 978 948
Buildings and other constructions (i)	3 761 649 338	- 91 500	3 761 557 838
Work in progress (i)	3 285 639 263	- 1 877 939	3 283 761 324
Others LDII	37 895 803		37 895 803
Current Funds	- 41 367 945	7 367 631	- 34 000 314
Other debtors (i)	19 268 188	7 367 631	26 635 819
Inventories, Suppliers and other heading payable	- 60 636 133		- 60 636 133
Other LDII headings non restated	- 5 806 899 453		- 5 806 899 453
Non current Assets	91 154 024	- 21 291 562	69 862 461
Tangible fixed assets	42 371 945	2 394 124	44 766 069
Land and natural resources (i)	1978 116	2 590 716	4 568 832
Work in progress (i)	2 924 141	- 186 592	2 727 549
Other tangible fixed assets	37 469 688		37 469 688
Investments in subsidiaries (ii)	34 603 559	- 23 807 935	10 795 624
Investments in associated companies (ii)	877 752	122 248	1 000 000
Other Non current Assets non restated	13 300 768		13 300 768
Current Assets - non restated	119 266 689	119 266 689	119 266 689
ASSETS	1 594 811 352	96 878 634	1 572 423 296
Equity	- 1 155 238 516	- 23 685 687	- 1 178 924 203
Share capital	305 200 000		305 200 000
Cumulative results (ii)	- 1 460 438 516	- 23 685 687	- 1 484 124 203
Non current Liabilities	1 123 540 306	1 297 631	1 124 837 937
Suppliers and other accounts payable		1 297 631	1 297 631
Other Non current Liabilities non restated	1 123 540 306		1 123 540 306
Current Liabilities - non restated	1 626 509 560		1 626 509 560
EQUITY + LIABILITIES	1 594 811 352	- 22.388.056	1 572 423 296

Statement Of Comprehensive Income	Other expenses (Note 5.19)	Other income (Note 5.20)	Financial losses (Note 5.21)	Financial gains (Note 5.21)	Gains/losses on subsidiaries and associates (Note 5.22)
31 December 2009	6 693 644	14 995 879	181.297.391	162.464.396	9 248 665
Reclassification of the stamp duty (iii)	- 2 059 818		2 059 818		
Reclassification of the prompt-payment discounts (iii)		3 464		- 3 464	
Reclassification of the exchange differences captions (iii)	3 093	2 439	- 3 093	- 2 439	
Restatement of the financial investments (ii)					- 7 748 665
31 December 2009 (Restated)	4 636 919	15 001 782	183 354 116	162 458 493	1 500 000

2.2 Accounting policies

The accounting policies used to prepare these financial statements are described in the following paragraphs and were applied in a consistent manner for the years under review.

a) Equity holdings in subsidiaries

According to the concepts provided in IAS 27 – Separate and consolidated and financial statements, subsidiaries are the companies controlled by REFER.

Control is presumed to exist when REFER owns more than one half of the voting rights. Additionally, control also exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity, so as to obtain benefits from its activities, even if its shareholding is less than 50%.

The acquisition of subsidiaries is initially recorded by the purchase method, as provided in IFRS 3. Subsequently, the subsidiaries are measured at cost, net of any impairment losses, in accordance with option provided in IAS 27 for separate financial statements.

The cost of an acquisition is measured at the fair value of the delivered assets, capital instruments issued and liabilities incurred or assumed on the acquisition date plus costs directly attributed to the acquisition. Identifiable acquired assets, liabilities and contingent liabilities in a corporate combination are initially measured at the fair value on the acquisition date, regardless of the existence of minority interests.

Dividends received from these companies are recorded in results for the year, when distributed, in accordance with IAS 27.

b) Equity holdings in associated companies

As provided in "IAS 28 – investments in associated companies", associated companies are companies in which a company exercises a significant influence over their financial and operational policies, although it does not control them.

A significant influence is presumed to take place when the company has the power to exercise more than 20% of the voting rights in the associated company.

The acquisition of associated companies is initially recorded by the purchase method, as provided in IFRS 3. Subsequently, the subsidiaries are measured at cost, net of any impairment losses, in accordance with option provided in IAS 27 for separate financial statements.

The cost of an acquisition is measured at the fair value of the delivered assets, capital instruments issued and liabilities incurred or assumed on the acquisition date plus costs directly attributed to the acquisition.

Dividends received from these companies are recorded in results for the year, when distributed, in accordance with IAS 27.

c) Activity in Long Duration Infrastructure (LDI) investments

Following the split-off of the railway activity in Portugal in 1997, REFER was assigned the responsibility of building and renovating long duration railway infrastructures. This activity is carried out according to the State's directives and its financing is guaranteed through subsidies and loans, the majority of which are backed by the State, whilst REFER plays the role of "agent" in this activity, although no concession contract exists between the State and REFER.

When any assets are withdrawn from the public railway domain, the profit or loss is attributed to this activity, as established in each withdrawal order.

Therefore, all flows resulting from this activity are disclosed on the statement of financial position, under caption "Long duration infrastructure investment activities" and include the following items:

- long duration infrastructures (LDI) of the public railway domain built delivered by the State when REFER was set up, to provide access to the provision of "Infrastructure management" services, but which the company cannot dispose of;
- long duration infrastructures (LDI) of the public railway domain built by REFER, but which it is merely entitled to access to render the "Infrastructure management" services;

- assets of extinguished departments and assets transferred from CP, which REFER is merely entitled to access but cannot dispose of;
- materials acquired through construction/repair of the LDI classified as stocks;
- balances payable to suppliers of LDI construction services;
- balances receivable from contributions by other entities in LDI investments;
- subsidies received to co-finance the construction of LDI;
- loans obtained specifically to finance the construction and repair of LDI, in particular loans secured by the State;
- financial expenses directly borne with loans contracted to finance the construction and repair of LDI, corresponding to interest, surety fees and stamp duty arising from activities on behalf of the State, which have not been capitalised as a cost of acquiring the LDI during their construction.
- gains obtained on the return of assets of railway public domain.
- the amount corresponding to railway public domain LDI that have been decommissioned via write-off/sale;

Long Duration Infrastructures ("ILDs")

Tangible fixed assets classified as long duration infrastructures belong to the railway public domain, and REFER merely has access to them so as to supply the infrastructure management services. They are recorded as "long duration infrastructures investment activity" in the statement of financial position since they do not qualify as assets controlled by this entity. These assets, in addition to the acquisitions and constructions subsequent to the split-off of CP, also include the assets of extinguished departments and assets transferred from CP.

These assets were initially registered at cost. Given that the assets relating to the long duration infrastructure investments activity are not subject to depreciation, the value at which they are recorded does not change.

Maintenance and repair costs that do not increase the lifetime of these assets are recorded as costs in the year they are incurred.

d) Tangible fixed assets

Allocated to infrastructure management

Tangible fixed assets recorded in REFER's statement of financial position concern equipment used by REFER for infrastructure management purposes and not allocated to long duration infrastructure investment activities. It is initially registered at cost price.

Following the initial recognition, REFER adopted the cost model permitted by IAS 16, and the tangible fixed assets are recorded at their cost minus any depreciation and any accumulated impairment losses.

Maintenance and repair costs that do not increase the lifetime of these assets are recorded as costs in the year they are incurred.

Gains or losses from the disposal of assets are determined by the difference between the asset's realisation value and the accounting value, and are recognised in the statement of comprehensive income.

Capitalization of loan costs

Interest on loans directly attributable to the acquisition or construction of eligible assets are capitalised as part of the cost of these assets. An asset eligible for capitalisation is an asset that requires a substantial period of time before it is available for use or for sale. The capitalisation of costs with loans begins when the investment starts, and ends when all the activities needed to make the asset available for use or for sale are substantially completed.

Depreciation

Depreciation is determined according to the acquisition value, through the straight-line depreciation method and at the rates corresponding to the expected lifetime of each asset type. The most important annual depreciation rates (in %) are as follows:

Description	%
Land	Non depreciated
Buildings and other constructions	2 - 100
Basic equipment	3.33 - 100
Transport equipment	4 - 100
Tools and utensils	12.5 - 100
Administrative equipment	12.5 - 100
Other tangible assets	12.5 - 100

An asset's lifetime is reviewed at the end of each year so that depreciation complies with the asset consumption pattern.

Leasing Contracts

The classification of the leasing operations into financial leasing or operational leasing depends on their substance, and not on their legal form. Operations whereby the risks and benefits inherent to the possession of the leased asset are transferred to the lessor are classified as financial leases. All other leases are classified as operational leases.

Finance leases

Assets subject to leasing contracts are classified as tangible fixed assets according to IAS 17 – Leasing.

Assets acquired through financial leasing operations are depreciated according to the company's policy for tangible fixed assets of the same type.

Instalment payments consist of the financial expense and the financial amortisation of principal. Expenses are assigned to the respective periods during the leasing term in order to obtain a constant periodic interest rate applicable to the lessor's remaining net investment.

As of the date to which these Notes refer, REFER had acquired 3 vehicles through financial leasing contracts (see note 5.1).

Operational Leasing Contracts

Assets the use of which stems from leasing contracts whereby the risks and benefits inherent to the possession of the leased asset are not included are classified as operational leases, in accordance with IAS 17 – Leasing, and are hence not recorded in the tangible fixed assets caption.

Rents are registered at cost in the respective periods of the leasing term (see note 5.17.).

e) Intangible assets

Intangible assets are recorded at acquisition cost minus depreciation and impairment losses.

Intangible assets recognised on the statement of financial position refer essentially to software licences.

Amortisation/Depreciation

Amortisation/Depreciation is calculated based on the acquisition value, through the straight-line depreciation method, over a 3-year period.

f) Derivative financial instruments

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into (trade date) (IAS 39). Subsequent to initial recognition, the fair value of derivative financial instruments is re-measured on a regular basis and the resulting gains or losses on re-measurement are recognised directly in the income statement, except for derivatives designated as hedging instruments.

The recognition of the resulting gains or losses of the derivatives designated as hedging instruments in results for the period depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivative financial instruments corresponds to their market value, when available, and when not available, it is determined by external entities based on valuation techniques.

Hedge accounting

Derivative financial instruments are designated as hedging instruments in accordance with the provisions of IAS 39,.

Changes in the fair value of derivative financial instruments which are contracted for financial hedging purposes in accordance with the Group's risk management policies, but do not comply with the requirements of IAS 39 to qualify for hedge accounting, are classified as "derivatives held for trade" and are recorded in the statement of comprehensive income for the period in which they occur.

As of 31 December 2010 REFER did not classify any derivative financial instruments as hedge derivatives.

g) Financial assets

REFER classifies its investments on their trade date according to the objective that determined their acquisition, in the following categories: financial assets at the fair

value through income (held for trading and fair value option); loans and receivables; assets held until maturity; and financial assets available for sale, according to what is recommended by IAS 39 - Financial instruments.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired mainly for the purpose of selling in the short term and (ii) financial assets that are designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

This category includes derivatives that are not qualified for the purpose of hedge accounting. Changes to their fair value are recognised directly in income for the year according to the accounting policy described in note 2.2, sub-paragraph h).

Held-to-maturity investments

These investments are non-derivative financial assets with fixed or determinable payments and specified maturities, for which there is the intention and capacity of holding them until maturity.

Held-to-maturity investments are carried at amortised cost using the effective interest method, net of any impairment losses recognised.

Impairment losses are recorded based on the evaluation of estimated losses, plus doubtful receivables at the date of the financial statements.

For held-to-maturity investments, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate.

These assets are recorded in the statement of financial position, net of any impairment loss recognized.

Loans and accounts receivable

These correspond to non-derivative financial assets, with fixed or determined payments, for which there is no active securities market. They arise from normal operation activities, in the supply of goods or services, and are not meant for negotiation.

Loans and receivables are initially recognised at their fair value, and subsequently accounted at amortised cost based on the effective interest rate method.

Impairment losses are registered when there are indicators that REFER will not receive all the amounts to which it is entitled according to the original terms of the signed contracts. In identifying situations of impairment, various indicators are used, such as: i) default analysis; ii) default for over 6 months; iii) debtor's financial difficulties; iv) probability of bankruptcy of debtor.

When due amounts to be received from clients or other debtors are subject to a renegotiation of the respective terms, they are no longer regarded as due and are treated as new credit.

Impairment losses correspond to the difference between the accounting value of the asset and the the present value of estimated future cash flows (considering the recovery period) discounted at the financial asset's original effective interest rate.

These assets are recorded in the statement of financial position, net of any impairment loss recognized.

Available-for-sale financial assets

Available-for-sale financial assets are non derivative financial assets which:

- REFER intends to maintain for an indefinite time;
- Are designated as available for sale at the time of their initial recognition or;
- Do not fit into the above categories.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, under Fair Value Reserves, until the financial assets are derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

In the absence of a market value, the assets are maintained at acquisition cost, although impairment tests should be performed

Interest earned from fixed income instruments, when classified as available-for-sale assets and the differences between the acquisition cost and the nominal value (premium or discount) are recorded in income according to the effective interest rate method.

Equity holdings that are not holdings in group companies, joint or associated undertakings, are classified as available-for-sale financial assets.

h) Fair value of financial assets and liabilities

When determining the fair value of a financial asset or liability, if there is an active market, the market price is applied. This constitutes level 1 of the hierarchy of fair value, as defined in the IFRS 7, and used by REFER.

If there is no active market, which is the case for some financial assets and liabilities, valuation techniques generally accepted in the market are applied, based on the market assumptions. This constitutes level 2 of the hierarchy of fair value, as defined in the IFRS 7, and used by REFER.

In this level 2 of the hierarchy of fair value REFER includes unlisted financial instruments, such as derivatives, financial instruments at the fair value through income and available for sale assets. The valuation models most frequently used are discounted cash flow models and option evaluation models which include, for example, interest rate curves and market volatility.

For some types of more complex derivatives, more advanced valuation models are used containing assumptions and data that are not directly observable in the market. This constitutes level 3 of the hierarchy of fair value, as defined in the IFRS 7.

i) Impairment of Assets

In accordance with IAS 36 – Impairment of assets, whenever an asset's accounting value exceeds its recoverable amount, its value is reduced to the recoverable amount, and the loss by impairment is recognised in income for the year. The recoverable value corresponds to the highest value between the utilisation value and the fair value, and is determined whenever there are indicators of lost value.

The asset utilisation value is determined based on the current value of estimated future cash flows, deriving from continued use and the sale of the asset at the end of its useful life. To determine future cash flows, assets are allocated at the lowest level for which identifiable separate cash flows exist (cash generating units).

Non financial assets, for which impairment losses were recognized, are valued at each reporting date, on the possible reversal of the impairment losses.

In the event of recording or reversal of impairment, the assets' amortisation and depreciation are re-determined prospectively, in accordance with recoverable value.

j) Inventories

Goods, as well as raw materials, subsidiary materials and consumables are valued at the lowest value between the acquisition or production cost and the net realizable value.

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred to place the inventories at the location and in their condition for use or sale. Net realisable value is the estimated sale price during the normal period of activity minus the respective sale costs, as stipulated in IAS 2 - Inventories.

Goods leaving the warehouse (consumption) are valued at the weighted average cost.

At its warehouses, REFER has materials to be applied in the construction of tangible fixed assets for its Long Duration Infrastructure Investment Activities. These inventories are shown on the statement of financial position in the "long duration infrastructure investment activities" item (see note 2.2, sub-paragraph c)).

k) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the amounts recorded in the statement of financial position, including cash and deposits with banks.

Cash and cash equivalents include cash, bank deposits and other short-term investments of high liquidity and with initial maturity of up to 3 months.

l) Financial liabilities

The financial liabilities represent payable obligations against financial assets, regardless of their legal form. They are initially recorded at fair value minus transaction costs and subsequently at amortised cost, based on the effective rate method.

m) Non current loans obtained

The company recognises non current bank loans as financial liability according to IAS 39 – Financial instruments; these financial liabilities are recorded (i) initially at their fair value minus transaction costs and (ii) subsequently at amortised cost, based on the effective rate method.

REFER holds medium and long-term loans, in the form of bilateral loans and bonds, to finance the construction of long duration infrastructures (LDI) and the infrastructure management activity. Loans to finance the building of LDI are recognised on the statement of financial position in caption "Long Duration Infrastructure Investment Activities" (Note 2.2, sub-paragraph c))

n) Suppliers and other accounts payable

The balances of suppliers and other creditors are recorded at the amortised cost

The balances of suppliers and other creditors refer to the balances of payables to suppliers of the company's operating activities. The balances of suppliers related to the acquisition/construction of Long Duration Infrastructure activities are recorded on the balance sheet in the corresponding item (see note 2.2, sub-paragraph c)).

o) Impairments and Provisions

Impairments are recognised when losses in the assets are recorded in the statement of financial position, as described in the previous notes.

Provisions are set up whenever there is an obligation (legal or implicit) arising from a past event and whenever it is probable that a reasonably estimated decrease of resources, which include economic benefits, will be required to liquidate the obligation.

REFER records provisions for legal processes in progress and for which it is highly probable that they may imply outflows from the company (see note 5.1.4). This is an estimated value of the liabilities.

p) Recognition of revenue

Revenue is recorded in the period to which it refers, regardless of when it is received in line with the accrual concept of accounting. The differences between the amounts received and the corresponding income are registered in the "other receivables" caption.

REFER's revenue includes the fees for use of tracks, traction power, manoeuvres, use of Stations and stops, requested capacity not used, and other services (as described in note 1.2).

q) Income tax

Income tax is recognised in the statement of comprehensive income except when related with gains or losses recognised directly in equity, in which case it is also recognised directly in equity.

Current income tax is determined according to the tax criteria in force on reporting date.

REFER has no recorded deferred tax assets or liabilities in its financial statements, as there are no situations likely to originate deferred taxes, and in relation to deferred tax, no taxes are expected to be payable, given REFER's cumulative tax losses as well as the projection of results for forthcoming years.

r) Foreign currency transactions

Foreign currency transactions are translated into Euros using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities expressed in foreign currency are converted at the exchange rate applicable on reporting date, and the resulting exchange rate differences are recognised as earnings/(losses) for the year.

The main exchange rates used in the statement of financial position were as follows:

Currency	2010	2009
Swiss Francs (CHF)	1,25	1,48
Sterling Pound (GBP)	0,86	0,89
Swedish Krona (SEK)	8,97	10,25

s) Subsidies

Investment subsidies assigned to REFER are initially recognised when it is reasonably certain that the respective subsidy will be received. The subsidy is subsequently amortised in the proportion of the depreciation of the subsidised tangible fixed assets in compliance with IAS 20 - State Subsidies.

Operation subsidies are recognised in the statement of comprehensive income in the same period as when the associated expenses are incurred, from the moment when their receipt is probable.

Subsidies obtained to finance assets acquired/built in long duration infrastructures are recognised on the balance sheet in the "long duration infrastructures investment activities" item (see note 2.2, sub-paragraph c)).

t) Segment reporting

Business segments

A business segment is a component of an entity which develops a business activity: i) that can generate revenue and incur costs; ii) whose operating income is regularly reviewed by the chief decision maker of the entity; and iii) which supplies distinct financial information.

The REFER Board of Directors is responsible for reviewing the internal information prepared so as to assess the performance of the company's activities and allocation of its resources. The decision to set up business segments is based on the information that is analysed by the Board of Directors, which did not result in new segments in relation to those reported last year.

An entity should report the information concerning each identified business segment separately, which result from the aggregation of two or more segments with similar economic characteristics, or which exceed the quantitative parameters stipulated in the IFRS 8 – Business Segments.

REFER's main activity is the provision of the public service of managing the overall infrastructure of the national rail network. When carrying out its activities, REFER needs to rely on complementary services; however the risks and returns associated to them are directly linked to its business activities.

In view of the aforementioned aspects, on 31 December 2010, only one business segment was identified. The REFER clients make up the entirety of this segment, and the whole activity is carried out in Portugal.

u) Related parties

Revision of IAS 24 – "Related parties: disclosure", adopted before hand by REFER in 2010 establishes the obligation to disclose transactions with the State and State-related entities (i.e. equally held by the State).

Related entities are those which, directly or indirectly through one or more intermediaries, control or are controlled by REFER, or under common control. Related entities also include those entities in which REFER holds an interest that grants it significant influence.

REFER discloses in Note 8 the balances and transactions with related entities which it controls or over which it holds significant influence as of 31 December 2010. In relation to public entities with which REFER entered protocols directly related to the Long Duration Infrastructure Investment activity, the Company adopted the exception permitted of only disclosing the most relevant transactions (see note 8.5).

2.3 Main estimates and judgements used for preparing the financial statements.

The main accounting estimates and judgements used as the basis for applying the accounting principles are discussed in this note in order to facilitate its understanding and to demonstrate how their application affects the earnings reported by the company and their disclosure.

The estimates and judgements with an impact on REFER's financial statements are continuously evaluated. On each date, the report represents the Board of Director's best estimate, taking into account the historical performance, the accumulated experience and the outlook for future events that, in the current circumstances, are believed to be reasonable. The intrinsic nature of the estimates and judgements may imply that the real impact of the situations which had been estimated may, for the purposes of the financial report, differ from the estimated amounts.

The Board of Directors believes that the estimates made by it are appropriate and that the financial statements adequately present the Company's financial position and results of its operations in all material respects.

Fair value of derivative financial instruments

The fair value is based on market quotes, when available. When not available, the fair value is determined based on recent transaction prices which are similar and performed under market conditions or based on evaluation methodologies based on discounted future cash flow techniques (for plain-vanilla swaps) or assessment of options (for exotic swaps). Consequently, the use of a different model or of different assumptions or judgements in applying a particular model may have produced different financial results from the ones reported.

Impairment losses of debtors

Impairment losses relating to debtors are based on the evaluation by the Board of Directors on the probability of recovering the respective receivables, the seniority of the balances, cancellation of debts and other factors. There are also other circumstances and facts that may alter the estimated impairment losses of receivables due to the assumptions considered, including changes in the economic climate, the sector's trends, the creditor position of the main clients and significant defaults.

This evaluation process is subject to various estimates and judgements. Changes in these estimates may imply different levels of impairment and, consequently, may have different impacts on income.

Recognition of income/expenses

Expenses and income are recorded in the year to which they refer, regardless of when paid or received, according to the accrual concept of accounting. At the end of the year estimates are made for the non recognised amounts, which are added to the statement of comprehensive income in the liabilities/receivables that pertain to the year concerned.

Provisions for ongoing legal proceedings

The Board of Directors believes it is highly probable that some ongoing legal proceedings may imply outflows of economic benefits from the company. Therefore, an estimate is made of the liability, which is duly recorded as a provision.

3. Financial risk management policies

Financial Risks

REFER'S activities are subject to risk factors of a financial nature, namely credit risk, liquidity risk and interest rate risks associated with cash flows arising from loans obtained.

Risk management is dealt with by the Financial Department based on policies laid down by the Board.

The Financial Department identifies, assesses and performs operations so as to minimise any financial risk.

The Board defines the principles for risk management as a whole and for the policies covering specific areas, such as the use of derivative and non-derivative financial instruments, for interest rate risk, the increase or reduction of short-term lines and the medium and long-term operations to cover the risk of liquidity, among others.

Exchange risk management

REFER is not subject to a significant exchange rate risk in its activities.

Credit risk management

Credit risk is associated with another party defaulting on its contractual obligations and resulting in a financial loss to REFER. This type of risk is incurred by REFER in its operating and financial activities.

At operating level, the main clients of REFER are CP, Fertagus, Takargo and CP Carga. Credit risk stemming from operational activity is mainly related to non compliance with the payment to REFER of liabilities assumed by the said entities for services rendered by REFERs. CP is the main counterparty and exclusive passenger operator throughout the network, with the exception of the 25 de Abril Bridge crossing. However, despite the fact that credit risk is highly concentrated in CP, it is mitigated by the legal nature of this entity. Impairment adjustments for accounts receivable are calculated on the basis of the counterparty's risk profile and financial condition.

As for credit risk associated with financial activity, REFER is exposed to the national and international banking sector due to its demand deposits, financial applications and contracted derivative financial instruments. To date, REFER has not incurred any impairment resulting from non-compliance of contractual obligations accorded with banks.

The following table provides a summary, on 31 December 2010 and December 2009, of the credit quality of deposits, applications and derivative financial instruments with a positive fair value:

Financial institutions

Amounts in Euro

Rating	2010	2009
>=AA-	7 727 973	4 315 201
>=A-	22 370 878	23 242 793
< A-	1 157	0
No rating	674	0
	30 100 683	27 557 994

Note: Does not include cash

Ratings above were provided by Standard and Poor's at reporting date.

Liquidity risk management

This type of risk stems from the perception formed by the market and international rating agencies regarding the likelihood of non compliance by REFER with its liabilities whether with banks or contracted on the capital market. Such risk is conveyed through the cost associated with the contracts of these financial operations which impact on financial expenditure.

Given the legal nature of REFER, the ability to act on such risk is limited. However, REFER sets out to minimise the probability of a breach of commitment by means of a stringent and thoroughly planned management of its activity. As an example of one such measure for risk mitigation, REFER has contracted (but not yet used) a 3-year credit line amounting EUR 500 million.

Conservative management of liquidity risk also implies maintaining a suitable level of cash and equivalents to meet liabilities, but mainly having access to credit lines with financial institutions to accommodate the current management. At 31 December 2010, short-term credit lines negotiated and underwritten totalled EUR 1.265 million. Additionally, the company has a back-up (contracted but not used) line of EUR 500 million. In addition to the said amount of engaged lines, REFER contracted a Commercial Paper Programme with no subscription guarantee in the amount of EUR 205 million.

The management regularly monitors the available liquidity reserve (including undrawn credit lines; the back-up line and amounts in cash and equivalents) to meet estimated cash flows. It is therefore absolutely crucial to perform medium and long-term operations to refinance short term credit lines drawn in order to guarantee a comfortable liquidity reserve level.

The table below presents the liabilities of REFER by residual and contractual maturity levels. The amounts presented in the tables are non-discounted contractual cash flows.

31 December 2010

Amounts in Euro

	Less than 1 years	1 to 5 years	+ than 5 years
Loans			
- financial leases	35 041	56 909	0
- investment loans	487 636 784	1 021 068 506	3 603 405 285
- other loans	45 250 000	781 000 000	627 500 000
- commercial paper	1 006 750 000	0	0
- bank overdrafts	320 837 288	0	0
- derivative financial instruments (gross outflows)	91 461 317	306 870 969	355 964 572
- derivative financial instruments (gross inflows)	- 85 124 814	- 305 234 731	- 366 238 500
	1 866 845 615	1 803 761 655	4 220 631 357
Suppliers and other accounts payable	71 903 396		
Guarantee	6 207 215	21 340 430	36 807 231
	1 944 956 226	1 825 102 085	4 257 438 588

31 December 2009

Amounts in Euro

	Less than 1 years	1 to 5 years	+ than 5 years
Loans			
- financial leases	24 751	118 003	0
- investment loans	444 779 688	1 315 208 502	3 855 705 111
- other loans	45 250 000	181 000 000	1 272 750 000
- commercial paper	325 000 000	0	0
- bank overdrafts	205 166 648	0	0
- derivative financial instruments (gross outflows)	104 045 477	356 009 115	433 149 603
- derivative financial instruments (gross inflows)	- 96 178 169	- 341 521 381	- 440 121 042
	1 028 088 395	1 510 814 239	5 121 483 673
Suppliers and other accounts payable	69 310 478		
Guarantee	7 090 663	22 489 441	41 862 102
	1 104 489 536	1 533 303 680	5 163 345 776

Interest rate risk management

Since 2003, REFER has actively managed its debt portfolio using derivative financial instruments to hedge interest rate risk. The company is not subject to an exchange rate risk in its activities and does not have liabilities associated with debt in any currency other than the Euro. All contracted derivatives have, at the most, exactly the same maturity as the underlying liabilities.

REFER's counterparties in derivative contracts are national and international financial institutions with high rating and credibility. Operations are covered by ISDA contracts according to international standards. The main objective of interest rate risk management is to provide protection against interest rate rises, insofar as REFER's revenue is immune to this variable and, thus, preventing natural hedging.

The type of instrument is selected according to a cost/benefit analysis applied to each case. In addition to the main goal described above, REFER also performs operations to reduce the financing cost at a fixed or floating rate. Occasionally, the company restructures its positions to accommodate market developments. In managing its portfolio, the company seeks diversification as a means of maintaining a balanced portfolio and low volatility, by applying a conservative approach in relation to the risks to be taken, both in terms of instrument characteristics and the indexes. This strategy acts as the basis for the company's decision not to classify any of the derivative instruments as a hedge, since the non-assignable portfolio would have a potentially negative impact on results.

Interest rate sensitivity test

REFER periodically uses sensitivity analysis to measure the extent to which results would be influenced by the impact of interest rate variations and volatility on the fair value of debt and derivative financial instruments. This analysis is one of the auxiliary means to interest rate risk management decisions since, in practice, interest rates and volatility rarely change "ceteris paribus". Furthermore, there are also other variables that influence the fair value of those positions such as, for instance, correlations. The sensitivity test is based on the following assumptions:

- i. REFER uses derivative financial instruments (swaps) to hedge the interest rate risk associated with medium and long term loans indexed to floating interest rates. The financial flow of the underlying loan is offset by the receiving leg of the respective swap, resulting in a net position equal to that of the paying leg of the swap;
- ii. REFER uses derivative financial instruments (swaps) to reduce financial costs associated with fixed rate medium and long term loans. The financial flow of the underlying loan is offset by the receiving leg of the respective swap, resulting in a net position equal to that of the paying leg of the swap;
- iii. At 31 December 2010, REFER had not recognized any loan obtained at a fair value;
- iv. Changes to the fair value of loans and derivative financial instruments and other assets and financial liabilities are estimated by discounting future cash flows, using market rates at the time of reporting.
- v. Under these assumptions, at 31 December 2010, an increase or decrease of 0.5% and 5%, respectively, in interest rate curves (of the Euro, sterling or Swedish krona) and in their volatility curve would result in the following variations in the fair value of the loans and derivative financial instruments with the consequent direct impact on financial results:

31 December 2010

Amounts in Euro

	Increase/(decrease) in the fair value of financial instruments			
	Change in the Interest rate curve		Change in the volatility curve	
	-0,50%	0,50%	-5%	5%
EUR	24 650 000	- 30 190 000	12 172 675	- 12 849 294
GBP	- 10 090 000	5 980 000	96 494	- 7 413 41
SEK	10 000	- 20 000	26 246	- 48 567

	Increase/(decrease) in the fair value of loans	
	Change in the Interest rate curve	
	-0,50%	0,50%
EUR	98 988 266	- 93 695 204

	Net effect on results			
	Change in the interest rate curve		Change in the volatility curve	
	-0,50%	0,50%	-5%	5%
EUR	- 74 338 266	63 505 204	12 172 675	- 12 849 294
GBP	- 10 090 000	5 980 000	96 494	- 741 341
SEK	10 000	- 20 000	26 246	- 48 567

31 December 2009

Amounts in Euro

	Increase/(decrease) in the fair value of derivative financial instruments			
	Change in the interest rate curve		Change in the volatility curve	
	-0,50%	0,50%	-5%	5%
EUR	34 250 000	- 41 550 000	22 933 439	- 23 182 082
GBP	- 14 440 000	8 410 000	1449 585	- 1941 164
SEK	160 000	- 230 000	272 448	- 356 508

	Increase/(decrease) in the fair value of loans	
	Change in the interest rate curve	
	-0,50%	0,50%
EUR	143 873 806	- 137 280 235

	Net effect on results			
	Change in the interest rate curve		Change in the volatility curve	
	-0,50%	0,50%	-5%	5%
EUR	- 109 623 806	95 730 235	22 933 439	- 23 182 082
GBP	- 14 440 000	8 410 000	1449 585	- 1941 164
SEK	160 000	- 230 000	272 448	- 356 508

Capital risk management

As for capital management, which is a broader concept than the capital shown on the statement of financial position, REFER aims at safeguarding the continuity of the company's operations.

REFER defines its financing plan after analysing CAPEX needs, the financing needs for the operational activities and State contributions and EU subsidies. It is within this scope that medium and long-term loans with or without State guarantee are planned as an additional means of ensuring the company's economic sustainability.

4. Long Duration Infrastructure (LDI) investments Activities

The balance shown on the statement of financial position as "Long Duration Infrastructure Investment Activities" is based on investment activities in railway infrastructures and includes the following asset and liabilities captions:

Amounts in Euro			
Description	Notes	2010	2009 (Restated)
Long Duration Infrastructure			
Investment activity			
Asset (LDI's)	4.1.	7 970 510 942	7 573 451 688
Revenue from assets	4.2.	- 3 088 956	- 3 088 956
Current funds	4.3.	- 57 341 815	- 37 307 079
Subsidies (ILD's)	4.4.	- 3 836 244 749	- 3 709 259 872
Loan expenses	4.5.	598 580 997	503 651 777
Loans obtained	4.6.	- 3 598 296 792	- 3 897 670 526
		1 074 119 628	429 777 031

REFER restated its LDI activity for 2009, by recording the land swap carried out with its subsidiary Invesfer (see note 2.2.2).

4.1 LDI - Long Duration Investments

Changes occurred in the year are summed up as follows:

31 December 2010

Amounts in Euro					
Gross assets	Opening balance	Transfers	Increases	Write-offs / corrections	Closing Balance
Tangible fixed assets - Active LDIs					
Land and natural resources	221570 137	2 747 920		- 391340	223 926 718
Buildings and other constructions	4 685 657 334	226 297 066	374 680	- 56 130	4 912 272 951
Basic equipment	30 268 679				30 268 679
Work in progress	2 624 431 610	- 229 127 049	401300 346		2 796 604 907
Advances on account of TFA	11573 396		844 925	- 4 839 253	7 579 068
	7 573 501 156	- 82 063	402 519 951	- 5 286 722	7 970 652 322
Tangible fixed assets - disabled LDIs					
Land and natural resources	- 6 466 112			- 42 398	- 6 508 510
Buildings and other constructions	6 416 644			- 49 514	6 367 130
	- 49 468			- 91 912	- 141 380
Total gross tangible fixed assets - LDIs	7 573 451 688	- 82 063	402 519 951	- 5 378 634	7 970 510 942

31 December 2009

Amounts in Euro

Gross assets	Restated opening balance	Transfers	Increases	Write-offs / corrections	Restated closing balance
Tangible fixed assets - Active LDIs					
Land and natural resources	47 473 633	74 155 555	12 700	- 71751	221570 137
Buildings and other constructions	3 761 557 837	924 380 773	10 471	- 291747	4 685 657 334
Basic equipment	30 268 679				30 268 679
Work in progress	3 283 761 325	-1004 820 768	345 491 053		2 624 431 610
Advances on account of TFA	7 627 124		8 453 294	- 4 507 022	11573 396
	7 230 688 598	- 6 284 440	353 967 518	- 4 870 520	7 573 501 156
Tangible fixed assets - disabled LDIs					
Land and natural resources	- 6 494 685	28 572			- 6 466 112
Buildings and other constructions		6 416 644			6 416 644
	- 6 494 685	6 445 217			- 49 468
Total gross tangible fixed assets - LDIs	7 224 193 913	160 777	353 967 518	- 4 870 520	7 573 451 688

Disabled LDIs

The Tangible Fixed Assets – Disabled LDIs caption refers to disabled assets from the public domain and to the obligation, as published by joint order of the Ministries of Finance and Public Works, to allocate the sums resulting from the different disposal operations to investment in the modernisation of REFER's railway infrastructures.

4.1.1 Capitalized financial expenses

During the year, the company capitalised the expenses incurred on loans to finance this activity during the period in which Long Duration Infrastructure (LDI) assets were under construction.

Hence, in 2010 EUR 45,999,861 was capitalised (2009: EUR 38,422,536), of which EUR 41,153,002 (2009: EUR 33,263,319) is interest and the remaining amount is for State guarantee fees, stamp duty, effective cost and emission expenses.

Capitalized Financial Expenses

Amounts in Euro

Description	01-01-2010	Δ for the year	31-12-2010
Interest	35 193 510	41 153 002	393 088 102
Guarantee rate	18 574 122	3 838 806	22 412 929
Stamp duty	7 362 402	983 800	8 346 202
Effective cost and issuing expenses		24 252	24 252
Financial Expenses	377 871 625	45 999 861	423 871 485

Description	Amounts in Euro		
	01-01-2009	Δ for the year	31-12-2009
Interest	318 671 781	33 263 319	351 935 100
Guarantee rate	15 926 012	2 648 110	18 574 122
Stamp duty	4 851 295	2 511 107	7 362 402
Financial expenses	339 449 088	38 422 536	377 871 625

4.2 Revenue from assets

This caption refers to the sum arising from leveraging assets which are still in the public railway domain.

Description	Amounts in Euro	
	2010	2009
Revenue from assets	- 3 088 956	- 3 088 956

4.3 Current funds

This caption refers to the balances of current assets and liabilities associated to the Investment Activity in Long Duration Infrastructures.

They are made up as follows:

4.3.1 Inventories

This caption refers to warehoused materials of REFER to be applied to building railway infrastructures.

Description	Amounts in Euro	
	2010	2009
Inventories	30 574 300	27 880 116

4.3.2 Suppliers and other accounts payable

The Suppliers of other accounts payable caption comprises current debts arising from work in accordance with the modernisation / renovation policy applicable to the railway lines.

Description	Amounts in Euro	
	2010	2009 (Restated)
Suppliers and other accounts payable	103 534 636	88 305 716

The restatement carried out in 2009 concerns the Sines land swap (see Note 2.1.1).

4.3.3 Accounts receivable

This caption consists of the receivables from the Municipality of Espinho in the amount of EUR 8,250,890 (2009: EUR 15,750,890); and receivables from Invesfer, in the amount of EUR 4,553,612 (2009: EUR 7,367,631), relating to the Sines land swap (see Note 2.1.1). In 2010, in relation to this balance, the Company recognised a decrease in debt resulting from this operation and the liability of Invesfer, as decided by the Board of Directors of REFER, EPE, in March 2011, in the amount of EUR 2,814,019. This decision was based on the devaluation of assets, in accordance with external evaluation requested by Invesfer.

4.4 Subsidies

Changes occurred in subsidies were as follows:

31 December 2010

Description	Amounts in Euro		
	Opening balance	Increases	Closing Balance
Pidacc	989.550.991	7 200 000	996 750 991
Cohesion Fund	1094.959.038	69 514 477	1 164 473 514
DGTREN	31020.430	693 401	31713 831
FEDER-IOT	618.009.186	16 989 473	634 998 658
High Speed			
Poceirão-Caia		18 337 737	18 337 737
Lisboa - Poceirão	313.534	6 757 716	7 071 250
Signalling and telecommunications		7 492 073	7 492 073
Other	975.406.694		975 406 694
Subsidies - Investment Activity	3 709 259 872	126 984 877	3 836 244 749

31 December 2009

Amounts in Euro

Description	Opening balance	Increases	Adjustments	Closing Balance
Pidacc	979 550 992	10 000 000		989 550 991
Cohesion Fund	993 335 616	101623 422		1094 959 038
DGTREN	28 357 413	2 663 017		31020 430
FEDER-IOT	602 823 501	15 185 685		618 009 186
High Speed				
Poceirão-Caia				
Lisboa - Poceirão		313 534		313 534
Signalling and telecommunications				
Other	975 406 694			975 406 694
Subsidies - Investment Activity	3 579 474 215	129 785 657		3 709 259 872

Note 2.2 sub-paragraph s) describes the subsidies recognition policy.

4.5 Loan expenses

The Loan Expenses caption refers to charges from loans to finance Long Duration Infrastructure Investments which were not subject to capitalisation in the LDIs constructed.

Loan expenses (LDI's)

Amounts in Euro

Descrição	01-01-2010	Δ do Ano	31-12-2010
Interest	485 920 690	90 812 980	576 733 670
Guarantee rate	11299 170	3 028 921	14 328 091
Stamp duty	6 431917	459 338	6 891255
Effective cost and issuing expenses		627 982	627 982
Financial expenses	503 651 777	94 929 220	598 580 997

Amounts in Euro

Descrição	01-01-2009	Δ do Ano	31-12-2009
Interest	391842 475	94 078 215	485 920 690
Guarantee rate	7 818 357	3 480 813	11299 170
Stamp duty	4 886 287	1545 630	6 431917
Financial expenses	404 547 119	99 104 658	503 651 777

Table below shows the total expenses incurred with loans contracted to finance Long Duration Infrastructure Investments:

Total Financial Expenses (LDIs)

Amounts in Euro

Description	01-01-2010	Δ for the year	31-12-2010
Interest	837 855 790	131965 982	969 821772
Guarantee rate	29 873 292	6 867 727	36 741019
Stamp duty	13 794 319	1443 138	15 237 457
Effective cost and issuing expenses		652 234	652 234
Financial expenses	881 523 402	140 929 081	1 022 452 483

Amounts in Euro

Description	01-01-2009	Δ for the year	31-12-2009
Interest	710 514 257	127 341533	837 855 790
Guarantee rate	23 744 368	6 128 924	29 873 292
Stamp duty	9 737 582	4 056 737	13 794 319
Financial expenses	743 996 207	137 527 195	881 523 402

4.6 Loans obtained

The following list describes the loans associated to LDI Investment Activities:

Investing Activities

Amounts in Euro

Description	2010	2009
Loans obtained		
Amounts owed to credit institutions	1998 296 792	2 297 670 526
Bond loans	1600 000 000	1600 000 000
	3 598 296 792	3 897 670 526

Bond loans Eurobond 06/26, Eurobond 09/19 and Eurobond 09/24 are allocated at nominal value. The adjustment relating to the effective interest rate in the amount of EUR 4,867,078 is reflected in caption Pre-payments (see Note 5.10).

4.6.1 Amounts owed to credit institutions

Repayment terms and conditions of the loans to finance investment projects are as follows:

Repayment terms and conditions of the loans to finance investment projects

31 December 2010

Name	Date of signature	Amount (€)	Principal due	Repayment			Interest Payment	Interest rate	Final interest rate
				Opening date	Closing date	Periodicity			
CP IIE	29-06-1992	30.633.783	4.72.890	15-06-1998	15-06-2012	Annual	15-Jun	EIB Variable	1,60%
CP IIB	19-09-1991	29.927.874	1.995.102	15-09-1997	15-09-2011	Annual	15-Set	fixed, revisable for 5 year periods	3,928%
CP III Linha do Norte-B	14-07-1997	48.879.790	39.903.832	15-06-2008	15-06-2022	Annual	15-Mar, 15-Jun, 15-Sep, 15-Jan	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Linha do Douro	09-09-1996	43.894.215	26.336.829	15-09-2007	15-09-2016	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Tagus railway crossing	01-10-1996	99.759.579	59.855.748	15-09-2007	15-09-2016	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Tagus-B railway crossing	14-11-1997	99.759.579	46.554.470	15-09-2003	15-09-2017	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
	26-11-1998	25.000.000	15.427.500	15-09-2004	15-09-2018	Annual	15-Mar	1st fixed instalment	4,67%
		25.000.000	15.900.000				15-Jun	2nd fixed instalment	5,800%
		49.759.579	26.538.442				15-Set	3rd fixed instalment	1,56%
Linha do Minho-A	26-11-1998	25.000.000	15.427.500	15-09-2004	15-09-2018	Annual	15-Mar	1st fixed instalment	4,67%
		25.000.000	15.900.000				15-Jun	2nd fixed instalment	5,800%
		24.810.685	13.237.165				15-Set	3rd fixed instalment	1,56%
							15-Dez		
CP III Linha do Norte-D	10-11-2000	25.937.491	25.937.491	15-09-2011	15-09-2020	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Ligação ao Algarve-A	08-10-2001	90.000.000	90.000.000	15-09-2012	15-09-2021	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,12%	1,146%
Linha do Minho-B	08-10-2001	59.855.748	59.855.748	15-09-2012	15-09-2021	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,12%	1,146%
CP III/2 L. Norte-A	02-10-2002	10.000.000	10.000.000	15-03-2013	15-03-2022	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,12%	1,146%
CP III/2 L. Norte-B	15-07-2004	20.000.000	20.000.000	15-12-2014	15-12-2023	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Suburban B	25-11-2004	10.000.000	90.476.100	15-06-2009	15-06-2024	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Suburban B	14-12-2005	10.000.000	95.238.095	15-09-2010	15-09-2025	Annual	15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,15%	1,56%
Suburban C	12-10-2006	55.000.000	55.000.000	15-03-2011	15-03-2026	Annual	15-Set	Revisable rate	3,615%
Connectoão to Algarve-B	02-10-2002	30.000.000	30.000.000	15-03-2013	15-03-2022	Annual	15-Mar	Revisable rate	4,247%
							15-Mar, 15-Jun, 15-Sep, 15-Dec	EIB variable, cannot exceed Euribor 3M +0,12%	1,146%
CP III Linha do Norte-C	08-01-2009	10.000.000	10.000.000	15-06-2017	15-06-2026	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	Euribor 3M +0,054%	1,080%
CP III Linha do Norte-D	08-01-2009	10.000.000	10.000.000	15-12-2017	15-12-2026	Annual	15-Mar, 15-Jun, 15-Sep, 15-Dec	Euribor 3M +0,056%	1,082%
Refer V	20-08-2008	60.000.000	60.000.000	15-03-2014	15-03-2033	Annual	15-Mar	Revisable rate	4,766%
Refer VI	10-09-2009	10.000.000	10.000.000	15-09-2013	15-09-2032	Annual	15-Set	Revisable rate	2,976%
Eurobond 06/26	08-11-2006	60.000.000	60.000.000	15-11-2026	15-11-2026	Bullet	15-Nov	Fixed	4,047%
Eurobond 09/19	18-02-2009	50.000.000	50.000.000	18-02-2019	18-02-2019	Bullet	18-Feb	Fixed	5,875%
Eurobond 09/24	18-10-2009	50.000.000	50.000.000	18-10-2024	18-10-2024	Bullet	18-Out	Fixed	4,675%
Loan "Schuldschein" ABN AMRO BANK (Deutsche) AG	03-04-2001	300.000.000	300.000.000	11-04-2011	11-04-2011	Bullet	9-Abr	Euribor 6M -0,105%	1,67%
Loan "Schuldschein" WestLB AG	02-10-2002	200.000.000	200.000.000	08-10-2012	08-10-2012	Bullet	8-Abr	Euribor 6M	1,80%
			3.598.296.792						

EIB Loans

EIB with guarantee

* Eurobond

Guarantee

SCHELS

no

ABN AMRO BANK

(Deutsche) AG

WestLB AG

Repayment terms and conditions of the loans to finance investment projects

31 December 2009

Name	Date of signature	Amount (€)	Principal due	Repayment		Periodicity	Interest Payment	Interest rate	Final interest rate
				Opening date	Closing date				
CP IIE	29-06-892	30 633 783	7 069 334	€-06-898	€-06-202	Annual	€-Jun	EIB Variable fixed, revisable for 5 year periods	0,905%
CP IIB	8-09-891	29 927 874	3 990 383	€-09-897	€-09-201	Annual	€-Set	EIB variable, cannot exceed Euribor 3M+0,6%	3,928%
CP III Linha do Norte-B	14-07-897	49 879 790	43 229 61	€-06-2008	€-06-2022	Annual	€-Mar; €-Jun; €-Sep; €-Jan	EIB variable, cannot exceed Euribor 3M+0,6%	0,844%
Linha do Douro	09-09-896	43 894 26	30 725 950	€-09-2007	€-09-2016	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,844%
Tagus railway crossing	01-10-896	99 759 579	69 831 706	€-09-2007	€-09-2016	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,844%
Tagus-B railway crossing	14-11-897	99 759 579	53 205 109	€-09-2003	€-09-2017	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,844%
Tagus-C railway crossing	26-11-898	25 000 000	€ 990 000	€-09-2004	€-09-2018	Annual	€-Mar	1st fixed instalment	4,67%
		25 000 000	€ 430 000				€-Jun	2nd fixed instalment	5,80%
		49 759 579	29 855 748				€-Set	3rd fixed instalment	0,844%
Linha do Minho-A	26-11-898	25 000 000	€ 990 000	€-09-2004	€-09-2018	Annual	€-Dez	1st fixed instalment	4,67%
		25 000 000	€ 430 000				€-Jun	2nd fixed instalment	5,80%
		24 69 685	€ 891 611				€-Dez	3rd fixed instalment	0,844%
CP III Linha do Norte-D	10-11-2000	25 937 491	25 937 491	€-09-2011	€-09-2020	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,844%
Connection to Algarve-A	08-10-2001	90 000 000	90 000 000	€-09-2012	€-09-2021	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,00834
Linha do Minho-B	08-10-2001	59 855 748	59 855 748	€-09-2012	€-09-2021	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,00834
CP III/2L Norte-A	02-10-2002	100 000 000	100 000 000	€-03-2013	€-03-2022	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,00834
CP III/2L Norte-B	€-07-2004	200 000 000	200 000 000	€-12-2014	€-12-2023	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,00844
Suburban	25-11-2004	100 000 000	95 238 095	€-06-2009	€-06-2024	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,00844
Suburban B	14-12-2005	100 000 000	100 000 000	€-09-2010	€-09-2025	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	0,03615
Suburban C	12-10-2006	55 000 000	55 000 000	€-03-2011	€-03-2026	Annual	€-Mar	Revisable rate	0,04217
Connection to Algarve-B	02-10-2002	30 000 000	30 000 000	€-03-2013	€-03-2012	Annual	€-Mar; €-Jun; €-Sep; €-Dec	EIB variable, cannot exceed Euribor 3M+0,6%	
CP III Linha do Norte-C	08-01-2009	100 000 000	100 000 000	€-06-2017	€-06-2026	Annual	€-Mar; €-Jun; €-Sep; €-Dec	Euribor 3M+0,054%	
CP III Linha do Norte-D	08-01-2009	100 000 000	100 000 000	€-12-2017	€-12-2026	Annual	€-Mar; €-Jun; €-Sep; €-Dec	Euribor 3M+0,056%	
Refer V	20-08-2008	60 000 000	60 000 000	€-03-2014	€-03-2033	Annual	€-Mar	Revisable rate	4,786%
Refer VI	10-09-2009	10 000 000	10 000 000	€-09-2013	€-09-2032	Annual	€-Set	Revisable rate	2,976%
Euro bond 06/26	08-11-2006	600 000 000	600 000 000		€-11-2026	Bullet	€-Nov	Fixed	4,047%
Euro bond 09/9	18-02-2009	500 000 000	500 000 000		€-02-2019	Bullet	€-Feb	Fixed	5,875%
Euro bond 09/24	18-10-2009	500 000 000	500 000 000	€-10-2024		Bullet	€-Out	Fixed	4,675%
Loan "Schuldschein" Berlin-Hannoversche Hypothekenbank	€-07-2000	250 000 000	250 000 000		04-08-2010	Bullet	4-Fev	Euribor 6M	1,942%
Loan "Schuldschein" ABN AMRO BANK (Deutschland) AG	03-04-2001	300 000 000	300 000 000		11-04-2011	Bullet	9-Abr		0,980%
Loan "Schuldschein" WestLB AG	02-10-2002	200 000 000	200 000 000		08-10-2012	Bullet	8-Abr	Euribor 6M	10,0%

3 877 670 526

The loans from EIB, Schuldschein ABN, Schuldschein Westlb, Eurobond 06-26, Eurobond 09-19 and Eurobond 09-24 were obtained exclusively to finance Long Duration Infrastructure investment projects..

Respective interest is paid on a quarterly, half year or annual basis and at the end of the period.

In what concerns the EIB loans, the principal will be reimbursed in equal annual instalments after a grace period. Remaining loans will be totally repaid at maturity.

Except for the EIB REFER V and EIB BEI REFER VI loans, all loans are secured by the State.

In August 2010 loan Schuldschein BHH in the amount of EUR 250 million was fully repaid.

The fair value of the fixed rate financial debt at 31 December 2010 is as follows:

Financing at fixed rate - fair value

31 December 2010

Amounts in Euro

Name	Nominal Value	Principal due	Fair value	Interest rate
EIB - Minho A	25 000 000	15 427 500	16 802 625	4,67% Fixed
	25 000 000	15 900 000	18 078 666	5,80% Fixed
EIB - Tejo C	25 000 000	15 427 500	16 802 625	4,67% Fixed
	25 000 000	15 900 000	18 078 666	5,80% Fixed
EIB - CPIIB	29 927 874	1 995 192	2 030 890	3,928% Fixed
EIB - Suburbans B	100 000 000	95 238 095	97 653 807	36,15% Fixed
EIB - Suburbans C	55 000 000	55 000 000	59 033 782	4,247% Fixed
EIB - REFER V	160 000 000	160 000 000	180 537 113	4,786% Fixed
EIB - REFER VI	110 000 000	110 000 000	105 143 045	2,976% Fixed
Eurobond 06/26	600 000 000	600 000 000	361 410 010	4,047% Fixed
Eurobond 09/19	500 000 000	500 000 000	449 749 224	5,875% Fixed
Eurobond 09/24	500 000 000	500 000 000	350 394 249	4,675% Fixed
		2 084 888 287	1 675 714 701	

5. Infrastructure Management

5.1 Tangible fixed assets

In the year under review, changes occurred in tangible fixed assets and respective depreciation captions were as follows:

31 December 2010

Amounts in Euro

Gross value	01-01-2010	Transf.	Increases	Write-offs/Adj.	Imp. Investment mission	31-12-2010
Tangible fixed assets						
Land and natural resources	4 844 786					4 844 786
Buildings and other constructions	35 884 733	80 486		- 80 486		35 884 733
Basic equipment	22 245 707	- 80	484 418	- 4 286		22 725 759
Transport equipment	7 473 979		33 279	- 895 948		6 611 310
Tools and utensils	532 189		22 003			554 192
Administrative equipment	10 325 682	80	580 218	- 286 575		10 619 405
Other tangible fixed assets	458 587		170			458 757
Work in progress	390 504	1577	162 145			554 226
Total gross tangible fixed assets	82 156 167	82 063	1 282 233	- 1 267 295		82 253 167

Amounts in Euro

Depreciation	01-01-2010	Transf.	Increases	Write-offs/Adj.	Imp. Investment mission	31-12-2010
Tangible fixed assets						
Buildings and other constructions	9 179 900		852 137		261 676	10 293 712
Basic equipment	13 216 284		1 206 511	- 4 286	212 904	14 631 413
Transport equipment	7 145 519		86 452	- 885 080	28 640	6 375 531
Tools and utensils	516 829		27 058		1 547	545 434
Administrative equipment	9 461 655		457 288	- 285 710	174 514	9 807 747
Other tangible fixed assets	385 941		5 913		1818	393 672
Total Depreciation	39 906 126		2 635 360	- 1 175 075	681 099	42 047 510
Total net tangible fixed assets	42 250 040	82 063	- 1 353 127	- 92 219	- 681 099	40 205 657

31 December 2009

Amounts in Euro

Gross value	01-01-2009 (restated)	Transf.	Increases	Write- offs/Adj.	Imp. Investment mission	31-12-2009 (restated)
Tangible fixed assets						
Land and natural resources	4 568 834	275 952				4 844 786
Buildings and other constructions	34 416 627	1811992	116 710	- 459 595		35 884 733
Basic equipment	21511927	- 20 384	791 128	- 36 965		22 245 707
Transport equipment	7 767 834	27 936	28 113	- 349 904		7 473 979
Tools and utensils	512 185		20 004			532 189
Administrative equipment	10 401739	98 239	298 083	- 472 380		10 325 682
Other tangible fixed assets	457 928		659			458 587
Work in progress	2 727 547	- 2 410 101	73 058			390 504
Total gross tangible fixed assets	82 364 621	- 216 366	1 326 755	- 1 318 844		82 156 167

Amounts in Euro

Depreciation	01-01-2009	Transf.	Increases	Write- offs/Adj.	Imp. Investment mission	31-12-2009
Tangible fixed assets						
Buildings and other constructions	8 077 530		888 367	- 20 693	234 696	9 179 900
Basic equipment	11920 492	- 26 436	1051218	- 36 965	307 975	13 216 284
Transport equipment	7 222 512	26 436	163 397	- 309 453	42 626	7 145 519
Tools and utensils	500 984		14 913		932	516 829
Administrative equipment	9 500 042		280 970	- 471292	151935	9 461655
Other tangible fixed assets	376 992		6 895		2 054	385 941
Total Depreciation	37 598 552		2 405 759	- 838 403	740 218	39 906 126
Total net tangible fixed assets	44 766 069	- 216 366	- 1 079 004	- 480 441	- 740 218	42 250 040

Tangible fixed assets set up on third party property were not subject to any change since 2008. They are made up as follows:

Amounts in Euro

Description	2010	2009
Terreiro do Paço	42 040	42 040
Edifício ART'S	468 804	468 804
	510 844	510 844

The company's facilities at Terreiro do Paço are those indicated in Joint Dispatch 261/99 related with "establishing the CP concession" and the respective refurbishment which took place on 31/12/1999.

Financial Leasing Contracts

REFER records financial assets acquired through financial leasing contracts in tangible assets.

At 31 December 2010, leasing contracts in force cover three vehicles, with the following respective values:

Amounts in Euro				
Name	Gross value	Cumulative Depreciation	Net value 2010	Debt value 2010
Matricula 97-GN-03	51015	- 38 261	12 754	30 650
Matricula 97-GN-04	51015	- 38 261	12 754	30 650
Matricula 10-GO-71	51015	- 38 261	12 754	30 650
	153 044	- 114 783	38 261	91 950

Minimum, non-cancellable future leasing payments in the financial leasing contracts entered into by REFER are as follows:

Amounts in Euro		
Description	Less than 1 year	1 to 5 years
According to contract		
97-GN-03	11680	18 970
97-GN-04	11680	18 970
10-GO-71	11680	18 970
	35 041	56 909
Debt current value	22 142	45 238

5.2 Intangible assets

In the years ended 31 December 2010 and 2009, changes occurred in intangible fixed assets and respective depreciation captions were as follows:

31 December 2010

Amounts in Euro

Gross value	01-01-2010	Transf/Adj	Increases	Write-offs	Imp. Investment mission	31-12-2010
Intangible assets						
R&D expenses	662 768					662 768
Software	17 190 825		3 830			17 194 654
Industrial property and other rights	29 928					29 928
Intangible assets in progress	1633 18		212 244			1845 362
Total gross intangible fixed assets	19 516 639		216 073			19 732 712

Amounts in Euro

Amortisation	01-01-2009	Transf/Adj	Increases	Write-offs	Imp. Investment mission	31-12-2009
Intangible assets						
R&D expenses	625 047		11769		7 091	643 907
Software	15 719 929		776 587		303 760	16 800 276
Industrial property and other rights	29 928					29 928
Total Amortisation	16 374 903		788 355		310 852	17 474 111
Total net intangible fixed assets	3 141 735		- 572 282		- 310 852	2 258 601

31 December 2009

Amounts in Euro

Gross value	01-01-2009	Transf/Adj	Increases	Write-offs	Imp. Investment mission	31-12-2009
Intangible assets						
R&D expenses	633 245	153 828		- 124 305		662 768
Software	16 378 348	803 216	9 261			17 190 825
Industrial property and other rights	29 928					29 928
Intangible assets in progress	1569 285	- 901454	965 287			1633 18
Total gross intangible fixed assets	18 610 807	55 590	974 548	- 124 305		19 516 639

Amounts in Euro

Amortisation	01-01-2009	Transf/Adj	Increases	Write-offs	Imp. Investment mission	31-12-2009
Intangible assets						
R&D expenses	615 207	-	8 761	-	1079	625 047
Software	14 545 791	-	876 311	-	297 827	15 719 929
Industrial property and other rights	29 928	-		-		29 928
Total Amortisation	15 190 926		885 072		298 906	16 374 903
Total net intangible fixed assets	3 419 881	55 590	89 476	- 124 305	- 298 906	3 141 735

The change recorded in intangible assets in progress concern the development of IT systems.

5.3 Investments in subsidiaries

During the years ended at 31 December 2010 and 2009, investments in subsidiaries recorded the following changes:

Subsidiaries	Amounts in Euro	
	2010	2009 Restated
Opening balance	19 286 631	10 795 624
Increases (loss coverage)		8 491 007
Impairment (Note 5.22)	- 1 000 000	
Transfer (Rave)	1 000 000	
Closing Balance	19 286 631	19 286 631

As mentioned in Note 2.1.1, REFER changed the accounting policy relating to the measuring of its financial investments in subsidiaries, which are now recorded at acquisition cost with financial statements being restated accordingly (see Note 2.1.1).

In 2010, financial investment in RAVE was classified as subsidiary and subject to an impairment adjustment (See Note.5.22).

In 2009, REFER made capital contributions to INVESFER, to cover losses in the amount of EUR 8,491,007. This operation was carried out via the setting off of the financing loan made by REFER to the said company. Hence, the positive change by EUR 8,851,151 was offset against loans and accounts receivable, as the additional amount of EUR 360,145 was used to settle amounts deriving from operating activities.

Description of Equity Holdings in Subsidiaries:

Equity Holding

Companies	2010	2009
FERBRITAS Empreend. Industriais e Comerciais, S.A. Rua José da Costa Pedreira nº11- Lisboa	98,43%	98,43%
INVESFER Promoção e Com. De Terrenos e Edif., S.A. Palácio de Coimbra - Rua de Santa Apolónia nº 53 - Lisboa	99,997%	99,997%
REFER TELECOM Serviços de Telecomunicações, S.A. Rua Passeio do Báltico, 4 - 1990-036 Lisboa	100,00%	100,00%
CP COM - Exploração de Espaços Comerciais da CP, S.A. Av. Da República, 90 Galeria Fração 4 - Lisboa	80,00%	80,00%
RAVE Av D.João II Lote 107.2.1, 1º Piso - Parque das Nações - Lisboa 1990 -096 Lisboa	40,00%	

5.4 Investments in associated companies

As mentioned in Note 2.1.1, REFER changed the accounting policy relating to the measuring of its financial investments in associated companies, which are now recorded at acquisition cost with financial statements being restated accordingly (see Note 2.1.1).

Associates	Amounts in Euro	
	2010	2009 Restated
Opening balance	1 000 000	1 000 000
Transfera (Rave)	- 1000 000	
Closing Balance		1 000 000

The equity holding in GIL is totally adjusted, following successive losses posted by the company over several years (See Note 5.23).

Description of Equity Holdings in Associated Companies:

2010

Companies	Equity Holding	Equity	Profit/(loss) for the year	Total assets	Total liabilities	Income for the period	Amounts in Euro
							Value of the statement of financial position
Associates							
GIL	33.98%	- 8 928 657	- 1 288 564	78 248 158	87 176 815	5 377 667	0
Gare Intermodal de Lisboa, S.A. Av.D. João II, Estação do Oriente, lote 1.15 1990-233 Lisboa							

2009

Companies	Equity Holding	Equity	Profit/(loss) for the year	Total assets	Total liabilities	Income for the period	Amounts in Euro
							Value of the statement of financial position
Associates							
GIL	32.98%	- 7 428 975	- 1 905 571	79 676 321	87 105 296	5 387 752	0
Gare Intermodal de Lisboa, S.A. Av.D. João II, Estação do Oriente, lote 1.15 1990-233 Lisboa							
RAVE	40,00%	218 19 360	2 867 574	37 350 297	15 530 937	26 484 033	1000 000
Av.D.João II Lote 107.2.1, 1º Piso - Parque das Nações - Lisboa 1990 -096 Lisboa							

The increase recorded in the equity holding in GIL results from the donation of 1% made by Parque Expo, pursuant to a share transfer contract dated February 2010.

5.5 Categories according to IAS 39

31 December 2010

Categories according to IAS 39	Loans and accounts receivable	Financial assets at fair value through results	Available-for-sale financial assets	Financial liabilities at fair value through results	Other Financial liabilities	Non financial assets and liabilities	Amounts in Euro
							Total
Assets							
Cash and cash equivalents (Note 5.1)	163 319						163 319
Suppliers and other accounts payable (Note 5.10)	69 436 144					13 157 332	82 593 475
Derivative financial instruments (Note 5.9)		29 949 075					29 949 075
Available-for-sale financial assets (Note 5.6)			31 875				31 875
Total financial assets	69 599 462	29 949 075	31 875			13 157 332	112 737 745
Liabilities							
Non current							
Loans obtained (Note 5.12)					-1094 282 418		-1094 282 418
Suppliers and other accounts payable (Note 5.13)					- 1297 631		- 1297 631
Current							
Loans obtained (Note 5.12) (i)					-1350 177 826		-1350 177 826
Derivative financial instruments due (Note 5.7)				- 89 282 049			- 89 282 049
Suppliers and other accounts payable (Note 5.13)					- 158 306 225	- 4 701 414	- 163 007 640
Total financial liabilities				- 89 282 049	-2 604 064 100	- 4 701 414	-2 698 047 563

- (i) For the purposes of the presentation of table above, treasury surpluses obtained from related entities (EUR 17,100,000: see Notes 5.13 and 8.2) were included in caption current loans obtained.

31 December 2009

Amounts in Euro

Categories according to IAS 39	Loans and accounts receivable	Financial assets at fair value through results	Available-for-sale financial assets	Financial liabilities at fair value through results	Other Financial liabilities	Non financial assets and liabilities	Total
Assets							
Cash and cash equivalents (Note 5.1f)	635 789						635 789
Suppliers and other accounts payable (Note 5)	74 841 895					10 617 059	85 458 255
Derivative financial instruments (Note 5.9)		26 947 070					26 947 070
Loans and other accounts payable (Note 5.7)	2 497 861						2 497 861
Available-for-sale financial assets (Note 5.6)			31 875				31 875
Total financial assets	77 974 845	26 947 070	31 875			10 617 059	115 570 850
Liabilities							
Non current							
Loans obtained (Note 5.12)					-1093 660 099		-1093 660 099
Suppliers and other accounts payable (Note 5.13)					- 1297 631		- 1297 631
Current							
Loans obtained (Note 5.12) (i)					- 569 976 255		- 569 976 255
Derivative financial instruments due (Note 5.9)				- 99 504 050			- 99 504 050
Suppliers and other accounts payable (Note 5.13)					- 146 165 407	- 4 055 207	- 150 220 614
Total financial liabilities				- 99 504 050	- 1 811 099 392	- 4 055 207	- 1 914 658 850

- (i) For the purposes of the presentation of table above, treasury surpluses obtained from related entities (EUR 22,075,000: see Notes 5.13 and 8.2) were included in caption current loans obtained.

The following table presents a breakdown of financial assets and liabilities at fair value through results, in accordance with levels set forth in IFRS7:

31 December 2010

Amounts in Euro

Categories according to IAS 39	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through results		29 949 075		29 949 075
		29 949 075		29 949 075
Financial liabilities				
Financial liabilities at fair value through results		- 89 282 049		- 89 282 049
		- 89 282 049		- 89 282 049

31 December 2009

Amounts in Euro				
Categories according to IAS 39	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through results		26 947 070		26 947 070
		26 947 070		26 947 070
Financial liabilities				
Financial liabilities at fair value through results		- 99 504 050		- 99 504 050
		- 99 504 050		- 99 504 050

5.6 Available-for-sale financial assets

Available for sale financial assets include the following investments:

Amounts in Euro		
Available-for-sale financial assets	2010	2009
Gross value of equity holding		
Fernave	64 494	64 494
Metro Mondego	26 875	26 875
CRV	5 000	5 000
	96 369	96 369
Detail of the impairment		
Fernave	64 494	64 494
Metro Mondego		
CRV		
	64 494	64 494
Net value of equity holding		
Fernave		
Metro Mondego	26 875	26 875
CRV	5 000	5 000
	31 875	31 875

These equity instruments are not listed on an active market, and are recorded at cost net of impairment losses, according to policy disclosed in Note 2.2.g).

Equity holding in FERNAVE is of 10% and in Metro Mondego, of 2.5%. As for the CVR – Centro para a Valorização Resíduos [Waste Recycling Centre], REFER holds 10 share units.

Investment in FERNAVE, is adjusted by impairment, since this company's equity amounts to a negative sum of EUR 4,145,986 (amount not yet final) (EUR 1,407,788 in 2009).

5.7 Loans and accounts receivable

Summary of the loans granted to companies in which REFER has shareholdings, which are not capital instruments of those entities is as follows:

Company	Amounts in Euro	
	2010	2009
Loans to subsidiaries (Note 8.2)		997 861
		997 861
Loans to associates (Note 8.3)	4 823 784	1500 000
Impairments in loans	- 4 823 784	
		1 500 000
		2 497 861

Loan granted to **Ferbritas (subsidiary)** was repaid in 2010.

In 2010 REFER increased its partners' loans to associated companies (GIL) to ensure this company's compliance with its liabilities. These partners' loans were adjusted by impairment during this year (see Note 5.119) given the credit risk of the balances receivable from this entity.

5.8 Inventories

Description	Amounts in Euro	
	2010	2009
Raw-material, subsidiary materials & consumables	14 638 615	13 964 004
Goods in transit	82 479	545 205
Impairment in inventories	- 228 698	- 91 159
INFRASTRUCTURE MANAGEMENT	14 492 397	14 418 050

Caption raw materials, subsidiary materials & consumables concerns various types of materials included in infrastructure maintenance.

A physical inventory and analysis of stocks is made on a regular basis viewing to assess required adjustments in inventories. The impairment refers to:

- materials that are obsolete and technically depreciated and cannot be used for REFER's activities, and which might be sold should an interested buyer emerge;
- a comparison between the market value of materials and their book value;

The analysis made during 2010 resulted in impairment adjustments by EUR 137,539 (Note 5.1.9).

5.9 Derivative financial instruments

REFER uses derivatives to manage its exposure to financial risks.

In line with its financial policies, REFER does not use derivatives for speculative purposes.

Although the contracted derivatives are effective hedging instruments against risks, not all would be qualified as hedge accounting instruments according to the rules and requirements of IAS 39 (see Note 2.2. sub-paragraph f). Thus, it was decided to consider the derivatives portfolio as of negotiation and, consequently, not qualify any of the positions as a hedge accounting instrument.

Instruments that do not qualify as hedge accounting instruments are classified as trade derivatives in the financial assets and liabilities category at the fair value through the results. Trade derivatives are recorded on the balance sheet by their fair value and their variations are recognised in financial results. At 31 December 2010 and 31 December 2009, the nominal value of REFER's derivatives portfolio totalled EUR 2,750 million and EUR 2,900 million, respectively, for an overall financial debt of EUR 6,015 million in 2010 and EUR 5,516 million in 2009.

The fair value of existing derivatives is as follows:

31 December 2009

Hedged instrument	% hedging	Description	Fair value (€)		Change in fair value Dec 09/ Dec 08 (€)		Nominal amount (million €)		Maturity
			Assets	Liabilities	<0	>0	Dec-09	Dec-09	
Logo II	100%	Plain vanilla			- 3 422.650		0 (1)		30-01-2009
Schuldshain BHH	100%	Plain vanilla		- 5 502.447	- 4 970.960		250		04-08-2010
Schuldshain ABN	100%	Cap KO (Eur 6m < 5.80%)		- 8 705.062	- 6 519.449		300		11-04-2011
Schuldshain West LB	100%	Digital Cap (Stibor 12m < 6.25% Euribor 12m < 6.25%) Eur 6m < 6.00%		- 626.647	- 88.429		200		08-10-2012
Schuldshain West LB		Cap KO (Eur 6m < 6%)		- 9 137.552	- 7 006.298		200		08-10-2012
Eurobond 05/15		Dual Range [(10Y GBP - 10Y EUR Spread) e (10Y-2Y EUR Spread)]		- 8 232.462		29 181.541	150		15-03-2015
Eurobond 05/15		Plain vanilla	11334.690		5 394.177		150		15-03-2015
Eurobond 05/15	100%	Plain vanilla	11302.16		6 002.116		150		15-03-2015
Eurobond 05/15		Plain vanilla	4 310.264		4 310.264		150		15-03-2015
Eurobond 05/15		10Y-2Y EUR Spread Rib		- 37 991.357	2 831.920		300		15-03-2015
Eurobond 06/21		Cap KO (Eur 12m < 7%)		- 15 589.408	- 1306.185		500		13-12-2021
Eurobond 06/26	50%	Cap KO (Eur 12m < 6.50%)		- 8 477.338	- 1730.481		200		15-11-2026
Eurobond 06/26		Long Cap		- 143.205	- 4 376.689		100		15-11-2026
Eurobond 09/24	50%	Plain vanilla		- 4 035.572	- 4 035.571		250		15-10-2024
			26 947 070	- 99 504 050	- 33 156 723	47 720 018	2 900		

31 December 2010

Hedged instrument	% hedging	Description	Fair value (€)		Change in fair value Dec 10/ Dec 09 (€)		Nominal amount (million €)		Maturity
			Assets	Liabilities	<0	>0	Dec-10	Dec-10	
Schuldshain BHH	100%	Plain vanilla			5 502.447		300		11-04-2011
Schuldshain ABN	100%	Cap KO (Eur 6m < 5.80%)		- 3 137.81	5 570.931		200		08-10-2012
Schuldshain West LB	100%	Digital Cap (Stibor 12m < 6.25% Euribor 12m < 6.25%) Eur 6m < 6.00%		- 219.143	407.504		200		08-10-2012
Schuldshain West LB		Cap KO (Eur 6m < 6%)		- 8 159.802	977.750		200		08-10-2012
Eurobond 05/15	100%	Dual Range [(10Y GBP - 10Y EUR Spread) e (10Y-2Y EUR Spread)]		- 11 366.687	- 3 074.225		150		15-03-2015
Eurobond 05/15		Plain vanilla	13 586.357		2 251.667		150		15-03-2015
Eurobond 05/15		Plain vanilla	7 727.973		3 417.709		150		15-03-2015
Eurobond 05/15		Plain vanilla		- 13 704.722	- 13 704.722		150		15-03-2015
Eurobond 05/15		Plain vanilla		- 11 302.116	- 11 302.116		150		15-03-2015
Eurobond 06/21	100%	10Y-2Y EUR Spread Rib		- 25 288.223	2 725.134		300		15-05-2015
Eurobond 06/21		Cap KO (Eur 12m < 7%)		- 17 321.074	- 17 316.666		500		13-12-2021
Eurobond 06/26	50%	Cap KO (Eur 12m < 6.50%)		- 9 757.779	- 12 880.441		200		15-11-2026
Eurobond 06/26		Long Cap	2 345.336		3 488.542		100		15-11-2026
Eurobond 06/26		Fixed Fixed Swap (on Bermuda)		- 347.487	- 347.487		100		15-11-2026
Eurobond 09/24	50%	Plain vanilla	6 289.409		10 324.980		250		15-10-2024
			29 949 075	- 89 282 049	- 31 440 657	44 664 663	2 750		

5.10 Suppliers and other accounts payable

Description	Amounts in Euro	
	2010	2009
Customers	32 420 708	28 862 773
Advances to suppliers		767 022
Other debtors	36 815 239	43 986 248
Accrued income	1047 928	1992 174
Expenses to recognise	6 159 677	6 423 656
Taxes to recover	6 149 925	3 426 382
	82 593 475	85 458 255

Balances of Clients and Other Receivables are current balances, and, thus, they correspond approximately to their fair value.

Caption Clients is made up as follows:

Customers	Amounts in Euro	
	2010	2009
Clients -Subsidiaries (Note 8.2)	2 946 829	
Clients -Associates (Note 8.3)	12 361	
Clients - Other related parties (Note 8.4)	26 650 676	27 169 175
Sundry client	2 810 841	1693 598
	32 420 708	28 862 773

Debits to clients-other related entities (CP, CP Carga) and sundry suppliers (Fertagus, Takargo and Fernave) include, mainly, user fees charged to entities that use the infrastructures and also debits to operators for services rendered in commercial activities, manoeuvres, capacity requested and not used, use of stations, information services for the public, parking of the rolling stock and other services.

Caption Other debtors is made up as follows:

Other debtors	Amounts in Euro	
	2010	2009
Other debtors -Subsidiaries (Note 8.2)		1993 741
Other debtors -Associates (Note 8.3)		436 575
Sundry debtors	39 078 941	43 529 511
Adjustments to other debtors	- 2 263 702	- 1973 578
	36 815 239	43 986 248

In caption **other debtors**, approximately 38% (36% in 2009) concerns the partial accomplishment of the Protocol with Aveiro Council for the construction of a new railway station, road-rail interface and urban rehabilitation of the surrounding area.

It also includes the amount of reimbursement requests made but not yet received relating to the mission of the Gabinete Metro Sul do Tejo [South Tagus River Railway Crossing Office] in line with Dispatch from the Secretary of State of Transport – no. 9.03/2004/SET of 11/03/2004j totalling EUR 616,982 in 2010 (2009: EUR 1,047,389).

This caption further includes expropriation amounts made available to the courts until a conclusive decision on the said expropriation proceedings is issued.

It also included the amount of VAT paid relating to the reversal of the taxpayer, totalling EUR 377,229 (EUR 1,433,522 in 2009); in other words it is the amount of VAT that REFER was obliged to pay resulting from suppliers formal measures that could not be deducted due to a time difference in the receipt of the invoice.

The decrease occurred in the year in caption other debtors concerns the payment made by Ifervisa, in the amount of EUR 4,350,000, relating to land acquired in 2004 to REFER, which was due since then.

Adjustment to Other Debtors totals EUR 2,263,703, which, after testing the probability of recovery, was strengthened during 2010 by EUR 290,124 (Note 5.19). This increase is recorded in the Adjustments to inventories and receivables caption in the Profit and Loss Statement.

The adjustment is made up of balances of Benaterras – EUR 6,818 – dating from 2001 to 2003; Aetur – EUR 22,070 – dating from 2003 to January 2006; and O2 – EUR 1,805,995. The reinforcement provided in 2010 refers to the entities undergoing insolvency proceedings or to those which have been closed down.

As for the Accrued Revenue item, it is entirely related to operational income, particularly the amount relative to accrued energy traction (approximately 64% of the total) invoiced in 2011, but relating to 2010.

Caption **Pre-payments** includes the amount of EUR 4,867,078 (EUR 5,186,177 in 2009) referring to adjustment of the effective interest rate of Eurobond 06/26, Eurobond 09/19 and Eurobond 09/24 bond loans allocated to the Investment Mission.

The Tax Refunds caption refers to the VAT carry-over value for the periods May, August, September and October 2010 in the amount of EUR 6,046,963. This outstanding amount was returned in January and February 2011.

The amount owed to Social Security of EUR 102,962 is justified since REFER is a centralising company and, as such, temporarily substitutes Social Security by paying employees on sick leave/leave upon presentation of a medical certificate.

5.11 Cash and cash equivalents

Cash and Cash Equivalents shown in the cash flow statement for the year ending 31 December 2010 are reconciled with the amounts shown in the captions of the statement of financial position.

Description	Amounts in Euro	
	2010	2009
Cash	11711	24 865
Bank deposits	151607	610 924
Cash and cash equivalent	163 319	635 789

5.12 Loans obtained

5.12.1 Amounts owed to credit institutions

The list of current and non-current loans to finance Infrastructure Management Activities is shown below:

Description	Amounts in Euro	
	2010	2009
Non current loans		
Bond loans	1094 225 508	1093 542 096
Financial lease(Note 5.1)	56 909	118 003
	1 094 282 418	1 093 660 099
Current loans		
Amounts owed to credit institutions	1333 042 785	547 876 504
Financial lease(Note 5.1)	35 041	24 751
	1 333 077 826	547 901 255
	2 427 360 243	1 641 561 354

Caption current loans includes the amount of EUR 5,455 thousand (2009: EUR 17,710 thousand) relating to interest and accrued expenses to be recognised from loans allocated to Infrastructure Management through the recognition of amortised cost.

At 31 December 2010 REFER held EUR 1,006.75 million in commercial paper and approximately EUR 320.8 million in bank overdrafts, recorded as "Amounts owed to credit institutions".

5.12.2 Loans maturities and terms

Repayment terms and conditions of the loans to finance the infrastructure management

31 December 2010

Name	Date of signature	Amount (€)	Principal due	Amortised cost	Repayment			Interest Payment	Interest rate
					Opening date	Closing date	Periodicity		
Without State Guarantee									
Eurobond 2005/2015	16-03-2005	600 000 000	600 000 000	598 035 141	16-03-2015		Bullet	16-Mar	4,00%
REFER Eurobond 2006/2021	30-11-2006	500 000 000	500 000 000	496 190 367	13-12-2021		Bullet	13-Jan	4,25%
			1 100 000 000	1 094 225 508					

Repayment terms and conditions of the loans to finance the infrastructure management

31 December 2009

Name	Date of signature	Amount (€)	Principal due	Amortised cost	Repayment			Interest Payment	Interest rate
					Opening date	Closing date	Periodicity		
Without State Guarantee									
Eurobond 2005/2015	16-03-2005	600 000 000	600 000 000	597 616 452	16-03-2015		Bullet	16-Mar	4,00%
Eurobond 2006/2021	30-11-2006	500 000 000	500 000 000	495 925 644	13-12-2021		Bullet	13-Jan	4,25%
				1 100 000 000	1 093 542 096				

The fair value of the fixed rate financial debt at 31 December 2010 is as follows:

Financing at fixed rate - fair value

31 December 2010

Name	Nominal Value (€)	Principal due	Fair value	Interest rate
Eurobond 05/15	600 000 000	600 000 000	546 233 345	4% Fixed
Eurobond 06/21	500 000 000	500 000 000	368 023 303	4,25% Fixed
		1 100 000 000	914 256 648	

5.13 Suppliers and other accounts payable

This caption comprises the following amounts:

Description	Amounts in Euro	
	2010	2009 (Restated)
Non current liabilities		
Suppliers and other accounts payable		
Suppliers (Note 2.1.1)	1297 631	1297 631
	1 297 631	1 297 631
Current liabilities		
Suppliers and other accounts payable		
Trade payables	50 274 967	48 140 291
Taxes payable	3 789 961	2 934 190
Loans obtained from related parties	17 100 000	22 075 000
Other receivables	21628 429	21170 186
Accrued expenses	85 105 199	76 854 930
Income to recognise	911454	1121018
INFRASTRUCTURE MANAGEMENT	178 810 009	172 295 614

The breakdown of Caption Suppliers and other accounts payable is as follows:

	Amounts in Euro	
Trade payables	2010	2009
Current liabilities		
Suppliers -Subsidiaries (Note 8.2)	12 483 177	4 119 956
Suppliers -Associates(Note 8.3)	331531	
Clients - Other related parties (Note 8.4)	3 030 674	1381095
Suppliers - guarantee withheld	877 988	876 807
Suppliers - Invoices pending checking	4 643 815	12 321362
Suppliers - Sundry	28 907 782	29 441072
	50 274 967	48 140 291

Tax and contributions payable are as follows:

	Amounts in Euro	
Description	2010	2009
Income tax withheld	978 199	885 698
Contributions to social security and CGA	1977 538	1954 978
VAT	733 115	
Other taxes	101109	93 514
	3 789 961	2 934 190

The Personal Income Tax (IRS) and Social Security balances correspond to the processing of wages at December 2010, delivered to the State in January 2011. Other Taxes consists of Stamp Duty also processed in December 2010 and also delivered to the State in January 2011.

VAT payable concerns the period of December 2010, which was settled in February 2011.

Financing obtained from related entities are as follows:

	Amounts in Euro	
Loans obtained from related parties	2010	2009
Clients -Subsidiaries (Note 8.2)	17 100 000	22 075 000
	17 100 000	22 075 000

The amounts recorded refer to applications of treasury surpluses, as described in note 5.22.

Other creditors balances are made up as follows:

Other receivables	Amounts in Euro	
	2010	2009
Other creditors -Subsidiaries (Note 8.2)	1469 429	1339
Other creditors -Associates (Note 8.3)		315 461
Other creditors - Other related parties (Note 8.4)		59 161
Other creditors - Sundry	20 159 001	20 794 225
	21 628 429	21 170 186

Of the total of **other sundry creditors**, the most relevant caption concerns advances for sales (included in sundry debtors), in the amount of EUR 17,606 thousand (EUR 16,693 thousand in 2009) 76% of which concerns Promissory Purchase / Sale Contract signed on 28/07/2000 covering assigned Surface Rights whose deed has not yet been signed, although the amounts agreed in the said Promissory Purchase / Sale Contract are being received.

This caption also includes the amounts received deriving from protocols with several entities and in relation to which the conditions are not fulfilled to enable recognition of the revenue, namely dispatches to decommission the assets concerned from railway public domain.

Caption **accrued expenses** includes the amount of EUR 67,442 thousand (EUR 53,120 thousand in 2009) of interest incurred with loans contracted for long duration infrastructures investment.

This caption also includes liabilities with holiday pay and holiday bonus for 2010 payable in 2011, accounting for 15% of the balance of 2010 (18% of the balance in 2009). It further comprises rents for facilities and miscellaneous expenses in 2010 not invoiced by the respective entities until the end of the respective year.

Accrued income include EUR 747,516 (EUR 899,772 in 2009) relating to the value to be integrated in proportion to respective depreciation of industrial creosoting of wood cross-ties, included in tangible fixed assets in 2007.

Pursuant to Regulation 473/2010 of 6 May 2010, REFER started debiting and crediting the amounts relating to "Performance Improvement" (PI) determined in accordance with the said regulation. Hence, the amount of EUR 30,345 included in caption **other creditors**, relate to bonuses determined in the current year, to be distributed amongst operators.

5.14 Provisions

Cumulative provisions and respective changes in 2010 were as follows:

Amounts in Euro

Description	01-01-2010	Increase	Decrease	31-12-2010
Pending legal proceedings	11702 371	1547 444	1847 117	11402 697
Provision for restructuring		3 974 393		3 974 393
	11 702 371	5 521 837	1 847 117	15 377 091

Amounts in Euro

Description	01-01-2009	Increase	Decrease	31-12-2009
Pending legal proceedings	10 568 997	1 133 374		11702 371
	10 568 997	1 133 375		11 702 371

Amounts recorded in provisions result from the identification of situations in which REFER deems likely that a reduction in the resources incorporating economic benefits, which can be reasonably estimated, will be required to pay the obligation.

Provisions for ongoing lawsuits include civil and labour lawsuits. The provisions for legal proceedings refer to accidents and requests for indemnity for damage and occupation of land, deriving from LDI improvement and conservation work amongst other less relevant items.

Provision for **restructuring** is based on rescissions of working contracts by mutual agreement to occur in 2011 which started being negotiated in 2010. These proceedings derive from the Railway Crossings Modernisation Plan, the implementation of the new Maintenance Strategy and the technical and organisational restructuring already started in 2010.

5.15 Income tax refund

Amounts in Euro

Description	2010	2009
Income tax receivable	3 070 977	1463 884
	3 070 977	1 463 884

The amount of EUR 630,000 in Recoverable Taxes concerns special payment on account, where the refund of EUR 200,000 relating to 2003, EUR 40,000 referring to 2004 and EUR 40,000 relating to 2005 was already requested, according to the law in force.

The remaining stems from income tax on gains and real estate withheld by the debtors of this income, net of tax due in 2010 relating to Autonomous Taxation (see note 5.24.2.)

5.16 Services and operating subsidies

5.16.1 Services rendered

Services rendered are as follows:

Description	Amounts in Euro	
	2010	2009
Utilisation of slots (fees)	58 801 453	57 603 605
Traction Power	3 944 251	3 923 249
Manoeuvres/Parking Rolling stock	3 533 802	3 418 565
Use of Stations and Stops	2 620 778	2 791 521
Capacity requested and not used	2 569 001	1 382 718
Other services	1 227 550	1 515 731
Customer Service	520 451	464 845
Crossings	115 575	159 564
Maintenance of private railway lines	80 806	153 635
Third Party Obligations		127 406
Services Rendered	73 413 666	71 540 838

This caption includes income from services rendered, with emphasis on the income for use of the infrastructures, i.e. the railway infrastructure user fees, as approved by the National Railway Transport Institute and debited from CP Comboios, CP Carga, Fertagus and Takargo.

This item also includes services provided by REFER employees for railway circulation manoeuvres and debited from the same companies for using railway complexes, the debit of traction energy, parking of rolling stock and utilisation of railway stops.

5.16.2 Operating subsidies

In 2010, the amount of EUR 35,850,553 was recorded in line with the standardisation of accounts (RCM 96/2010 of 26-11) (EUR 36,149,308 in 2009), i.e. compensations paid by the State to companies that provide a public service.

The decrease in relation to 2009 is explained by the rise in the VATE rate, since the gross value of subsidies is similar to that of the previous year. According to the tax law in force, these subsidies are subject to VAT at the legal rate in force. Hence, the amount of EUR 7,528,616 was settled relating to the VAT on operating subsidies (EUR 7,229,862 in 2009).

5.17 Supplies and Services

Caption supplies and services is made up as follows:

Description	Amounts in Euro	
	2010	2009
Sub-contracts	84 367 032	74 510 027
Electricity	8 820 068	9 468 947
Specialised works	5 368 694	6 355 083
Surveillance and Safety	4 201 112	4 131 580
Rents and rentals	2 489 030	2 251 908
Cleaning, Hygiene and comfort	1 740 217	1 710 095
Maintenance and repair	1 491 491	1 099 049
Insurance	1 317 765	1 364 371
Communications	1 179 043	1 353 588
Water	1 155 126	1 003 773
Fuel	1 057 114	889 766
Transport of personnel	873 654	862 854
Royalties	817 690	931 368
Advertising costs	321 791	374 819
Fees	242 550	266 825
Stationery	143 008	221 266
Others below 200,000 euros	1 094 392	1 545 844
Supplies and Services	116 679 778	108 341 163

Caption subcontracts refers mainly to subcontracting track maintenance, signalling, telecommunications and power lines services.

Maintenance services for telecommunications systems are performed mostly by REFER TELECOM, a subsidiary company. The monthly amount rose due to increasing consultant, project and supervision activities and the larger number of equipment to maintain (namely video surveillance systems, supporting networks and telephony).

Subcontracting expenses increased by 13%, concerning mainly track maintenance. New maintenance contracts for the Beira Alta and Oeste railway track maintenance and landscaping have only started in the second half of 2009, as well as the contracts entered in 2010 for the provision of heavy mechanics services with UON and UOC.

The decrease in specialised works is due to an increase in services executed through services connected to long duration infrastructure investment.

In what concerns **surveillance and safety**, as well as cleaning, figures for the year are in line with the previous year's, due to the steady number and type of installations covered by these services.

In relation to caption **rents and rentals**, there was an increase in expenses with rental car contracts (see "operating leases").

In terms of the increase recorded in **maintenance and repair**, note the rise in expenses with railway equipment assistance, maintenance and repair and maintenance of the IT data network.

Operational leases

Caption rents and rentals includes EUR 1,481,892 (EUR 953,649 in 2009) relating to expenses with car leasing and EUR 87,771 (EUR 65,532 in 2009) with administrative equipment leasing.

As of the date of this report, REFER has 396 service vehicles (344 vehicles in 2009) and 51 administrative equipment (40 administrative equipment in 2009) subject to leasing contracts.

Minimum, non-cancellable future leasing payments in the operational leasing contracts entered into by REFER are as follows:

Description	Amounts in Euro	
	Less than 1 year	1 to 5 years
According to contract		
Vehicles	1246 780	2 007 988
Equipment	57 722	37 724
Debt current value		
Vehicles	1234 484	1960 252
Equipment	57 153	36 905

5.18 Personnel expenses

Personnel expenses for the years ended as of 31 December 2010 and 2009 were made up as follows:

Description	Amounts in Euro	
	2010	2009
Remuneration of the members of governing bodies	344 172	372 523
Wages	7112 237	7113 734
Wage expenses	15 274 947	15 021385
Social security expenses	676 960	716 394
Occupational insurance policies	675 929	682 247
Indemnities	2 491433	3 849 305
Other personnel costs	7 180 035	8 955 135
Personnel expenses	95 264 279	96 861 419

Other Personnel Expenses relate mainly to life and health insurance, training, recruitment, indemnities and transport utilisation benefits.

In 2010 the amount of indemnities payable to employees relating to contract rescissions decreased to EUR 2,130 thousand (EUR 3,801 thousand in 2009).

The wage bill remained stable in 2010, rising by 0.5% in relation to 2009.

The average number of employees during 2010 was 3,469 (compared to 3,518 in 2009).

Note also REFER's expenses with employee representation structures (information referred to by the Dispatch from the Secretary of State of the Treasury, of 25 June 1980). For workers involved full time in these activities (Union Leaders and Employee Committee) the expenses determined for the employee representation structure for the years of 2010 and 2009 totalled EUR 188,739 and EUR 174,711 respectively.

Respective breakdown is as follows:

Description	Amounts in Euro	
	2010	2009
Monthly wages	101 185	100 207
Long-service wage rises	8 013	8 150
Sub. Holiday and Christmas Pay	23 051	20 664
Employer's contribution	35 833	33 877
Other	20 657	11 812
Expenses with Workers' Representation Structures	188 739	174 711

The number of workers involved in these structures was as follows:

Description	2010	2009
Part-time (average no.)		
Union Leaders	154	134
Committees and sub-committees	26	25
Full time		
Union Leaders	7	7
Committees and sub-committees		
No. of employees involved in workers' representation structures	186	166

5.19 Impairment

The breakdown of impairment is as follows:

Description	Amounts in Euro	
	2010	2009
Associates - loans (see note 5.7)	4 889 014	
Other debtors (see note 5.10))	290 307	138 696
Inventories (see note 5.8))	137 539	
Impairment	5 316 860	138 696

Partners' loans paid by REFER to GIL were subject to impairment during this year.

5.20 Other expenses

The breakdown of caption other expenses are as follows:

Description	Amounts in Euro	
	2010	2009 Restated
Sundry operational expenses	440 583	951 967
IMTT	610 743	2 630 016
Indirect taxes	462 654	452 094
Contributions	172 639	149 198
Indemnities	359 036	443 496
Direct taxes	7 571	10 147
Other expenses	2 053 226	4 636 919

Caption other sundry expenses include donations made to Fundação Nacional do Museu Ferroviário in the amount of EUR 252,000 (EUR 250,000 in 2009) and to UNICRI in the amount of EUR 20,000 (EUR 20,000 in 2009). Changes occurred in the period refers mainly to the decrease in write-downs and reversals of leases, which were significant in 2009.

Change in IMTT stems from corrections to effective invoicing in 2008 and 2009.

Indirect taxes include mainly stamp duty and other taxes borne in the years under review.

5.21 Other income

The breakdown of caption other expenses is as follows:

Description	Amounts in Euro	
	2010	2009 (Restated)
Concessions and licences	6 540 675	6 164 133
Other income	2 559 912	2 489 747
Telecommunications	1 626 746	1 892 775
Assignment of equipment and personnel	1 188 608	1 123 651
Sale/assignment of energy and water	859 587	1 182 707
Miscellaneous advertising	502 639	558 282
Equipment rental	290 251	239 066
Miscellaneous sales	190 072	986 533
Home Conservation Fund	189 891	193 891
Contract specifications	95 912	156 382
Nursery schools, canteens and bar	14 822	13 554
Training subsidies	1 131	1 062
Other operating revenues	14 060 247	15 001 782

Caption **concessions and use of licences** includes mainly the concession for the use of buildings and land, approximately 47%, (32% in 2009), concession, licences and leases of commercial areas, approximately 27%, (28% in 2009) and the concession of parking, nearly 13% (13% in 2009).

Caption other income includes the amount of EUR 115,355,19 relating to premiums, stemming from the application of the Performance Improvement Regulation (see note 5.13) as intervening entity.

In relation to **Specifications**, although not very significant, the decrease may be justified by the availability of tender data via the anogov.com website and the possibility of bidders being reimbursed in case they do not win the tenders.

Sales of residues and railway sleepers decreased in 2010, which explains the change in caption sundry sales.

5.22 Financial losses and gains

Caption financial losses and gains is made up as follows:

Description	Amounts in Euro	
	2010	2009 Restated
Financial losses		
Interest paid		
Borrowings	- 45 799 026	- 47 636 134
Derivative financial instruments	- 90 440 444	- 97 532 883
Other interest paid	- 168 955	- 101 277
Changes in fair value:		
Derivative financial instruments (Note 5.9)	- 31 440 657	- 33 156 723
Other financial losses	- 6 028 245	- 4 927 099
	- 173 877 326	- 183 354 116
Financial gains		
Income Sec. Trading and other financial appl.	334	897
Interest earned		
Derivative financial instruments	91 636 550	114 717 050
Other interest earned	70 045	2 592
Changes in fair value:		
Derivative financial instruments (Note 5.9)	44 664 663	47 720 018
Other operating gains	54	17 937
	136 371 646	162 458 493
Gains/(losses) on subsidiaries and asso		1 500 000
Gains/Losses on other Companies		- 922 007
Financial results	- 37 505 680	- 20 317 629

Interest paid refers to interest on bond loans, medium- and long-term bank loans, and short-term credit lines. It also includes remuneration paid for treasury applications of subsidiaries with REFER (see note 5.1.3). Subsidiaries are paid at the 1-week Euribor rate minus 1 percentage point on a 365-day basis, with a minimum interest rate of 0.25%.

Interest paid on derivative financial instruments includes swap operations (paying leg and premiums paid).

Caption interest received includes interest income from financial applications, other interest received and interest received from swap operations (receiving leg and premiums received).

The reductions in fair value of derivative financial instrument operations are shown under Financial Losses and the increases under Financial Gains. The net effect of these changes amounted to EUR 13,224 million in 2010 (EUR 14,563 million in 2009).

5.23 Losses and gains in subsidiaries and associated companies

Description	Amounts in Euro	
	2010	2009 Restated
Losses on subsidiaries (Note 5.3)	-1000 000	
Gains on subsidiaries	1000 000	1500 000
Gains/Losses on subsidiaries		1 500 000

Losses in subsidiaries include the adjustment made to the financial investment in RAVE, in view of the expected merger of this company into REFER EPE, as set forth in the State's Budget Consolidation measures, published in the Official Gazette, 1st Series, in 27/12/2010. According to the Board's perspective, given the nature of the RAVE's property to be merged, there is risk associated to the recovery of the investment.

Gains in subsidiaries refer to dividends received from REFER TELECOM in the amount of EUR 1,000,000 (EUR 1,500,000 in 2009).

5.24 Income tax for the year

5.24.1 Deferred tax assets and liabilities

REFER did not recognise deferred tax assets or liabilities in the financial statements.

No deferred tax liabilities were identified in the year.

As for deferred tax assets, there are fiscal losses to be used, totalling EUR 1,016,717,307. However, given the current economic environment and estimate for forthcoming years, the company does not expect to obtain tax profits in the future enabling it to recover the temporary asset differences.

Amounts in Euro

Date of loss	Final reporting date	Amount
2005	2011	157 556 515
2006	2012	191 696 681
2007	2013	222 339 125
2008	2014	208 952 175
2009	2015	236 172 810
		1 016 717 306

5.24.2 Income tax for the year

Income tax for the year, recognised in the statement of comprehensive income, refers to the autonomous taxation calculated in accordance with tax rules in force on reporting date.

Amounts in Euro

Description	2010	2009
Current tax for the year	289 154	173 814
	289 154	173 814

6. Statement of internal results for the long duration infrastructure investment activity

The internal work carried out for the investment activity in LDI, which was recognised in the statement of comprehensive income, is as follows.

Description	Amounts in Euro	
	2010	2009
Activity in Long Duration Infrastructure (LDI) investments		
Consumption	133 705	168 111
Material for investment	33 168 062	17 925 797
Equipment	24 246	24 234
Labour	1267 103	900 189
Overhead costs	28 846 643	29 232 016
Total Activity in Long Duration Infrastructure investments	63 439 759	48 250 347

Works for own company are recorded against the respective expenses caption.

The change in investment materials is explained by increasing investment, particularly in the Northern Line (between Setil and Entroncamento), the renovation of the Algarve Line and the completion of the projects of the Alcácer stretch and Connection to Aveiro Harbour.

7. Remuneration of the members of governing bodies

Information referred to in Council of Ministers Resolution no. 155/2005 of 8 September 2005 and article 13º-A, of Decree-Law no. 558/99, of 17 December, as amended by Decree-Law no. 300/2007, of 23 August.

Board of Directors	Position	Social Security Regime	2010			
			Main Remun.	Supplem. Remuner.	Employer's Social Sec. Contrib.	Employer's contrib. CGA
Luís Filipe Melo e Sousa Pardal	Chairman	Normal Regime	97 912	334	23 254	
Alfredo Vicente Pereira	Vice-chairman	Normal Regime	58 507		13 895	
Romeu Costa Reis	Member	CGA	85 460	1504	-	6 488
Alberto José Engenheiro Castanho Ribeiro	Member	Normal Regime	85 460	752	20 297	
Carlos Alberto João Fernandes	Member	CGA	85 460	1921	20 297	
Remuneration paid			412 798	4 511	77 743	6 488

Board of Directors	Position	Social Security Regime	2009			
			Main Remun.	Supplem. Remuner.	Employer's Social Sec. Contrib.	Employer's Contrib. CGA
Luís Filipe Melo e Sousa Pardal	Chairman	Normal Regime	100 504	525	23 870	
Alfredo Vicente Pereira	Vice-chairman	Normal Regime	93 006	527	22 089	
Romeu Costa Reis	Member	CGA	87 737	1253	-	4 758
Alberto José Engenheiro Castanho Ribeiro	Member	Normal Regime	87 737	670	20 838	
Carlos Alberto João Fernandes	Member	CGA	87 737	1253	18 094	434
Remuneration paid			456 723	4 228	84 890	5 192

Figures provided to the Supervisory Committee were as follows:

Entity	Amounts in Euro					
	2010			2009		
	Monthly	Total	Social Security contributions	Monthly	Total	Social security contributions
Hilário Manuel Marcelino Teixeira	951	11412	2 710	951	11406	2 709
Barbas, Martins, Mendonça & Associados, SROC	4 392	52 708		4 392	52 707	-
	5 343	64 120	2 710	5 343	64 113	2 709

Figures paid to Barbas, Martins, Mendonça & Associados, SROC were recorded as fees for specialised work.

8. Balances/transactions with related entities

8.1 Summary of related entities

The following entities are identified as REFER's related entities:

2010

	Relação
Subsidiaries	
Invesfer	REFER holds 99.997% of the share capital
Ferbritas	REFER holds 98.43% of the share capital
CP Com	REFER holds 80% of the share capital
Refer Telecom	REFER holds 100% of the share capital
RAVE	REFER holds 40% of the share capital
Associated companies	
GIL	REFER holds 33.98% of the share capital
Other related parties	
CP	Controlling relationship - State
CP CARGA	Controlling relationship - State

2009

	Relationship
Subsidiaries	
Invesfer	REFER holds 99.997% of the share capital
Ferbritas	REFER holds 98.43% of the share capital
CP Com	REFER holds 80% of the share capital
Refer Telecom	REFER holds 100% of the share capital
Associated companies	
RAVE	REFER holds 40% of the share capital
GIL	REFER holds 33.98% of the share capital
Other related parties	
CP	Controlling relationship - State
CP CARGA	Controlling relationship - State

8.2 Balances and transactions with subsidiaries

Balances with subsidiaries were made up as follows:

Company	Amounts in Euro	
	2010	2009
Accounts receivable		
Invesfer	4 553 612	7 367 631
LDI'S - Accounts receivable (Notes 4.3.3)	4 553 612	7 367 631
Ferbritas		997 861
Loans and other accounts receivable (Note 5.7)		997 861
Refer Telecom	1560 898	
CP Com	691491	
Rave	442 990	
Invesfer	234 612	
Ferbritas	16 838	
Clients (Note 5.10)	2 946 829	
CP Com		1 107 570
Invesfer		570 433
Refer Telecom		315 739
Other debtors (Note 5.10)		1 993 741
	7 500 441	10 359 233
Balances payable		
Ferbritas	5 832 537	8 634 118
Invesfer	10 030	540 869
Refer Telecom		161 841
LDI's - Suppliers and other accounts payable	5 842 567	9 336 827
Refer Telecom	10 655 447	3 119 228
Ferbritas	1028 509	136 385
Invesfer	799 100	858 343
CP Com	121	6 000
Suppliers (Note 5.13)	12 483 177	4 119 956
Refer Telecom	9 200 000	11 450 000
Ferbritas	7 250 000	7 750 000
Invesfer	650 000	2 875 000
Loans obtained (Note 5.13)	17 100 000	22 075 000
Invesfer	1 469 429	
Ferbritas		1 339
Other accounts payable (Note 5.13)	1 469 429	1 339
	36 895 172	35 533 122

Transactions with subsidiaries carried out in the period under review were as follows:

Company	Amounts in Euro	
	2010	2009 (Restated)
Services purchased		
Refer Telecom	17 635 793	14 411 127
Ferbritas	13 061 149	18 050 010
Invesfer	1793 551	2 206 078
CP Com	10 865	
	32 501 358	34 667 215
Provision of Services		
CP Com	2 118 266	2 192 280
Refer Telecom	1958 047	1203 097
Rave	1327 456	
Invesfer	713 465	498 970
Ferbritas	19 317	81651
	6 136 551	3 975 999
Financial costs		
ReferTelecom	18 038	40 808
Ferbritas	18 946	9 503
Invesfer	6 861	7 246
	43 845	57 557

8.3 Balances and transactions with associated companies

Balances with associated companies were made up as follows:

Company	Amounts in Euro	
	2010	2009
Accounts receivable		
GIL	4 823 784	1 500 000
Loans and other accounts re	4 823 784	1 500 000
GIL	12 361	
Clients (Note 5.10)	12 361	
Rave		424 316
GIL		12 259
Other debtors (Note 5.10)		436 575
	4 836 146	1 936 575
Balances payable		
GIL	331 531	
Suppliers (Note 5.13)	331 531	
GIL		315 461
Other accounts payable (Not		315 461
	331 531	315 461

Transactions with associated companies carried out in the period under review were as follows:

Amounts in Euro		
Company	2010	2009
Services purchased		
GIL	1 096 057	1 051 538
	1 096 057	1 051 538
Services		
RAVE		1239 736
GIL	40 863	40 863
	40 863	1 280 599
Finance costs		
RAVE		1029
		1 029

8.4 Balances and transactions with other related entities

Balances with CP and CP Carga are made up as follows:

Amounts in Euro		
Company	2010	2009
Accounts receivable		
CP - Comboios de Portugal, E.P.E.	17 878 134	22 326 657
CP Carga - Log.Tr.F.Mercadorias, S.A.	8 772 542	4 842 519
Clients (Note 5.10)	26 650 676	27 169 175
	26 650 676	27 169 175
Balances payable		
CP Carga - Log.Tr.F.Mercadorias, S.A.	10 420	5 885
CP - Comboios de Portugal, E.P.E.	3 640	13 162
LDI's - Suppliers and other accounts payable	14 060	19 047
CP - Comboios de Portugal, E.P.E.	2 944 215	1364 145
CP Carga - Log.Tr.F.Mercadorias, S.A.	86 459	16 950
Suppliers (Note 5.13)	3 030 674	1 381 095
CP - Comboios de Portugal, E.P.E.		59 161
Other accounts payable (Note 5.13)		59 161
	3 044 734	1 459 304

Transactions with CP and CP Carga in the period under review were as follows:

Company	Amounts in Euro	
	2010	2009
Services purchased		
CP - Comboios de Portugal, E.P.E.	6 351 464	3 332 157
CP Carga - Log.Tr.F.Mercadorias, S.A.	135 990	18 029
	6 487 454	3 350 187
Services		
CP - Comboios de Portugal, E.P.E.	54 065 810	62 024 835
CP Carga - Log.Tr.F.Mercadorias, S.A.	14 287 285	5 623 902
	68 353 095	67 648 737

8.5 Balances and invoicing with public entities

As of 31 December 2010, protocols of significant amount in force are as follows:

Municipality	Description of Protocol/ Related entity	Amounts in Euro	
		Cumulative Issued Invoices up to 31/12/2010	Amount Due at 31/12/2010
Balances receivable			
Espinho	Intervention in Espinho Urban regeneration and levelling of track	15 750 890	8 250 890
Aveiro	Construction of the New Station of Aveiro - Road Interface, Urban Regeneration of Surrounding Area, Financing of the Undertaking	14 927 050	14 927 050
EP - Estradas de Portugal	Protocol for the management of road and rail engineering works maintenance	5 684 209	624 278
Coimbra	Final closure of 25 railway crossings and respective access roads in the Municipality of Coimbra	2 605 129	2 605 129
Sintra	Technical and financial collaboration of REFER and the Municipality of Sintra for the construction of "Túnel de Aqualva"	2 492 345	1 177 620
Viseu	Assignment to the Municipality of Viseu of all real estate belonging to REFER located in this Municipality, following decommissioning of railways	2 150 000	300 000
Cascais	Regeneration and Improvement of the Cascais railway line - Carcavelos/Estoril stretch (Revision)	1 495 853	1 495 853
Fundão	Road and rail infrastructures in the urban area of Fundão - 2nd addenda	1 296 946	1 296 946
Ovar	Closure of 6 railway crossings and respective access roads in the Municipality of Ovar,	1 293 408	68 842
Viana do Castelo	Closure of railway crossings in the Municipality of Viana do Castelo	1 191 345	712 076
		48 887 174	31 458 684

9. Recently issued accounting standards and interpretations

The impact of the adoption of the standards and interpretations which came into force as of 1 January 2010 is as follows:

Standards

- IFRS 3 (amended) - Business combinations. The revised standard continues to provide the application of the acquisition method to business combinations, with a number of significant changes. For instance, all amounts comprised in the acquisition price are estimated at fair value. It is possible, on a case by case basis, to measure "non controlled businesses by the proportion of the value of net assets of the acquired entity or at the fair value of the purchased assets and liabilities. All costs associated to the acquisition are recorded as expenses. No business combination occurred in 2010, however, it may well occur in 2011.
- IFRS 1 (amended), 'First Time Adoption of IFRS'. According to the amended standard, first time adopters of the IFRS are exempt from applying the IFRS retrospectively for assets from "oil & gas" activities, provided the "total cost" method is adopted within the scope of the previous standard. Amendment to this standard also exempt companies from re-assessing an existing lease within the light of IFRS 4 "Determining whether an arrangement contains a lease" where the same classification results from applying the previous standard. This amendment does not apply to REFER since the Company already reports according to the IAS/IFRS.
- IFRS 2 (amended) "Group cash-settled share-based payments" This amendment integrates IFRIC 8, 'Scope of the IFRS 2' and IFRIC 11, 'IFRS2 – Group cash-settled share-based payments', and refers to the classification of Group plans whereby the company which receives the goods or services in exchange for shares paid financially by the group is not liable for any payment. This amendment has no impact on REFER's financial statements as the company does not have cash-settled share-based payments.
- IAS 39 (amended), 'Financial instruments – eligible hedged items'. This amendment describes the principles to follow in specific situations to determine if a hedged risk or cash flow is eligible to be deemed as "hedged". This amendment had no impact on REFER's financial statements.
- Annual improvement of the standards in 2009 - While revising the consistency with the practical application of the IAS/IFRS, IASB decided to improve standards viewing to clarify some of the identified inconsistencies. The most significant improvements refer to changes made to IAS 17, IAS 36 and IAS 38. The adoption of the 2009 improvements had no impact on the Company's financial statements.

Interpretations

- IFRIC 12 – Service Concession Arrangements - The Interpretation addresses the accounting by private sector operators involved in the provision of public sector infrastructure assets and services, and the rights granted within the scope of the concession contract. This amendment had no impact on REFER's financial statements.
- IFRIC 15, 'Agreements for the construction of real estate'. IFRIC 15 clarifies about when to apply IAS 18, 'Revenue' or IAS 11, 'Construction contracts' to a specific transaction, resulting in that a larger number of transactions will qualify for the application of IAS 18, 'Revenue'. IFRS 15 had no impact on REFER's financial statements.
- IFRIC 16 – Hedges of net investment in a foreign operation This interpretation applies to entities that hedge the foreign exchange risk arising from its operations abroad and establishes which foreign currency risks qualify for hedge accounting, and what amount can be designated. This interpretation further establishes what amount should be reclassified to profit or loss when the hedged foreign operation is disposed of. IFRS 16 had no impact on REFER's financial statements.
- IFRIC 17, 'Distribution of non cash assets'. IFRS 17 clarifies that: (a) a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (b) an entity should measure the dividend payable at the fair value of the net assets to be distributed; (c) an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss. This amendment had no impact on REFER's financial statements.
- IFRIC 18 – Transfer of assets from clients - This interpretation clarifies the accounting treatment to be adopted in agreements whereby a tangible asset which is transferred by the customer is used for the provision of future services. IFRS 18 is particularly relevant for entities in the utility sector, as they involve the provision of services such as gas or electricity. IFRS 18 had no impact on REFER's financial statements.

There are new standards, amendments and interpretations made to existing standards which, although already published, their application is only mandatory for annual periods beginning as from 1 February 2010 or subsequently, which the Company decided not to adopt in advance:

Standards

- IAS 32 (amended), 'Financial Instruments: Presentation - classification of rights issues (effective for periods beginning after 1 February 2010) This amendment prescribes the accounting treatment of issued rights denominated in a currency other than the issuer's operating currency. If rights are issued pro-rata to the shareholders for a fixed amount in any currency, it is deemed as a transaction with shareholders to be classified under Equity. Otherwise, the rights must be recorded as derivative liabilities. This amendment had no impact on REFER's financial statements.
- IFRS 1 (amended). "First Adoption of the IFRS" (effective for periods beginning after 1 July 2010, in the European Union). This amendment gives first time adopters of the IFRS the same transition provisions of IFRS 7 - Financial Instruments: Disclosure", which relieves first time adopters from providing comparative information for the three level classification of fair value required by IFRS 7. This amendment has no impacts of REFER's financial statements as the company already reports according to IAS/IFRS.
- IAS 24 (amended) - Related Parties (effective for periods beginning after 01 January 2011) Amendment to this standard cancels general requirements of disclosure of related parties transactions of state companies although the disclosure of the relation between the company and the state is mandatory as well as any significant transactions that have occurred with the State or State related parties. Additionally, the definition of related party was changed to eliminate any inconsistencies in the identification and disclosure of related parties. The change in disclosures made by REFER in 2010 is consistent with this amendment, since the company decided as to the early adoption of the amendment.
- IFRS 7 (amended), 'Financial instruments: Disclosures - transfer of financial assets (effective for periods beginning after 01 July 2011) - This standard is still subject to the adoption process by the European Union. This amendment to IFRS 7 addresses disclosure requirements of financial assets transferred to third parties but not derecognised in the balance sheet because the company still holds obligations or continued involvement with such assets. This amendment had no impact on REFER's financial statements.
- IFRS 1 (amended). "First Adoption of the IFRS" (effective for periods beginning after 01 July 2011). This amendment includes a specific relief for first time adopters of IFRS that formerly operated in economies classified as hyperinflationary. Thus, when transition date to IFRS is a date equal or subsequent to the date in which the entity's operating currency has "standardised", the entity may opt to measure all assets and liabilities held at standardisation date at fair value, in the transition to the IFRS. Another amendment introduced concerns the removal of dates in the

exceptions to the retrospective application of IFRS for the first time. This amendment had no impact on REFER's financial statements.

- IAS 12 (amended) - Income tax (effective for periods beginning after 01 January 2012) - This standard is still subject to the adoption process by the European Union. Amendment to IAS 12 resulted in the integration of SIC 21 - "Income tax - Recovery of Revalued Non Depreciable Assets and the exception to the accounting treatment provided in SIC 21 for investment properties measured at fair value. In the case of investment properties at fair value it is presumed that their recovery will always be at sale value, for the purposes of determining the tax impact. This amendment had no impact on REFER's financial statements.
- IFRS 9 (new). "Financial instruments - classification and measuring" (effective for periods beginning after 01 January 2013). This standard is still subject to the adoption process by the European Union. IAS 39 provides two measuring categories: amortised cost and fair value. All capital instruments are measured at fair value. A debt instrument is measured at amortised cost only when the entity holds it to receive contractual cash flows and the cash flows correspond to principal and interest. Otherwise, debt instruments are measured at fair value via profit and loss. REFER will apply IFRS 9 in the year it will become effective.
- Annual improvement of the standards in 2010 mainly applicable for periods beginning after 01 January 2011) -These improvements to various standards were not yet adopted by the European Union. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to the IFRSs and concerns the following standards: IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34 and IFRIC 13. REFER will apply these improvements in the periods they will become effective.

10. Investment commitments

The estimated value of investments to be made into Long Duration Infrastructures (LDI) for the public railway domain, and other investments that are not part of LDI (IEAG – Support and Management Structures integrating the investments of operation, studies and other fixed assets) necessary for developing the planned activities, reached EUR 331 million.

Of the total investment planned, 99% (EUR 329 million) corresponds to investments in LDI; the remaining 1% (EUR 2 million) corresponds to investments in Support and Management Structures.

Amounts in Euro	
Programmes/Projects	2010 Estimate
Investment in LDI	
included in PIDDAC	
Integration of the Structuring Corridors of the Trans-European transport network	89
Development of Urban Accessibilities	22
Intermode coordination	1
Not included in PIDDAC	702
Investment in LDI	814
Investment in IEAG	23
Total Investment REFER	837

Note: investment at technical costs

11. Guarantees and State guarantees

On 31 December 2010, loans which benefited from State guarantees amounted to EUR 3,328,296,792 (2009: EUR 3,627,670,526), as per note 4.6.1.

Total bank guarantees received from suppliers came to EUR 203,562,838 (2009: EUR 223,470,902).

Total bank guarantees received from clients/debtors amounted to EUR 8,686,030 (2009: EUR 5,645,109). These guarantees aim at ensuring the proper, complete fulfilment of the concession contract in favour of REFER, in compliance with the specific legislation for public works contracts.

At 31 December 2010, REFER had liabilities for guarantees given to courts at a value of EUR 454,326 (2009: 440,368) and **other guarantees** EUR 2,632,592 (2009: EUR 2,632,592).

As major shareholder of FERBRITAS, REFER signed a comfort letter in favour of Banco Millennium covering medium- and long-term financing up to a level of EUR 1,162,295.

Likewise, as major shareholder of INVESFER, REFER is liable for the comfort letter in favour of BPI covering short-term credit up to a level of EUR 249,399.

12. Contingencies

Pending lawsuits

In the year ended at 31 December 2010, pending lawsuits concerning expropriation proceedings totalled EUR 788,891 (2009: EUR 640,187). This amount has no impact on the statement of financial position.

To this end, deposits are made with Caixa Geral de Depósitos in the name of the courts judging the lawsuits, in an amount equivalent to the arbitrated amount, and the settlement of these proceedings do not represent a cost but rather an investment in railway infrastructures. The Company also has pending proceedings relating to railway accidents at infrastructures managed by the company, damages caused to third-party property, and some lawsuits in progress in the Labour Court, which are covered by provision.

In what concerns the lawsuit against REFER, filed by the Teixeira/Duarte/EPOS consortium following REFER's termination of the Rossio Tunnel Rehabilitation Contract and published in 2008, at the date of this report, there are no relevant additional conclusions or information about these proceedings which may influence the accounts presented herein.

13. Subsequent events

Viewing to ensure a comprehensive management of the real estate, in February 2011 the Board of Directors of REFER decided to undertake the restructuring of the REFER Group, to be phased out as follows:

- Change in the corporate name of Invesfer and respective articles of association, expanding its corporate object;
- Merger of CP, COM via integration and merger of current duties of the Real Estate Department and Station Management Department in the new "Invesfer" called "Refer Património".

This restructuring will occur during 2011. Previously to this plan, REFER purchased to Setepcom 20% of the share capital of CP, COM still held by the said company. REFER now holds 100% of CP, COM share capital.

According to the 2011 State Budget, specifically consolidation measures published in the Official Gazette 101/A 2010, Series I of 27/12/2010, it was decided to **merge RAVE and Metro Mondego into REFER**. REFER was mandated to develop studies showing the interest and feasibility of this operation.

During 2010, it was agreed to transfer REFER's holding in Fernave to CP - Comboios de Portugal. This transfer had not occurred as of the date of this report, but should take place in 2011.

On 4 March 2011 the rating agency Standard & Poor has lowered the Refer credit rating from BBB to BB, Keeping on "credit watch negative".

On 18 March 2011 the rating agency Moody's has lowered the Refer credit rating from A1 to Baa2, with Outlook negative.

PART III | CORPORATE GOVERNANCE



III CORPORATE GOVERNANCE

This report refers to the company Rede Ferroviária Nacional – REFER, E.P.E. (REFER). (REFER). Economic, social and environmental data presented in this report relate to the company's operations in 2010.

All reports of REFER are available at www.refer.pt.

Rede Ferroviária Nacional – REFER, E.P.E.

Estação de Santa Apolónia

1100-105 Lisboa

Website: www.refer.pt

Share capital: EUR 305,200,000

Tax No.: 503 933 813

Contents

Introduction	3
Mission, Objectives and Policies	4
Structure	7
Governing Bodies	8
Remuneration to Members of Governing Bodies	15
Internal and External Rules and Regulations	18
Information on Relevant Transactions with Related Entities	21
Information About Other Transactions	22
Evolution in the Average Payment Period to Suppliers	24
Compliance with Special Duties of Information	25
Recommendations by the shareholder during approval of the 2009 accounts	26
Compliance with the "general guidelines on wage negotiations for public companies..."	27
Variable Remuneration Component	28
Public Contracting Regulations	29
Compliance with Maximum Debt Increase Limits	30
Implementing Stability and Growth Plan measures	31
Remuneration of public managers	32
Compliance with the State Treasury Unit	33
Analysis of the Company's Economic, Social and Environmental Sustainability	34
Feasibility of Compliance with the Good Governance Principles	35
Ethics and Conduct Code	38
Information on the Existence of a Control System Compatible with the Company's Size and Complexity to Protect Investments and Assets	39
Identification of Mechanisms Implemented to Prevent Conflicts of Interest	40
Grounded Clarification of all Updated Information Disclosed	41
Institutional Publicity	43
Risk Management System	44
Annexes	45

Introduction

REFER, E.P.E. has had a longstanding and special commitment to properly handle its corporate governance system and to regularly disclose its positions and solutions to stakeholders, the financial community, authorities and the market in general.

In keeping with that sense of commitment and as in previous years, in this section of the annual management report, the Board of Directors presents the most relevant aspects concerning corporate governance. At the same time, it also fulfils its duty of information stipulated by Council of Ministers Resolution (RCM) 49/2007 and by the Regulations of the Portuguese Securities Exchange (CMVM) no. 5/2008.

Mission, Objectives and Policies

According to Decree-Law 104/97, of April 29, the main goal of REFER E.P.E. is to provide a public service of managing the national railway network. The company's goals also include:

- Construction, installation and renovation of the railway infrastructures which includes, in particular, the respective studies, planning and development;
- Circulation command and control and promoting, coordinating and developing all activities related with railway infrastructures;
- Activities complementary or subsidiary to the main goal.

In 2008, REFER's statutes were published in Decree-Law 141/2008, of July 22, which came into force on 23 July 2008. This Decree-Law amends the statute that created the National Railway Network, REFER, E.P., and the respective statutes, in order to adapt them to the new legal system of the state's corporate sector.

Therefore, Rede Ferroviária Nacional, REFER, E.P., was transformed into a public corporate entity called Rede Ferroviária Nacional, REFER, E.P.E., which includes an alteration to the structure of its bodies.

Nature and activities of REFER, E.P.E.:

"REFER, E.P.E., is a public corporate entity with legal personality, endowed with administrative and financial autonomy and its own assets, and is subject to supervision by the ministers responsible for the finance and transport sectors."

In summary, REFER has the following mission:

"Provide a competitive transport infrastructure to the market by managing and developing an efficient, safe and environmentally friendly railway network."

And has the following Vision:

"REFER will be an exemplary European railway infrastructure manager."

To carry out its activities, REFER has structured its organisation to suit the two aspects of its mission, whilst always keeping in mind that its main goal is to provide a public infrastructure management service. However, the whole corporate and administrative structure serves each activity in the same manner.

In addition to the activities covered by its missions – infrastructure management and investment management – REFER, in performing its normal operations, also carries out other complementary activities.

According to its corporate purpose, REFER carries out two complementary business activities:

- **Infrastructure Management and Operation**, as a public service provider which manages the whole National Railway Network infrastructure, which includes circulation command and control and the promotion, coordination and development of all activities related with the railway infrastructure;
- **Investment** to build, install and renew the railway infrastructure, which includes, in particular, the respective study, planning and development, an activity carried out on behalf of the state (the assets are part of the public railway domain);
- **Other Activities**, such as building, installing and managing interfaces with services of other transport modes and using spaces to enhance its assets.

“Development of the railway sector belongs to an overall strategy for the transport sector, whose objective is to improve the system’s overall effectiveness in order to meet the population’s mobility needs, fostering the utilisation of public transport and promoting the intermodality of passenger and freight transport. That is, the sector aims to guarantee better integration with other transport modes and to provide efficient links to the main national ports and airports and also to the National Network of Logistics Centres.” (Strategic Guidelines for the Railway Sector).

The Strategic Guidelines for the Railway Sector (OESF), presented by the government in October 2006 and part of the general transport policy, stipulate a set of Strategic Objectives for the sector and comprise the framework for developing REFER’s activities. The guidelines include:

- Improving accessibility and mobility in order to increase the market share of railway transport;
- Guaranteeing suitable standards of safety, interoperability and environmental sustainability;
- Evolving to a sustainable financing model and enhanced efficiency;
- Promoting research, development and innovation.

As for the company’s mission, the following goals and policies are highlighted:

- Improve the network’s service levels;
- Improve and modernise the network infrastructure;
- Improve services rendered to end clients;
- Guarantee high safety levels;
- Promote environmental sustainability;
- Ensure economic-financial sustainability;
- Reduce the costs of rendered services;
- Increase the contribution by non-operational activities;

- Increase the organisation's productivity;
- Optimise the management and control of investments / contracts;
- Foster the uniformity of processes and the standardisation of network infrastructures;
- Strengthen technical and management expertise;
- Foster personnel development.

As for compliance with the goals set forth in 2010, note that, of the **total investment** planned of **377.591 million euros in total costs**, the Company invested **406.532 million euros**, for a **realisation rate or 108%**.

The following are the main projects completed during 2010:

- **Railway Branch Line for the Port of Aveiro**, began operating in March 2010. The Port of Aveiro now has a direct link to the national railway network (North Line and Beira Alta Line) and, as such, is linked to the multimode centre of Cacia. The overall investment in railway infrastructures reached about 72.7 million euros;
- The **Alcácer Alternative Route**, in the South Line, cost a total of about 159 million euros and was one of the priority investments included in the Strategic Guidelines for the Railway Sector stipulated in 2006 and with a time horizon of 2015;
- The **Trofa Alternative Route**, in the Minho Line, opened for operation and significantly improved the railway operation conditions, increased the offer, improved service regularity and reduced route times on the Minho and Guimarães Lines and on the Braga Branch Line. This investment reached an overall value of about 66.3 million euros;
- Completion of the works to renovate the **Setúbal Station**, where one of the main goals was to improve its functionality. The total investment reached 14.3 million euros.

Structure



Governing Bodies

According to its statutes (Decree-Law 104/97 of April 29), the governing bodies of REFER E.P. includes a Board of Directors as its management body and an Audit Committee as its supervisory body. Decree-Law 141/2008, of July 22, transformed REFER into a public corporate entity and thereby altered the structure of its governing bodies. The duties of the former Audit Committee are now shared by two new governing bodies: Supervisory Board and Chartered Accountant. Until 31 December 2010, the order appointing the members of the Supervisory Board had not yet been issued, such that the Audit Committee remained in office.

CHAIRMAN OF THE BOARD OF DIRECTORS

LUÍS FILIPE MELO E SOUSA PARDAL

- Secretaria-Geral
- Direcção-Geral de Organização e Desenvolvimento
- Direcção-Geral de Planeamento e Estratégia
- Direcção de Coordenação da Construção
- Património Imobiliário

BOARD MEMBER

ALBERTO JOSÉ ENGENHEIRO CASTANHO
RIBEIRO

- Engenharia e Exploração da Infra-estrutura
- Segurança
- Gestão de Estações

BOARD MEMBER

ROMEU COSTA REIS

- Auditoria
- Relações Internacionais
- Fundos Comunitários
- Comunicação e Imagem

BOARD MEMBER

CARLOS ALBERTO JOÃO FERNANDES

- Direcção de Coordenação de Economia e Finanças
- Desenvolvimento e Gestão de Concessões da Alta Velocidade
- Contratualização com o Estado
- Sistemas e Tecnologias de Informação

The curriculum vitae of the members of the Board of REFER are available on company website.

The Board of Directors generally performs all acts necessary to manage and develop the company and to manage its assets without undermining the powers of the respective supervising ministries.

In 2010, the Board of Directors held 51 meetings on a weekly basis.

Month	Number of Meetings
January	4
February	4
March	4
April	4
May	4
June	5
July	5
August	5
September	4
October	4
November	4
December	4
TOTAL	51

At its meetings and according to its powers, the Board of Directors decides on:

- a) The company's objectives, strategies and management policies;
- b) The annual and multi-year activity plans, investment and financial plans and the annual budgets, which it submits for approval to the Minister of Finance and the minister of the supervising ministry;
- c) The annual financial statements are submitted to the Minister of Finance and to the minister of the supervising ministry until 31 March of each year, along with an opinion by the Audit Committee, in reference to 31 December of the previous year;
- d) Management of the company's transactions and operations to fulfil the respective objective;
- e) Contracting of loans or other financing means, provided such is stipulated in the approved investment and financing plans and may, for that purpose, set up guarantees, burdens or charges over the assets and rights of the company's private domain;
- f) Submit requests to the competent authorities for proceedings of public utility expropriations, to occupy land, to set up routes and to establish limitations for the use of buildings or of protection zones and to proceed with administrative servitudes;

- g) Technical-administrative organisation of the company and of internal operation regulations, including regulations applicable to personnel, without undermining rights arising from labour agreements with unions;
- h) Appointment and exoneration of management personnel assigned to the company's organic structure;
- i) The company's participation in the capital of other companies or in partnerships.

In 2010, members of REFER's Board of Directors were also board members at the following group companies:

Name	REFER Position	Company	Position
Luís Filipe Melo e Sousa Pardal	Chairman	Refer Telecom	Chairman
		Rave	Chairman
Romeu Costa Reis	Member	Ferbritas	Chairman
		Rave	Member
Carlos Alberto João Fernandes	Member	Rave	Member
		CP Com	Member
Alberto José Engenheiro Castanho Ribeiro	Member	CP Com	Chairman
		Rave	Member

Annual Objectives 2009-2011

Decree-Law 71/2007 establishes that management functions performed by public managers must be systematically evaluated according to guideline parameters stipulated in art. 11 of DL 558/99, of 17/12, or the management contract, as well as the criteria decided at a general meeting (art. 6, no. 1). In accordance with the said Decree-Law, a Management Contract was signed on 30 July 2009 between the REFER Board of Directors and the Ministry of Finance and Public Administration (Secretary of State for the Treasury and Finance) and the Ministry of Public Works, Transport and Communications (Secretary of State for Transport), representing the Portuguese State, applicable to each Director and stipulating indicators and quantified targets for meeting the goals for the 2009-2011 three-year period.

The indicators and targets proposed for 2010 and their degree of completion were defined as shown in the table below:

REFER Annual Objectives 2009 - 2011

Objective	Indicator	Calculation Formula	2009	2010	2011	Weight
			Target	Target	Target	
1. Improved efficiency and cost containment	Growth rate of Total Operating Costs (Infrastructure Management, Investment and Common)	$\frac{\text{[Operation Costs Year N]}}{\text{[Operation Costs Year N-1]}}$	8%	4%	3%	20%
2. Reduction in the average payment period to suppliers	Average payment period to suppliers	$\frac{\text{(Supplier payables balance)} / (\text{Purchases} + \text{Extern. Supp. and Serv.} + \text{Investment})}{12 \text{ months}} \times 365$ (Council of Min. Res. 34/2008 and DGT Info.)	50 days	42 days	36 days	5%
3. Increased Profitability	EBITDA Margin	EBITDA / Own Income (in %)	-157%	-138%	-129%	20%
4. Sustainability	Growth in non-core income	Income, excluding works for the company, core and operation subsidies	>=14M€	>=15M€	>=16M€	15%
5. Service Quality and Reliability	Punctuality Rate	$\frac{[\text{Ipp} \cdot \text{CP} / \text{CT} + \text{IPm} \cdot \text{CM} / \text{CT}]}{\text{CT}}$ (%)	83%	84%	85%	10%
	Network Quality Rate (NQR)	Specific equipment is used to evaluate the network's technical parameters forming a basis for building a qualitative network status structure.	Good: 67 Accept.: 23 Poor: 6 Bad: 4	Good: 68 Accept.: 23 Poor: 6 Bad: 3	Good: 69 Accept.: 23 Poor: 6 Bad: 2	10%
6. Safety	Number of significant accidents per train/kilometre travelled by the operators on the national railway network	No. of significant accidents/TK travelled	1,771	1,682	1,597	5%
7. Investment Control	Financial Deviation	Financial deviation in executing the investment budget (%) ((Financial execution in the period)/(Budgeted amount in the period)-1)	<=12%	<=11%	<=102%	15%

Management Objectives for 2009 - 2011

Realisation 2010

Objective	Indicator	Calculation Formula	2010		
			Real	Target	Deviation
1. Improved efficiency and cost containment	Growth rate of Total Operation Costs (Infrast. Man., Invest. and Common) (%)	$[\text{Operation Costs in Year N} / \text{Operation Costs in Year N-1}] - 1$	3,5%	4,0%	- 0,5 p.p.
2. Reduction in the average payment period to suppliers	Average payment period to suppliers (days)	$((\text{Purchases} + \text{Ext. Supp. and Serv.} + \text{Investment}) / 12 \text{ months}) / (\text{Suppliers payables balance}) * 365$ (C. of Minist. Res. 34/2008 and DGT Info.)	61 days	42 days	19 days
3. Increased Profitability	EBITDA Margin (%)	EBITDA/Own Income (in %)	-151%	-138%	- 13 p.p.
4. Sustainability	Growth of non-core income (M €)	Income, excluding work for the company, core and operation subsidies	13,9 M €	>= 15 M €	- 1,1 M €
	Punctuality Rate (%)	$[(\text{pp} * \text{CP} / \text{CT} + \text{Pm} * \text{CM} / \text{CT}) / \text{CT}] * 100$ (%)	86%	84%	2 p.p.
5. Service Quality and Reliability	Network Quality Rate (IQV)	Specific equipment is used to evaluate the network's technical parameters forming a basis for building a qualitative network status structure.	Good:65% Accept.:24% Poor:8% Bad:3%	Good:68% Accept.:23% Poor:6% Bad:3%	Good: - 3 p.p. Accept.: 1 p.p. Poor: 2 p.p. Bad: 0 p.p.
6. Safety	Number of significant accidents per million train/kilometres travelled by the operators on the national railway network	No. of significant accidents / 10^6 TK travelled	0,971	1,682	-0,711
7. Investment Control	Financial Deviation (%)	Deviation in executing the investment budget (%) $((\text{Financial deviation in the period}) / (\text{Budgeted amount in the period}) - 1)$	8%	<=11%	- 3 p.p.

Audit Bodies (Decree-Law 141/2008 of July 22)

"The audit bodies are responsible for monitoring the company's legality, regularity and good financial and asset management."

Supervisory Board

"It is the Supervisory Board's responsibility, notwithstanding further duties that may be assigned to it by law, to:

- a) Audit management and compliance with regulatory standards applicable to the company's activities, in particular to fulfil the objectives stipulated in the annual budgets;
- b) Issue opinions on documents disclosing the company's accounts, in particular results, the profit and loss statement and other documents to be submitted annually by the Board of Directors, as well as the annual report of the said board;
- c) Issue an opinion about any issue of interest to the company which is submitted by the Board of Directors for assessment;
- d) Inform the competent bodies about any detected company management irregularities;
- e) Issue an opinion on the legality and convenience of the acts by the Board of Directors in cases where the law requires their approval or agreement."

Chartered Accountant

"The Chartered Accountant shall perform all examinations and checks necessary for the review and legal certification of accounts, as well as perform the following duties:

- a) Check the regularity of the books, accounting records and the underlying documents;
- b) When deemed convenient and using the means thought appropriate, check cash levels and the existence of any types of goods or values belonging to the company or received by it as a guarantee, deposit or for any other purpose;
- c) Check the accuracy of the financial statements;
- d) Check whether the accounting policies and valuation criteria applied by the company lead to a correct evaluation of the assets and results.

Quarterly, the Supervisory Board and the Chartered Accountant must send to the ministers in charge of finance and transports a brief report outlining the implemented control measures and any detected anomalies, as well as budget deviations and respective causes."

As mentioned above, on 31 December 2010 the order appointing the members of the Supervisory Board had not yet been issued, such that, according to Decree-Law 141/2008, of July 22, the Audit Committee remained in office.

Audit Committee

Audit Committee

Position	Governing Bodies	Election
President (Chartered Accountant)	Barbas, Martins, Mendonça & Associados, SROC, Represented by Issuf Ahmad	
Member	Hilário Manuel Marcelino Teixeira	DC 641/2005
Mandate suspended	José Manuel Alves Portela	

Auditing

Assistance is provided to the Audit Committee according to the contract signed in 2010 for Rendering External Auditing Services to the REFER Group:

External Auditing: PricewaterhouseCoopers & Associados – Sociedade Revisores Oficiais de Contas, Lda.

Remuneration to Members of Governing Bodies

On December 31, the following remuneration statute was issued for the governing bodies of REFER E.P.E.:

1. Board of Directors

Executive Directors

Chairman

- Remuneration of 6,864.70 euros, 14 times per year;

Vice-Chairman (left office in June 2010)

- Remuneration of 6,685 euros, 14 times per year;

Board Members

- Remuneration of 5,991.65 euros, 14 times per year.

2. Audit Committee

Audit Committee Member

Hilário Manuel Marcelino Teixeira

- Remuneration for Audit Committee work 950.51€12 times per year

The governing body members were remunerated as follows:

Board of Directors - Remunerations in 2010

[euros]

BOARD OF DIRECTORS - Remunerations in 2010	Luís Filipe Melo e Sousa Pardal Chairman	Alfredo Vicente Pereira Vice Chairman	Romeu Costa Reis Member	Alberto José Engenheiro Castanho Ribeiro Member	Carlos Alberto João Fernandes Member
1. Remuneration					
1.1. Base/Fixed remuneration a)	101 164	37 213	88 298	88 298	88 298
1.2. Reduction according to Law 12-A (30/06/2010)	- 3 252	- 189	- 2 838	- 2 838	- 2 838
1.3. Real base/fixed remuneration (1.1. - 1.2.)	97 912	37 024	85 460	85 460	85 460
1.4. Presence allowance					
1.6. Accumulated manag. positions					
1.7. Variable remuneration					
1.8. EFWH (exem. from fixed work. hours)					
2. Other Fringe benefits and compensat.					
2.1. Telephone expenses	302	136	258	740	2 316
2.2. Value spend by company to purchase company car	17 149	6 851	13 584	14 064	13 606
2.3. Value spent on company car fuel	4 189	1 355	2 247	3 460	2 136
2.4. Travel subsidy	334		1 504	752	1 921
2.5. Meal subsidy					
2.6. Others (identify in detail)					
3. Social Benefits Costs					
3.1. Agreed Regime					
3.2. Health insurance	285	285	285	285	285
3.3. Life insurance	34	34	34	34	34
3.4. Others (identify in detail)					
4. Automobile Fleet					
4.1 Make	Volvo	BMW	Mercedes	Mercedes	Mercedes
4.2 Model	S80	525D	E220 CDI	E220 CDI	E220 CDI
4.3 Licence plate	74-IO-93	63-CX-09	48-FT-67	30-EF-86	30-EF-57
4.4 Vehicle value					
4.5 Number of instalments b)					
4.6 Value of acquisition/rental of company vehicle	17 149	6 851	13 584	14 064	13 606
4.7 Vehicle acquisition year	2 009	2 007	2 008	2 007	2 007
4.8 Value of fuel spend on company car	4 189	1 355	2 247	3 460	2 136
5. Additional Information					
5.1. Option for salary of origin (y/n)	n	n	n	n	n
5.2. Agreed regime	Normal Regime	Normal Regime	Civil Serv. Pension Fund	Normal Regime	Normal Regime
5.2.1. Social security (y/n)	y	y	n	y	y
5.2.2. Other (y/n)	n	n	y	n	n
5.3. Company vehicle acquisition year	Rent. 2009	Rent. 2007	Rent. 2008	Rent. 2007	Rent. 2007
5.4. Remunerated position outside the group (y/n)	n	n	n	n	n
5.5. Others (identify in detail)					

According to article 4 of Decree-Law 141/2008, of July 22, REFER, E.P.E. will be audited by a Supervisory Board and by a Chartered Accountant. This Decree-Law states that, until the above-mentioned appointment, the members of the Audit Committee will remain in office.

Audit Committee 2010

[euros]

	Hilário Manuel Marcelino Teixeira	Barbas, Martins, Mendonça & Associados, SROC, Lda
Remuneration		
Base Remuneration	11 406	
Mandatory Social Security	2 709	
Social Security Regime	Normal Regime	
Fees		61 708
TOTAL	14 115	61 708

Internal and External Rules and Regulations

This chapter lists the external and internal regulations to which REFER is subject:

- **Constitution of the Portuguese Republic**, 7th Constitutional Revision, in article 84, stipulates that the national railway lines are of Public Domain.
- **Law 10/90 of March 17**, approves the legal code for the land transport system.
- **Decree-Law 104/97, of 29 April 1997**, which created REFER, E.P., was amended and republished through Decree-Law 141/2008.
- **Decree-Law 558/99**, of December 17, (Amended and republished through Decree-Law 300/2007, of August 23) revises the legal policy applicable to the State Corporate Sector.
- **Decree-Law 93/2000**, of May 23, establishes the conditions to be met in the national territory to obtain interoperability of the trans-European high speed railway system (transposes Council Directive 96/48/EC, of 23 July 1996). It was altered by Decree-Law 152/2003, of July 11, which rectifies omissions detected in the transposition of Council Directive 96/48/EC, of July 23, carried out by Decree-Law 93/2000, of May 23.
- **Decree-Law 276/2003, of November 4**, establishes the new legal policy applicable to assets of the public railway domain, including rules on their respective utilisation, disfranchisement, exchange and rules applicable to relations of bordering proprietors and the population in general with those assets, for which legislative authorisation was given by Law 51/2003, of August 22.
- **Decree-Law 24/2005, of January 26**, amends the Level Crossing Regulations approved by Decree-Law 568/99, of December 23.
- In March 2005, INTF published **Regulation 21/2005** covering the user fees applicable to services rendered to operators by the infrastructure manager.
- Consequent to what was stipulated in this legal statute, **REFER** prepared and published, in this year, the first edition of the Network Directory which provides railway transport companies essential information for their access to and utilisation of the national railway infrastructure managed by **REFER** and open to railway transport.
- **Decree-Law 156/2005, of September 15**, establishes the obligation for all goods and service providers that are in contact with the general public to maintain a complaints book.
- As an issuer of securities, REFER must publish all the information stipulated in the **Securities Code** and in the **Securities Exchange (CMVM) Regulations 5/2008** (which defines the duties of information by issuers of securities) **and 11/2005** referring to the application of the IFRS.

- **Council of Ministers Resolution 65/2007**, of May 7, defines the National Strategy for Public Ecological Acquisitions.
- **Decree-Law 231/2007**, of June 14 – Transposes Directive 2004/51/EC, of the European Parliament and of the Council, of April 29, to the internal legal system and which amends Directive 91/440/EEC, of the Council, of July 29, regarding the development of EU railways and, partially, Directive 2004/49/EC, of the European Parliament and of the Council, of April 29, regarding the safety of EU railways, amending and republishing Decree-Law 270/2003, of October 28, which specifies the conditions for rendering rail transport services and for railway infrastructure management.
- This statute was also amended by Decree-Law 20/2010, of March 24, and by Decree-Law 62/2010, of June 9.
- **Decree-Law 147/2007, of April 27** – Approves the internal law of Instituto da Mobilidade e dos Transportes Terrestres, IP (Institute of Mobility and Land Transport), which regulates, inspects, coordinates and plans the land transport sector.
- **Council of Ministers Resolution 49/2007** approves Good Governance principles for state corporate sector companies.
- **Law 67/2007**, of December 31, approves the extra-contractual third-party liability policy of the State and other public entities.
- **Decree-Law 71/2007**, of March 27, approves the new statute of the **Public Manager**.
- **Decree-Law 280/2007**, of August 27, establishes the legal system applicable to public property assets.
- **Decree-Law 300/2007**, of August 23, makes the first amendment to Decree-Law 558/99, of December 17, which establishes the policy for the State Corporate Sector and for Public Companies.
- **Decree-Law 18/2008**, of January 29, and complementary legislation, approves the Public Contracts Code which stipulates the procedures applicable to public contracting and the substantive framework applicable to public contracts in the form of administrative contracts.
- **Council of Ministers Resolution 34/2008** approves the Timely Payment Program for a significant reduction in payment periods by public entities to suppliers of goods and services.
- **Decree-Law 58/2008**, of March 26, stipulates the legal system applicable to the rail transport contract for passengers and baggage, portable volumes, pets, velocipedes and other goods.

- **Decree-Law 77/2008**, of April 29, amends (second amendment) Decree-Law 568/99, of December 23, which approves Regulations on Level Crossings and establishes the obligation to prepare multi-year plans to eliminate level crossings.
- **Ordinance 14277/2008**, of May 23. Through Decree-Law 300/2007, of August 23, an amendment was made to the legal system of the state corporate sector – as stipulated in Decree-Law 558/99, of December 17 – taking into account the experience gained during approximately eight years from the respective practical application and the need to harmonise that policy and the new Public Manager Statute stipulated in Decree-Law 71/2007, of March 27.
- **Decree-Law 141/2008**, of July 22, which alters and republishes REFER's statutes which came into force on 23 July 2008. This Decree-Law alters the statute that created Rede Ferroviária Nacional, REFER, E.P., and the respective statutes, in order to adapt them to the new legal system of the state corporate sector. Therefore, Rede Ferroviária Nacional, REFER, E.P., was transformed into a public corporate entity now called **Rede Ferroviária Nacional, REFER, E.P.E.**
- **Ordinance 701-D/2008**, of July 29, approves the model on statistical data to be submitted by contract awarding entities to Agência Nacional de Compras Públicas, E.P.E. (National Public Procurement Agency) or to Instituto da Construção e do Imobiliário, I.P. (Institute of Construction and Real Estate), according to the case, pursuant to the provisions of article 472 of the Public Contracts Code.
- **Decree-Law 69-A/2009**, of March 24, stipulates the necessary provisions for executing the State Budget for 2009, approved by Law 64-A/2008, of December 31, amended by Law 10/2009, of March 10.
- **Ordinance 959/2009**, of August 21, approves the form for contract specifications applicable to contract works and public works contracts.

Information on Relevant Transactions with Related Entities

The following table illustrates the most relevant transactions by REFER E.P.E.P. with companies within its group during 2010:

Relevant Transactions with REFER Group Companies

[euros]

Company	Description of Transaction	Amount
Rave- Rede de Alta Velocidade, S.A.	Rendered services	1 327 456
	Total	1 327 456
CPCoM- Exploração de Espaços Comerciais da CP, S.A.	Purchased services	- 10 865
	Rendered services	2 118 266
	Total	2 107 401
REFER TELECOM-Serviços de Telecomunicações, S.A.	Purchased services	-17 635 793
	Rendered services	1 958 047
	Financial costs	- 18 038
	Total	-15 695 783
Ferbritas - Empreendimentos Industriais e Comerciais, S.A.	Purchased services	-13 061 149
	Rendered services	19 317
	Financial costs	- 18 946
	Total	-13 060 778
Invesfer - Promoção e Comercialização de Terrenos e Edifícios, S.A.	Purchased Services	-1 793 551
	Rendered services	713 465
	Financial costs	- 6 861
	Total	-1 086 948

Information About Other Transactions

As of 30 July 2008, REFER E.P.E. was covered by the new Public Contracts Code (PCC) approved by Decree-Law 18/2008, of January 29. By regulating public contracting matters, the PCC transposes E.U. Directives 2004/17 and 2004/18 (both of the European Parliament and of the Council, of 31 March 2004), defining the rules that, until now, were dispersed among the following statutes:

- a) Decree-Law 59/99, of March 2 (public contract works);
- b) Decree-Law 197/99, of June 8 (acquisitions of goods and services);
- c) Decree-Law 223/2001, of August 9 (contract works and acquisitions within special sectors);
- d) Various other statutes and miscellaneous precepts applicable to public contracting.

In 2007, REFER implemented internal contracting procedures – centralised in the Contracting, Procurement and Logistics Department – applicable to all contractual procedures for works or service rendering contracts to be carried out through a public tender process or by direct agreement, whose estimated value is equal to or greater than 250,000 euros.

The following table lists the suppliers whose invoices were greater than 1 million euros, and which represent 90% of total invoicing by suppliers to REFER:

[euros]		[euros]	
Company	Amounts Invoiced in 2010	Company	Amounts Invoiced in 2010
OPWAY - Engenharia, SA	34 042 154	Construtora Abrantina, Sa	2 872 208
Somafel - Eng.Obras Ferroviárias SA	33 433 702	Mota - Engil, Engenhar e Construção	2 536 871
Refer Telecom Serv Telecomunic SA	25 819 613	AVS-Corretor Seguros , SA	2 464 787
Neopul - Soc Estudos Construções SA	25 152 028	Credit Suisse	2 361 555
Ferrovias e Construções, S.A.	24 692 726	Efacec Engenharia e Sistemas, S.A	2 328 421
Dimetric SA	24 354 657	Promorail - Tecnologias de	2 186 845
THALES PORTUGAL, SA	19 517 627	Siemens,S.A.	2 084 484
Obrecol - Obras e Construções SA	19 139 800	INVESFER-Prom.Com.Terr.Edifícios SA	2 075 923
Ramalho Rosa Cobetar Soc. Constr.SA	17 116 698	Petróleos de Portugal-Petrogal-SA	1 857 635
SOMAGUE Engenharia SA	16 145 445	ALSTOM TRANSPORTE, SA	1 838 553
ArcelorMittal España, S.A.	15 692 021	Ws Atkins(Portugal)Consultores	1 815 363
FERBRITAS - Empreend. Industriais	15 376 469	ELECTREN, SA - Sucursal em Portugal	1 763 376
Teixeira Duarte-Eng. Construções SA	15 018 226	Iberlim-Sociedade Técnica	1 673 572
Geofer -Prod Com Bens Equipament SA	12 917 209	COBA - Consult Ob Barrag Planeam SA	1 668 783
Fergrupo - Const Tecnicas Ferrov SA	12 459 828	EFACEC Engenharia SA	1 615 314
Edifer-Const.Pires Coelho	12 157 613	OFM-Obras Púb, Ferrov. Marítimas SA	1 505 738
Futrifer-Indústrias Ferroviárias SA	11 013 070	ECG Engenharia, Coordenação Gestão	1 483 775
DST - Domingos da Silva	10 956 252	EMEF -Emp Manutenc Equip Ferrovº SA	1 446 221
VIAS Y CONSTRUCCIONES SA	7 774 959	Spie Batignolles Europe	1 437 995
CP-Comboios de Portugal, E.P.E.	7 088 733	Nortejuvil-Sociedade de Construções	1 400 953
EDP Serviço Universal, S.A.	6 685 536	Iberdrola Generacion, S.A.U	1 374 431
Satepor-Indústria de Travessas de	5 348 713	João Mata Lda	1 338 204
Grupo 8-Vigilância Prev Electr Lda	5 021 459	GIL - Gare Intermodal de Lisboa SA	1 323 461
IMTT - Instituto da Mobilidade e	4 564 371	Maranhão - Soc de Construções Lda	1 317 016
BRISA Engenharia e Gestão, SA	4 527 936	Montaco Tratamentos Anticorrosivos	1 298 063
Construções Gabriel A. S. Couto SA	3 985 646	TPF Planege - Consultores Eng	1 231 051
Bombardier Transportation Portugal,	3 876 555	José Oliveira Chaves & C.ª Lda	1 149 453
TECNOVIA-Sociedade de Empreitadas	3 797 936	LeasePlan Portugal-Com Alug Automóv	1 091 773
Monte Adriano - Eng Construção, SA	3 552 925	Gapres - Gabinete Proj Eng Ser SA	1 087 027
FITONOVO, Lda.	3 252 228	PENGEST-Planeamento, Engenharia e	1 024 889
GIBB Portugal Strategic Alliance	3 034 378		

Note: Amounts include VAT

Contracts signed in 2010 whose value exceeded 250,000 euros are shown in the annexes.

Annexes:

Annex I – Contracts that were not signed through a public tender (Direct Award)

Annex II – Contract Works whose value exceeded 250,000 euros

Annex III – Acquisition of Goods in a value exceeding 250,000 euros

Annex IV – Acquisition of Services in a value exceeding 250,000 euros

Evolution in the Average Payment Period to Suppliers

(in compliance with Council of Ministers Resolution 34/2008, of February 22)

Council of Ministers Resolution (RCM) 34/2008, of February 22, approves the Timely Payments Program which aims to significantly reduce the payment periods by public entities to suppliers of goods and services. The RCM stipulates deadline targets, monitoring and disclosure of the evolution in the average payment period to suppliers.

Ordinance 9870/2009 adapted the indicator for the average payment period.

REFER discloses its average payment period in its annual report and in every quarter also sends to DGTf the amounts applied in the formula for calculating the indicator.

The evolution was as follows:

Average Payment Period (APP)

[days]

	31-Dez-09	31-Mar-10	30-Jun-10	30-Set-10	31-Dez-10
APP (days)	44	44	46	48	61
See Order no. 9870/2009					

Deterioration of the indicator from 48 days in September to 61 days in December, reflecting the higher investment in the 4th quarter of 2010, which grew by 80% over September. On the other hand, balances from third parties increased about 89%.

Compliance with Special Duties of Information (in compliance with Ordinance 14277/2008, of May 23)

In compliance in Ordinance 14277/2008, which stipulates a stricter application of financial control mechanisms and special duties of information, REFER submits to the supervising ministries its annual and multi-annual Investment Plans along with the respective financing sources and annual budgets, including estimated financial operations with the state.

The information is also submitted in a dematerialised manner in the Economic and Financial Information Collection System (SIRIEF).

The company also discloses remunerations paid to management in the profit and loss statement, on the company's website and in the publication Diário da República.

Special Information Obligations

[Order no. 14277/2008, of May 23]

	DGF	MOPTC	SIRIEF	GPRI	IGOPTC	IGF
Annual and Multi-annual Activity Plans	X	X	X	X	X	X
Annual budgets, including estimated financial operations with the state	X	X	X	X	X	X
Annual and multi-annual investment plans and respective financing sources	X	X	X	X	X	X
Quarterly budget execution reports, including reports by the audit committee	X	n.a.	n.a.	n.a.	n.a.	X
Documents on the annual rendering of accounts, along with reports written by the external auditors and the annual audit report by the chartered accountant.	X	X	X	X	X	X

Recommendations by the shareholder during approval of the 2009 accounts

REFER's 2009 accounts were approved by a Joint Order, of 30 July 2010, by the Secretary of State of the Treasury and Finance and the Secretary of State of Transport. The said order includes a recommendation "for the Board of Directors to improve the project planning and programming system in order to eliminate the overvaluation of investment budgets."

In 2010, REFER reviewed its investment plan to reduce costs and to make investments based on more selective criteria, whilst maintaining service safety and efficiency levels.

Compliance with the “general guidelines on wage negotiations for public companies...”

Dispatch number 1730, of February 25, issued by DGTf (Directorate-General of the Treasury and Finance) stipulates that companies of the State Public Sector must comply with the policy of not increasing nominal salaries in 2010, whilst abstaining from negotiating clauses with a pecuniary effect implying significant implications in subsequent years. Within this context and contrary to the situation in previous years, negotiations with labour unions in 2010 did not bring about any increase to base wages and to other pecuniary-related clauses.

Variable Remuneration Component

Official memorandum 2590 stipulates that the whole State Corporate Sector must implement a policy based on greater containment applicable to remunerations paid to members of the respective management bodies, particularly by not paying any variable remuneration component in the years of 2010 and 2011.

The company thus complied with the determined targets and did not pay any variable components to members of the Board of Directors.

Public Contracting Regulations (Guidelines in Ordinance 438/10)

When the Public Contracts Code (CCP), approved by Decree-Law 18/2008, of January 29, came into force, REFER E.P.E. launched a comprehensive task to ensure its internal procedures are better suited to the public contracting rules stipulated in the said code, insofar as those rules are applicable to this company.

A work group was set up to comply with this goal, which drafted an Internal Contracting Manual and also revised a number of already existing standard models (Tender Programs, Contract Specifications, etc.) and also created other non-existing models (containing specific aspects arising from rules specified in the Public Contracts Code (CCP)).

To that end, REFER, E.P.E. currently uses, in particular, documentation regarding the contracting decision containing an appropriate explanation for the respective need and the goals to be achieved, always meant to fulfil the public interest underlying each pre-contractual procedure and to comply with the principle of transparency, among other objectives.

Nevertheless and always from a perspective of improvement and compliance with the latest stipulations applicable to public companies (particularly in respect to service rendering contracts of 125,000€ or more), REFER, E.P.E. is currently adopting standard models for initiatives and evaluating contracts already signed with the goal of establishing systematic data and standardised procedures.

To implement the initiative (document generically applicable to all contracts), this model will include on an individual basis, and among other aspects, the need to sign contracts – based on economic factors and when internal solutions are not available – whilst detailing the objectives to be achieved.

When evaluating signed contracts (for service rendering contracts in a value of 125,000€ or greater, according to the guideline specified in official memorandum 6132, of 6 August 2010, issued by DGTF), that model will include, also in an individualised basis and, among other aspects, time and/or financial deviations and the respective justification.

It is worth noting that currently and independently of the standard documentation being prepared, in the respective contracts and respective Contract Specifications, REFER, E.P.E. already safeguards the obligations and responsibilities by contractors when performing the services including, according to the case and as suitable, specific clauses stipulating responsibility and penalties for defective services.

REFER, E.P.E. has endeavoured to ensure that companies in which it holds a majority shareholding comply with the Principles of Good Governance applicable to these types of companies. Inclusively, it has provided them (as in the case of Refer Telecom)

with knowledge, procedures and documents to be applied in situation covered by the Public Contracts Code.

Compliance with Maximum Debt Increase Limits

Ordinance 510/10 of the SETF, of June 1, stipulates that companies in the State Corporate Sector must promote greater selectivity in public investment and stabilise the debt growth of companies in the State Corporate Sector. The Stability and Growth Program thus specifies a maximum limit on annual debt growth for public companies in reference to measures by the Ministry of Public Works, Transport and Communications.

To this end, in 2010 REFER revised and trimmed back its operation budget and its investment budget, in compliance with the imposed limits authorised by the Ministry of Public Works, Transport and Communications. Investments were reformulated to ensure suitable safety and service conditions.

Implementing Stability and Growth Plan measures

(PEC (Stability and Growth Plan))

REFER is currently in the process of joining the National Public Procurement System (SNCP) and of obtaining the respective accreditation for users of applications supporting the said system. In parallel, the categories of products and services listed in the National Public Procurement Catalogue (CNCP) are being analysed so that this system may be applied when the currently valid contracts expire or when new needs arise.

Remuneration of public managers

In June 2010, REFER reduced the fixed monthly net remuneration paid to managers by 5% in accordance with the provisions of art. 12 of law 12-A/2010.

Compliance with the State Treasury Unit

In view of the state's chronically insufficient financing to REFER, the company's treasury management is permanently dependant on debt instruments, particularly short-term instruments, such as overdrafts and commercial paper programs.

The greater or lesser capacity to negotiate these short-term lines greatly depends on the level of services rendered by the banking entities used by REFER and on the volume/value of the transactions at those institutions.

Liquid assets in cash and demand deposits are maintained at minimum balances, since maintaining these amounts implies that the company is being financed to maintain them. Therefore, these liquid funds exist merely to pay immediate credits of payments in transit.

To handle the high number of payment operations to suppliers and personnel, the company uses PS2 files to perform most of its payments to third parties.

In sporadic situations when the company is able to make financial applications, these are, within the legal terms, channelled to the IGCP (Institute of Public Management Consultancy). Note, however, that these situations will incur an opportunity cost to REFER if it is not yet possible to carry out very short-term applications (O/N, T/N...) since the duration of REFER's applications exceed this timeframe.

About this issues REFER has questioned the IGCP, no reply was received until the closing date of this report.

Analysis of the Company's Economic, Social and Environmental Sustainability

An analysis of the company's economic, social and environmental sustainability is included in the Sustainability Report which REFER has issued since 2004. The following aspects are included in the indicated report:

- Applied strategies;
- Non-compliance rate of stipulated targets;
- Policies implemented to ensure economic, financial, social and environmental efficiency and to safeguard quality standards;
- Identification of the main risks for operation and the company's future;
- Means of complying with the principles underlying a suitable corporate management:
 - Social responsibility:
 - Guaranteed promotion of equal opportunities, respect for human rights and non discrimination;
 - Suitable management of the company's human resources, by promoting individual valorisation of resources, implementation of systems ensuring well-being and rewarding personnel merit;
 - Adopting correct environmental practices.
 - Sustainable development:
 - Creating value for the shareholder (higher productivity, customer-oriented service, lower exposure to risks arising from environmental, economic and social impacts created by activities);
 - Fostering environmental protection;
 - Contributing to social inclusion (employability).
 - Public service and meeting the needs of the general public;
- Means by which the company's competitiveness was safeguarded, particularly through research, innovation, development and integration of new technology in the production process;
- Actions plans for the future.

Feasibility of Compliance with the Good Governance Principles

(Council of Ministers Resolution 49/2007, of March 28)

In order to clarify the 2010 Annual Report's compliance with the specifications in Council of Ministers Resolution 49/2007, of March 28, the following table was prepared describing each principle:

Good Governance Principles for Companies in the State Corporate Sector (RCM (Council of Ministers Resolution) no. 49/2007, of March 28)

	Applied			Description	Support Documents
	Yes	No	Not Applic.		
I. Principles for State-owned companies					
I.1. Mission, objectives and general principles for company conduct					
1.1. Does the company announce and disseminate its mission, objectives and policies in its headquarters and to subsidiaries that it controls? How?	√			Publication in the Annual Report, the company website and publication on the internal portal.	Annual Report
1.2. Does the company draft activity plans and budgets which are suitable for the resources and financing available? Describe them.	√			The Activity Plan is drafted with the collaboration of several of the companies' governing bodies, collaborating towards a shared objective. In the specific case of the Investment Activity, the plan is drafted in compliance with the informal instructions from the supervising ministries.	
1.3. Does the company define its sustainability strategies in the economic, social and environmental fields, identifying objectives and explaining the planning, execution and control tools? How?	√			Each area of the company defines its strategy, considering and interacting with these three aspects. It is published through the Sustainability Report	Sustainability Report
1.4. Does the company have equality plans, aiming to achieve equal treatment and opportunities between the sexes, eliminating discrimination and promoting balance between employees' personal, family and professional lives? Provide examples.	√			REFER works towards equality between the sexes, eliminating discrimination and promoting the personal, family and professional life of staff. Examples: a) work is remunerated in the same way whether carried out by men or by women; b) recruitment and selection treats candidates of both sexes in the same way; c) the company provides its married or common law couples the option of taking holidays together; d) the working hours are adapted to the needs of those with family	
1.5. Does the company provide annual information to the supervising ministries and the general public, regarding the extent to which the company mission was pursued, the objectives were fulfilled, the social responsibility and sustainable development policies were carried out and the public service was provided? In what way?	√			Through the Annual Report and the Sustainability Report	Annual Report and Sustainability Report
1.6. Does the company plan and establish research, development, innovation and integration policies for new technologies in the manufacturing process? How?	√			REFER's structure includes a department dedicated to project management in the field of Research and Development. It has also set up agreements with Universities.	

	Applied			Description	Support Documents
	Yes	No	Not Applic.		
1.7. Does it set professional development programmes for company personnel? Exemplify.	√			REFER regularly offers its employees the chance to take part in internal professional mobility processes that are designed to prepare them for roles with higher qualifications and greater professional status. These processes are accompanied by contextual training activities for the new categories that aim to qualify and develop the employees professionally. The company also makes regular use of professional conversion processes. In this aspect, we draw attention to the technical career integration processes, which involve giving absolute priority to (or even to incentivise) the offering of roles in this area to employees from other categories who have the key requirements (basic training and professional experience).	
1.8. Does the company set and publish adopted procedures for goods and services acquisition? By what means?	√			A contracting manual has been created with procedures and template documents to use, which is available on the company's internal portal.	
1.9. Does the company use tender award criteria aimed towards principles of economics, effectiveness and efficiency which ensure equality of opportunity between the economic agents who operate in the relevant market? Give examples.	√			In market consultations for tender awards, rules are defined which address the principles mentioned.	
1.10. Does the company publish annually all the transactions which have not taken place under market conditions, as well as the list of suppliers which represent more than 5% of the total external supplies, if this percentage corresponds to over EUR 1 million? Provide examples.	√			This information is provided in the Annual Report	Annual Report
1.11. Has the company created or subscribed to an Ethics Code, which it publishes among its staff, clients, suppliers and the general public? Provide examples.	√			REFER's ethics code is published on its site as well as on the internal portal.	
I.2. Management and audit structures					
2.1. For large-scale, complex companies, has the company specialised its supervisory function, creating specialist committees, among which there is an audit committee or a committee for financial subjects? Explain.		√			
2.2. Is an individual performance evaluation drafted each year for the executive directors, by non-executive members of the management body, by members of the general and supervisory board or, where these do not exist, by members of the audit body? Explain.			√		
2.3. Similarly, is an annual report drafted giving an overall analysis of the governance structures and mechanisms in force within the company? Explain.		√			

	Applied			Description	Support Documents
	Yes	No	Not Applic.		
2.4. Are company's accounts subject to annual audits by independent entities? Exemplify.	√			The external auditors issue an annual accounts audit report and the Chartered Accountant issues a Legal Certification of Accounts.	Annual Report
2.5. Did the management create and maintain a control system suitable to the company's dimension and complexity? Demonstrate.	√			By approval of specific regulations and development of application software (SAP and E-contracts)	
2.6. Are the auditing bodies subject to rotation and mandate limitations? Demonstrate.	√			According to the company's statutes, members of the supervisory board are appointed by a joint order by the ministers responsible for finance and transports, for a three-year period renewable up to three times.	
I.3. Remuneration and other rights					
3.1. Does the company publicly disclose total remunerations - fixed and variable - and other benefits and privileges (health insurance, company car, etc.) earned by each member of the management and auditing bodies? Through which means?	√			In the Annual Report and in the State Corporate Sector website	Annual Report
I.4. Preventing conflicts of interest					
4.1. Do those responsible for the organisation abstain from intervening in decisions involving their own interests, particularly the approval of expenses incurred by them?	√				
4.2. Is a declaration issued at the start of each mandate to the management and auditing body and to the IGF by the members of the governing bodies of the companies indicating any shareholdings in the company or relevant relations susceptible of creating conflicts of interest?	√				
I.5. Disclosure of Relevant Information					
5.1. Does the company immediately and publicly disclose all known information susceptible of having a relevant impact on the company's economic, financial or asset situation or on the conditions of rendering a public service?	√			The information is immediately published in the CMVM (Securities and Exchange Commission) website and on the SEE (State Corporate Sector) website after the respective occurrence.	
I.6. Adjustment to each company's size and specific nature					
6.1. Does the company explain the reasons why, due to its size or special nature, it is not able to comply with the principles of good governance, if such is the case?			√		
II. Information disclosure principles					
1. Does the company disclose in its own website and in the DGTF (General-Directorate of Treasury and Finance) website the company's historic and current financial information, identity and curriculum information on members of governing bodies, public service obligations, financing model and financial aid received from the state in the previous three years? Demonstrate.	√			Information disclosed through the Annual Report and in the DGTF portal (SIRIEF)	Annual Report
2. Was a Customer Ombudsman appointed, freely accessed without charge?	√			The COMPANY'S site has an option called "Citizen Service" through which a citizen may submit questions/suggestions. These are forwarded to the respective departments according to the issue.	
3. Do the management reports include a section about corporate governance that includes: internal and external regulations; relevant transactions; remuneration of governing bodies; analysis of sustainability; analysis on the degree of compliance with the principles of good governance? Demonstrate.	√			See Annual Report	Annual Report

Ethics and Conduct Code

As for corporate ethics, the Ethics Committee maintained its activity of monitoring the implementation of REFER's Ethics and Conduct Code and of disclosing its content. In the latter aspect, members of the Ethics Committee held meetings with the company's bodies and participated in integration internships. An area dedicated to ethics was also created in the internal portal where the committee discloses the best practices in this field.

The committee focussed essentially on disclosure measures and awareness raising actions which placed the many day-to-day work activities within a framework of principles and values fundamental for REFER and compliant with the conduct regulations in force.

The Ethics Committee also continued to monitor specific requests submitted to it, many of which were clarifications about the code's practical application, which implies that the personnel use it as another work tool, thus having accepted its conduct principles and standards.

All these factors help increase the culture of responsibility and integrity which is characteristic of REFER's actions, based on the ethical principles of rigour, transparency, honesty and impartiality in fulfilling the company's mission of providing the market with a competitive transport infrastructure whilst managing and developing an efficient, safe and environmentally friendly railway network.

The Ethics and Conduct Code may be consulted at www.refer.pt.

Any person or entity may contact the Ethics Committee by e-mail at comissao.etica@refer.pt.

Information on the Existence of a Control System Compatible with the Company's Size and Complexity to Protect Investments and Assets

(Item 19 of Council of Ministers Resolution 49/2007, of March 28)

The Contracting Procedures manual involves the overall contracting function and was written to meet the new public contracts code that came into force through the publication of Decree-Law 18/2008. This manual is applied to produce uniform information and to define procedures for assigning duties and for determining the respective control measures. Through Deliberation 29/08, of July 24, the Board of Directors approved the "Internal Contracting Manual" which includes the standard models.

Identification of Mechanisms Implemented to Prevent Conflicts of Interest

(Item 22 of Council of Ministers Resolution 49/2007, of March 28)

"Members of governing bodies of public companies must abstain from intervening in decisions involving their own interests, in particular in the approval of expenses incurred by them. Moreover, at the start of each mandate, and whenever justified, the said members must declare to the management body and to the audit body, as well as to the Inspectorate General of Finance, any substantial assets held in the company, as well as relevant relations maintained with its suppliers, clients, financial institutions or any other business partners susceptible of generating conflicts of interest."

Compliance with the policy of incompatibilities and restrictions applicable to public managers and the notification of all shareholdings and asset interests held in the company where the manager holds office is fulfilled by submitting the Declaration of Incompatibility to the Office of the Attorney General.

Expenses incurred by each member of the Board of Directors are approved by the other board members.

Grounded Clarification of all Updated Information Disclosed

(Stipulated in Council of Ministers Resolution 49/2007, of March 28)

Information on the SEE (state corp. sect.) website

(RCM (council of Min. Resol.) no. 49/2007, of March 28)

	Complied			Remarks (SEE Document)
	Yes	No	Not Applic.	
Updated Statutes (PDF)	√			Statutes
Background, Vision, Mission and Strategy	√			Characterisation of the company
Summary Company File	√			Summary file
Company Identification				
Mission, objectives, policies, public service obligations and financing model	√			Characterisation of the company
Governance Model / Identification of Governance Bodies				
Governance Model (Identification of Governance Bodies)	√			Governance Model (Identification of Governance Bodies)
Stipulated remuneration statute	√			Governance Model (Identification of Governance Bodies)
Remunerations and other benefits	√			Governance Model (Identification of Governance Bodies)
Regulations and Transactions				
Internal and external regulations	√			Principles of Good Governance
Relevant transactions with related entities	√			Principles of Good Governance
Other transactions	√			Principles of Good Governance
Analysis of the Economic, Social and Environmental Sustainability				
Assessment of compliance with the Principles of Good Governance	√			Principles of Good Governance
Code of Ethics	√			Principles of Good Governance
Historic and current financial information	√			Historic and current Financial Information
State Financial Effort	√			Public financial effort

Information in the Company's Website

(Council of Ministers Resolution 49/2007, of March 28)

	Complied			Remarks
	Yes	No	Not Applic.	
Company's Website	√			www.refer.pt
History, Vision, Mission and Strategy	√			Annual Report and Corporate Governance
Organisational Chart	√			Annual Report and Corporate Governance
Governance Bodies and Governance Model				
Identification of Governance Bodies	√			Annual Report and Corporate Governance
Identification of the areas managed by the Board of Directors	√			Annual Report and Corporate Governance
Identification of company committees	√			Annual Report and Corporate Governance
Identify risk control systems	√			Annual Report and Corporate Governance
Remuneration of governance bodies	√			Annual Report and Corporate Governance
Internal and external regulations	√			Annual Report and Corporate Governance
Transactions outside market conditions	√			Annual Report and Corporate Governance
Relevant transactions with related entities	√			Annual Report and Corporate Governance
Analysis of Economic, Social and Environmental Sustainability	√			Sustainability Report
Code of Ethics	√			Annual Report and Corporate Governance
Annual Report	√			Annual Report
Customer Ombudsman	√			Citizen Service

Institutional Publicity

(Council of Ministers Resolution 47/2010)

As part of the corporate communication, corporate publicity is one of the strategic tools for disclosing REFER's mission, as a national railway network management company and for disclosing its public service activities.

During 2010, REFER focussed this activity on awareness raising to promote values such as safety. This strategy, which also aimed to optimise the costs of corporate publicity in the different types of media, had the following objectives:

- Disclose the launching of public tenders for contract works for construction, conservation, modernisation and other investments in progress;
- Raise awareness about railway safety issues and to explain activities performed by REFER with an impact on populations (bans, operation start-ups, etc.);
- Strengthen REFER's image, recognisability and public exposure, thus improving public understanding of the company's unique and specific activities.

The following initiatives are examples:

- The safety awareness raising campaign for level crossings – in harmony with the "Stop, Listen, Look" campaign and the conclusions reached through the Public Survey associated to the "Green Book on Safety at Level Crossings," – were carried out through publicity actions in various national publications, a national radio station and three non-subscription television channels;
- Specific publicity through regional and specialised publications (e.g. in special supplements about the Railway Link to the Port of Aveiro, in the newspapers *Jornal de Negócios* and *Diário de Aveiro*, about the completion of the renovation of the Setúbal Station, in the newspaper "O Setubalense" and about constraints caused by the renovation works at the São João do Estoril Station, in the newspaper *Jornal da Região de Cascais*);
- Presence in railway information bodies: magazine "O Foguete" published by the Association of Friends of the National Railway Museum, and the magazine "Flecha de Prata" published by the Railway Enthusiasts Club (special edition, first page coverage and an article about investments to modernise the national railway network).

Investment in corporate publicity in 2010 reached 100,147.31 euros.

Risk Management System

To meet the regulatory specifications to which REFER is subject, the company has been developing a number of internal control and risk management systems designed essentially to guarantee compliance with established objectives, policies and procedures, to ensure reliable accounting, financial and operation information, to mitigate fraud and corruption and to guarantee that critical risks are identified, controlled and reduced to an acceptable level.

These systems have been continuously applied in line with the best international practices. Responsibility for implementation and compliance with these systems was assigned to upper managers (those in charge of operational and corporate departments), whereby the executive managers (Board of Directors) are responsible for the residual risk.

Internal control and risk management systems cover a number of procedures regarding the execution, supervision, monitoring and ongoing improvement of business processes, particularly the preparation and disclosure of financial information, thus corresponding to REFER's commitment to improve the internal control environment and risk management processes.

The company has internal regulations, technical instructions and work orders that identify internal control procedures, responsibilities and mechanisms available for consultation in the company's internal portal. These mechanisms are regularly revised by the responsible bodies to guarantee their appropriateness for the dimension and complexity of operations and for the organisation's objectives.

The company also has an integrated information system (ERP) – SAP and computer applications to support its activities, covering human resources, financing, procurement, maintenance, sales and public contracting, equipped with safety mechanisms to protect access and decision processes. This system is controlled and adjusted on a regular basis and is described in detail in a specific document about the respective alterations.

The Recommendation by the Corruption Prevention Committee, of 1 July 2009, requires public entities to prepare a corruption and associated violations risk management plan and an annual report about the said plan's implementation.

REFER prepared the said plan, on a broader scope, identifying the internal control and risk management systems implemented at the company and not merely the corruption and associated violation risk management system. This document systematises and summarises the implemented organisational model.

The Risk Management Supervision Committee was created in 2010. This autonomous body is supervised directly by the Board of Directors and, among other duties, in coordination with the operations and corporate departments, is responsible for

regularly evaluating implementation of the Management Risks Prevention Plan, including Risks of Corruption and Associated Violations.

The evaluation methodology took into account the references supplied by the Corruption Prevention Committee and the guidelines established by the international risk management standard ISO 3100.

In regard to implementing and executing the internal control and risk management systems, and consequent to the aforementioned references, in 2010 the company created a number of risk control and processing actions that substantially contributed to strengthening the internal control atmosphere at REFER and to mitigate risks, in particular:

- i) Regular and periodic control of the execution of management forecasting instruments, particularly activity plans and operation and investment budgets, either by preparing and analysing monthly execution reports or through daily monitoring of the various activities;
- ii) Regular revision and approval of internal regulations applicable to control and monitoring activities, with emphasis on reviewing all internal regulations and the survey of processes controlling financial reporting activities. In 2011, the company expects to publish a comprehensive internal control manual covering this issue;
- iii) Diagnosis and review of implemented control models, particularly control mechanisms implemented for stock management and cost control activities;
- iv) The Risk Management Supervision Committee, in coordination with managers of the various departments, evaluates the degree to which the internal control and risk management systems are executed. The committee also prepares and publishes the annual report on the execution of the management risk prevention plan in the company's website.
- v) Training actions on internal control procedures covering Public Contracting activities, extended to all personnel intervening in this activity;
- vi) Participation in tasks performed by the Technical Committee 180 of the Portuguese Quality Association (APQ) to prepare the Portuguese version of the ISO 31000 series standard.

Annexes

(Annex to the chapter Information About Other Transactions)

Contracts signed in 2010 whose value exceeded 250,000 euros.

Annex I – Contracts Not Awarded Through a Public Tender (Direct Agreement)

Processo	Objecto	Tipo de Contrato	Tipo Proce.	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010002395	Telecomunicações - Km 88 a Entroncamento	Prestação de Serviços	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000970	Projecto de Execução - Linha do Corgo	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	07-01-2010	420 075
5010000969	Projecto de Execução - Linha do Tâmega	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	07-01-2010	299 278
5010000169	Instalação CONVEL na Variante de Alcácer	Empreitadas	Ajuste Directo	Bombardier Transportation Port	07-01-2010	595 537
10002176219	Adaptação CONVEL a sinalização electrón.	Empreitadas	Ajuste Directo	Bombardier Transportation Port	15-01-2010	1 054 617
5110000155	10º aditamento ao contrato 49/94-SEC Prolongamento da prestação de serviços de assessoria técnica à gestão do Projecto da Linha do Norte.	Empreitadas	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5010002468	LDOURO-ESTABILIZAÇÃO DO TALUDE KM142+500	Empreitadas	Ajuste Directo	OFM-Obras Púb, Ferrov. Maritim	01-02-2010	1 147 116
5110000154	3º Adicional ao e-contratos nº 4349 EMPREITADA GERAL DE CONSTRUÇÃO CIVIL, VIA E CATENÁRIA	Empreitadas	Adicional	OPWAY - Engenharia, SA	19-02-2010	734 365
5010002624	Ramal Neves Corvo - Estabilização Talude	Empreitadas	Ajuste Directo	TECNOVIA-Sociedade de Empreita	02-03-2010	949 230
5010002453	L. Vendas Novas - Alçamento Plataformas	Empreitadas	Ajuste Directo	Ferrovias e Construções, S.A.	09-03-2010	340 447
5010002449	Gestão Activos - Roll Outs SIGMA	Prestação de Serviços	Ajuste Directo	Accenture, Consultores de Gest	09-03-2010	251 085
5110000165	Gestão de Segurança - Adicional ao econtratos 4939	Prestação de Serviços	Adicional	BRISA Engenharia e Gestão, SA	09-03-2010	6 152 883
5010002761	LV_Manut Correctiva Superestrutura Via	Empreitadas	Ajuste Directo	José Oliveira Chaves & C.ª Lda	15-03-2010	660 368
5010002852	Planeam. operacional rede convencional	Prestação de Serviços	Ajuste Directo	FERBRITAS – Empreendimentos Industriais e Comerciais, S.A.	18-03-2010	390 000
5110000160	Linha do Algarve - Troço Tunes/Lagos - Nova Estação de Lagos - Edifício de Passageiros, Edifício Comercial e Arranjos Exteriores - 1º Adicional ao Contrato 3529/07/CA/GO	Prestação de Serviços	Adicional	THALES Security Solutions &	18-03-2010	323 870
5010000124	Proj. Reab. Estrutural Túnel do Loureiro	Prestação de Serviços	Ajuste Directo	Gapres - Gabinete Proj Eng Ser	24-03-2010	279 550
5010002306	Serviços Telecomunicações Ferroviárias	Prestação de Serviços	Ajuste Directo	Refer Telecom Serv Telecomun	25-03-2010	38 810 581
5110000149	Atrav. Ferrov. Sado-Ponte e Viaduto Aces - 3º adicional ao contrato 2704	Empreitadas	Adicional	Teixeira Duarte-Eng. Construço	25-03-2010	375 465
5010000649	Adaptação sinalização SSI est. Souselas	Prestação de Serviços	Ajuste Directo	Dimetric SA	30-03-2010	348 733
5010002421	Prest Serv Voz Acesso Directo e Indirect	Prestação de Serviços	Ajuste Directo	Refer Telecom Serv Telecomun	31-03-2010	300 000

Processo	Objecto	Tipo de Contrato	Tipo Proce.	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010002420	Prestação Serviços Rede Privativa de Voz	Prestação de Serviços	Ajuste Directo	Refer Telecom Serv Telecomun	31-03-2010	310 000
5010002355	Adicional ao contrato 3698/CPL Aquisição de 80.709 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Acordo em Quantidade	Ajuste Directo	Geofer -Prod Com Bens Equipame	05-04-2010	4 753 760
5110000157	Quadruplicação da linha de Sintra entre os PK's 13,750 e 18,250 e remodelação das estações de Barcarena e Cacém - 4º adicional ao contrato nº 2652	Empreitadas	Adicional	Edifer-Const.Pires Coelho	05-04-2010	347 227
5010002351	Fornecimento de TB e fixações - Adicional ao contrato 3697/CPL	Acordo em Quantidade	Ajuste Directo	Satepor-Indústria de Travessas	21-04-2010	2 723 095
5110000027	Automatização de 52 PN Linha do Vouga - 1º Adicional ao Contrato nº 4753	Empreitadas	Adicional	ALSTOM Portugal, S.A.	23-04-2010	541 703
5010000372	Substituição do Pontão de Foz dos Claros	Empreitadas	Ajuste Directo	TECNOVIA-Sociedade de Empreita	30-04-2010	597 612
5110000209	3º Adicional Contrato 36/05/CA/CM	Prestação de Serviços	Adicional	EMEF - Emp Manutenc Equip Ferro	30-04-2010	900 000
5110000223	Prest. Serviços Manut. E.Tracção Lote1 - 2ª Prorrogação - Contrato 2866	Prestação de Serviços	Adicional	Efacec - Servicos Manut Assist	30-04-2010	748 065
5010000516	Prest.Serv. Concord.LBB/LBA, ligação PLIE	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	05-05-2010	563 497
5010001442	Modernização Trabalhos Preparatórios	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	06-05-2010	510 210
10002176343	Instalação de RCT+TP Alfarelos-CoimbraB	Empreitadas	Ajuste Directo	THALES Security Solutions &	13-05-2010	688 000
5010000508	Prest.Serv. Modernização Covilhã/Guarda	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	20-05-2010	1 537 683
5110000221	Lig. Ferrov. entre Viaduto e o Porto Av. - 2º Adicional ao contrato nº 2901	Empreitadas	Adicional	Obrecol - Obras e Construções	31-05-2010	482 152
5010001465	coordenação de segurança de obra	Prestação de Serviços	Ajuste Directo	BRISA Engenharia e Gestão, SA	02-06-2010	327 991
5010001770	Assessoria terraplenagem Bombel Évora	Prestação de Serviços	Ajuste Directo	Geocontrolo -Gab Geotecnia Top	04-06-2010	255 320
5110000041	HE 470 - 2º Termo Adicional	Empreitadas	Adicional	Construtora Abrantina, Sa	09-06-2010	288 248
5110000235	Prest. Serviços Manut. E. Tracção Lote2 - 2º Adicional ao Contrato 2899	Prestação de Serviços	Adicional	ENSULMECI - Gestão de Projecto	11-06-2010	655 753
5010001454	PE+RECAPE-Quad Contumil-Ermesinde	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	17-06-2010	2 070 187
5010004282	Contrato EAS Microsoft-2009/2012 -2º ano	Prestação de Serviços	Ajuste Directo	Microsoft Ireland Operations L	01-07-2010	820 890
5010004085	Ferbritas-Previsão encargos expropriação	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	05-07-2010	780 000
5010004420	Contrato global Manutenção Sinaliz-THALES	Prestação de Serviços	Ajuste Directo	THALES PORTUGAL, SA	23-07-2010	26 100 000
5110000150	5º Adicional Contrato 5889 *ALARGAMENTO E ESTABILIZAÇÃO DA PLATAFORMA FERROVIÁRIA CONTÍGUA AO RIO E CONSTRUÇÃO DE PASSEIO PEDONAL RIBEIRINHO ENTRE ALHANDRA E VILA FRANCA DE XIRA*	Empreitadas	Adicional	Ferrovias e Construções, S.A.	30-07-2010	573 283
5110000264	Quadruplicação da via entre os PK's 13,750 e 18,250 da linha de Sintra e remodelação das estações de Barcarena e de Cacém - 5º Termo Adicional ao contrato nº 2652	Empreitadas	Adicional	Edifer-Const.Pires Coelho	02-08-2010	552 530

Processo	Objecto	Tipo de Contrato	Tipo Proce.	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
511000075	HE 470 - 3º Termo Adicional	Empreitadas	Adicional	Construtora Abrantina, Sa	05-08-2010	805 005
5110000241	Manutenção de Passagens de Nivel Automat - 3º Adicional ao contrato 4118	Prestação de Serviços	Adicional	EFACEC-Sistemas de Electronica	06-08-2010	665 600
5110000246	Empreitada geral da variante da Trofa - 5ª Adicional Contrato nº 4349	Empreitadas	Adicional	OPWAY - Engenharia, SA	08-09-2010	588 724
5110000280	Prest. Serv. Fisc. e Coord. Seg. - 2º aditamento ao contrato 2317	Prestação de Serviços	Adicional	TPF Planege - Consultores Eng	18-10-2010	739 116
5110000233	1º adicional ao contrato 27/05-CA-LN	Empreitadas	Adicional	Bombardier Transportation Port	18-10-2010	270 188
5010002424	Manutenção Sistemas Inf. e Rede de Dados	Prestação de Serviços	Ajuste Directo	Refer Telecom Serv Telecomun	29-10-2010	5 990 340
5110000298	Empreitada geral da variante da Trofa - 6º Adicional ao e-contrato nº 4349	Empreitadas	Adicional	OPWAY - Engenharia, SA	02-11-2010	419 261
5010004362	Empreitada de via na Estação de Évora	Empreitadas	Ajuste Directo	SOMAGUE/NEOPUL/TO MÁS DE OLIVEIRA	05-11-2010	4 311 321
5010002831	Fiscalização Empreitadas Estação Évora	Prestação de Serviços	Ajuste Directo	GIBB, SA/FERCONSULT,SA	05-11-2010	285 580
5110000267	Emprei. benef. reforço 4 túneis Lminho - 2.º Adicional contrato n.º 3185	Empreitadas	Adicional	Ferrovias e Construções, S.A.	05-11-2010	1 228 059
5010000422	Ensaio de Bombagem	Prestação de Serviços	Ajuste Directo	AQUALIS CAPTAÇÕES - Hidrogeolo	10-11-2010	299 529
5010000287	Instalação Convel Castelo Branco-Covilhã	Empreitadas	Ajuste Directo	Bombardier Transportation Port	10-11-2010	1 204 623
5010005018	2º Adicional ao Contrato nº 3697/CPL para o fornecimento de 12.000 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Acordo em Quantidade	Ajuste Directo	Satepor-Indústria de Travessas	10-11-2010	790 200
5010003394	Nova Estação Técnica-Pk118.500 Linha Sul	Prestação de Serviços	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	11-11-2010	314 072
5010005019	2º Adicional ao Contrato nº 3698/CPL para o fornecimento de 15.000 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Acordo em Quantidade	Ajuste Directo	Geofer -Prod Com Bens Equipame	18-11-2010	883 500
5010004402	L.Sul.Estabiliz.taludes Km 237,250 e 286	Empreitadas	Ajuste Directo	TECNOVIA-Sociedade de Empreita	22-11-2010	648 088
5110000312	Aveiro 2ª Fase: 3º Adicional Contrato 2901	Empreitadas	Adicional	Obrecol - Obras e Construções	23-11-2010	295 659
5010003352	Regularização de linhas de água-Raquete	Empreitadas	Ajuste Directo	Neopol - Soc Estudos Construçõ	26-11-2010	330 100
5110000315	Quadruplicação da linha de Sintra entre os PK's 13,750 e 18,250 e remodelação das estações de Barcarena e Cacém - 6º Termo Adicional ao contrato nº 2652	Empreitadas	Adicional	Edifer-Const.Pires Coelho	02-12-2010	486 633
5010001083	Empreitada Alteração Sinaliz. T.Rossio	Empreitadas	Ajuste Directo	THALES PORTUGAL, SA	06-12-2010	289 549
5010002704	Aquisição de Balizas convel	Acordo em Quantidade	Ajuste Directo	Bombardier Transportation Port	13-12-2010	322 210
5010003116	Vendas Novas - Instalação SINALIZAÇÃO	Empreitadas	Ajuste Directo	Dimetric SA	14-12-2010	3 988 839
5010003115	Vendas Novas - Instalação CONVEL	Empreitadas	Ajuste Directo	Bombardier Transportation Port	15-12-2010	343 911
5010001647	GE - Autónoma 2 LN/LCINTURA LAV	Prestação de Serviços	Ajuste Directo	FERBRITAS - Empreend. Industri	15-12-2010	251 459
5110000418	3.ª Renovação - Seguro Responsab. Geral - Seguro de Responsabilidade Civil Geral da REFER	Prestação de Serviços	Adicional	Assicurazioni Generali	21-12-2010	1 228 805
5110000249	Túnel da Trofa - Adicional Fecho Contas -SPIE	Empreitadas	Adicional	Spie Batignolles Europe	28-12-2010	450 892
5010005410	LN - descarrilamento 16/07/2010	Prestação de Serviços	Ajuste Directo	Fergrupo - Const Tecnicas Ferr	31-12-2010	272 922

Annex II – Contract Works whose Value Exceeded 250,000 euros

Processo	Objecto	Tipo de Contrato	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010001083	Emp. Alteração Sinaliz. T.Rossio	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010003352	Regularização de linhas de água-Raquete	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010002453	L. Vendas Novas - Alçamento Plataformas	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010003115	Vendas Novas - Instalação CONVEL	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000169	Instalação CONVEL na Variante de Alcácer	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000372	Substituição do Pontão de Foz dos Claros	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010004402	L.Sul.Estabiliz.taludes Km 237,250 e 286	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010002761	LV_Manut Correctiva Superestrutura Via	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
10002176343	Instalação de RCT+TP Alfarelos-CoimbraB	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010002624	Ramal Neves Corvo - Estabilização Talude	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
10002176219	Adaptação CONVEL a sinalização electrón.	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010002468	LDOURO-ESTABILIZAÇÃO DO TALUDE KM142+500	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000287	Instalação Convel Castelo Branco-Covilhã	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010003116	Vendas Novas - Instalação SINALIZAÇÃO	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010004362	Empreitada de via na Estação de Évora	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000008	LNorte Conservação Válega-Gaia	Concurso Público	Fergrupo - Const Tecnicas Ferr	12-01-2010	1 822 042
5010000309	Reabit. Inf.troço Alto S. João/Miranda	Concurso Público	Vias Y Construcciones, Sa/Gabriel Couto, Sa/ Electren, Sa	15-01-2010	29 039 776
5010000671	Reabilitação e Reforço-Tunel do Sabugal	Concurso Público	Spie Bagnolles/Monte Adriano PT980272610) - Spie Bagnolles Europe	20-01-2010	2 119 210
5110000233	1º adicional ao contrato 27/05-CA-LN	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000041	HE 470 - 2º Termo Adicional	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000312	Aveiro 2ª Fase: 3º Adicional Contrato 2901	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000157	Quadrup.o da L.Sintra entre os PK's e remod. Est.Barcarena e Cacém - 4º adi.cont. nº 2652	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000149	Atr. Ferrov. Sado-Ponte e Viad. Aces-3º adi.contrato 2704	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000298	Emp. geral da variante da Trofa - 6º Adicional -contrato nº 4349	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000249	Túnel da Trofa - Adicional Fecho Contas -SPIE	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000221	Lig. Ferrov. entre Viaduto e o Porto Av. - 2º Ad. cont.nº 2901	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000315	Quadruplicação da L.Sintra entre os PK's 13,750 e 18,250 e remod. estações de Barcarena e Cacém - 6º contrato nº 2652	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781

Processo	Objecto	Tipo de Contrato	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5110000027	Automatização de 52 PN Linha do Vouga - 1º Adicional ao Contrato nº 4753	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000264	Quad. via entre os PK's 13,750 e 18,250 da L.Sintra e remodel. Est.Barcarena e de Cacém - 5º Termo Adi. Cont. nº 2652	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000150	5º Adi. Cont. 5889 "Alarg. e estab. Plat. F. Contíg. ao rio e const. Pass. pedonal ribeirinho entre Alhandra e V.F.Xira"	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000246	Emp. geral da variante da Trofa - 5º Ad. Contrato nº 4349	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000154	3º Adicional contratos nº 4349 Empreitada geral de construção civil, via e catenária	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000075	HE 470 - 3º Termo Adicional	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000267	Emprei. benef. reforço 4 túneis Lminho - 2.º Adicional contrato n.º 3185	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5110000155	10º adit. ao cont. 49/94-SEC Prolong. da prest.o de serv. de assessoria técnica à gestão do Projecto da Linha do Norte.	Adicional	Tyco Engenharia, Unipessoal	22-01-2010	4 504 781
5120000015	Prorrogação do prazo Telecomando VF Xira	Aditamento	EFACEC-Sistemas de Electronica	25-03-2010	743 966
5120000011	HE 478 P.I. Pk 11+929 e 12+858 Alentejo - 1º adit. ao cont. 3124	Aditamento	Promorail - Tecnologias de	12-04-2010	1 436 441
5120000028	Empreita. Alargamento PI Baiuca 1º Aditamento	Aditamento	Ferrovias e Construções, S.A.	27-04-2010	630 000
5010001147	Remodel. da Est. de S. João do Estoril	Concurso Público	Obrecol - Obras e Construções	06-05-2010	3 337 395
5010000555	LOUSAL. INTERFACE E ARRUMENTOS	Concurso Público	TECNOVIA-Sociedade de Empreita	11-05-2010	289 422
5120000021	Subestação de Tracção Fatela/Penamacor	Aditamento	Siemens,S.A.	14-06-2010	3 870 000
5010001168	Prot. Anticorrosiva Pte. do Lima	Concurso Público	Montaco Tratamentos Anticorros	02-07-2010	1 744 000
5010001891	L.Alg.-Faro/VRSA-Sub. Travessas e carril	Concurso Público	Promorail - Tecnologias de	07-07-2010	3 734 288
5010001892	L.Alg-Tunes/Lagos-Sub.Travessas e carris	Concurso Público	Neopul - Soc Estudos Construção	13-07-2010	4 144 438
5010001116	L N - Ap. Canelas PK 282,310 a 284,014	Concurso Público	Fergrupo - Const Tecnicas Ferr	22-07-2010	598 981
5120000033	Emp. para o "Proj., Forn. e Mont. Sist.Sinal. Telec. entre Barreiro-Pinhal Novo" - 5º Adit	Aditamento	Alcatel Portugal SA	02-08-2010	11 597 311
5010002264	LN-PK318,375_318,705 Exec BLS	Concurso Público	Fergrupo - Const Tecnicas Ferr	13-08-2010	699 838
5010002756	Emp. Const.PD's na Estação Évora	Concurso Público	TECNOVIA-Sociedade de Empreita	02-09-2010	3 170 577
5010002423	Empreitada Autónoma 1 LN LC	Concurso Público	Obrecol - Obras e Construções	02-09-2010	19 049 590
5010003396	Empreitada Autónoma 2 LN LC	Concurso Público	Obrecol - Obras e Construções	17-09-2010	4 729 368
5010003478	Regularização Ribeira de Aveiras	Concurso Público	Construções Pragosa, SA	20-10-2010	470 124
5010001107	Renovação da L. Leste - Crato / Assumar	Concurso Público	Fergrupo - Const Tecnicas Ferr	29-10-2010	7 806 641
5120000025	Subestação de Tracção Fatela/Penamacor	Aditamento	Siemens,S.A.	02-11-2010	3 870 000
5010001447	Automatização de 15 Passagens de Nível	Concurso Público	Efacec Engenharia e Sistemas,	29-12-2010	2 540 244
5120000040	Est. Setúbal - 1º Aditamento Contrato nº 3646	Aditamento	Monte Adriano - Eng Construção	31-12-2010	9 065 391

Annex III – Purchase of Goods Exceeding 250,000 euros

Processo	Objecto	Tipo de Contrato	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010000581	Aqui.de 80.000 ton de Balastro Tipo II	Concurso Público	TECNOVIA-Sociedade de Empreita	31-03-2010	2 690 817
5010002355	Aqui.de 80.709 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Ajuste Directo	Geofer -Prod Com Bens Equipame	05-04-2010	4 753 760
5010002351	Aqui.de 41.353 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Ajuste Directo	Satepor-Indústria de Travessas	21-04-2010	2 723 095
5010001922	Aqui.de 23.000 ton de Carril 60E1 para aplicação em obras da CR durante os anos de 2010 e 2011	Concurso Limitado	ArcelorMittal España, S.A.	08-06-2010	14 835 000
10002176227	Fornecimento de Aparelhos de de Via	Concurso Limitado	VAE GMBH	09-06-2010	9 978 356
10002176227	Fornecimento de Aparelhos de de Via	Concurso Limitado	Futrifer-Indústrias Ferroviári	17-06-2010	16 747 079
5010001614	Aqui.de 7 Aparelhos de Dilatação Unidireccionais com destino à Obra "Variante de Alcácer"	Concurso Público	Futrifer-Indústrias Ferroviári	30-06-2010	616 700
5010001158	Aqui.de 4000 ton de Carril 45E1 para aplicação na linha do Corgo e do Tâmega e 205 ton de Carril de gola para aplicação na obra "Sistema de mobilidade do Mondego - Troço: Mirando do Corvo/Serpins"	Concurso Público	Corus Rail France, S.A.	06-07-2010	2 080 000
5010002382	Aqui.de Apar. Via para Sist. Mobil. Mondego	Concurso Público	Futrifer-Indústrias Ferroviári	22-07-2010	2 446 800
5010002853	Aqui.de 15.000 ton Carril 54E1	Concurso Limitado	ArcelorMittal España, S.A.	22-07-2010	12 093 000
5010000481	Aqui.de Novos Fardamentos para o triénio 2010-2012	Ajuste Directo	TORFAL, Lda	30-07-2010	848 342
5010001203	Aqui. 55.000 Trav. Betão Bibloco Equipadas com fixações p. bitola 1435 mm e Carril 54E1 no Projecto Sist. Mobil. Mondego	Concurso Público	Satepor-Indústria de Travessas	30-08-2010	3 781 250
5010001919	Aqui.de componentes da fixação Nabla para Trav. Madeira e Trav. Betão Bibloco SL	Concurso Público	FUTRIMETAL-Ind e Com de Prod M	17-09-2010	1 055 400
5010005018	2º Adi. Contrato nº 3697 para o forn. 12.000 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Ajuste Directo	Satepor-Indústria de Travessas	10-11-2010	790 200
5010005019	2º Adi. Contrato nº 3698/CPL para o fornecimento de 15.000 travessas de betão monobloco polivalentes com fixação para carril 54E1/60E1	Ajuste Directo	Geofer -Prod Com Bens Equipame	18-11-2010	883 500
5010002704	Aqui.de Balizas para o Sistema Convel para as satisfação de Reservas e para stock mínimo	Ajuste Directo	Bombardier Transportation Port	13-12-2010	322 210

Annex IV – Acquisition of Services in a Value Exceeding 250,000 euros

Processo	Objecto	Tipo de Contrato	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010002395	Telecomunicações - Km 88 a Entroncamento	Ajuste Directo	Refer Telecom Serv Telecomun	05-01-2010	1 500 000
5010000969	Projecto de Execução - Linha do Tâmega	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	07-01-2010	299 278
5010000970	Projecto de Execução - Linha do Corgo	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	07-01-2010	420 075
5010000497	Manut Via Equip Pesado Via Larga	Procedimento de Negociação	Fergrupo - Const Tecnicas Ferr	05-02-2010	2 780 088
5120000020	Manut e Assis Técnica a Aparelhos de Via - 1º Aditamento ao contrato 1297/06/CA/CM	Aditamento	Futrifer-Indústrias Ferroviári	26-02-2010	7 227 266
5010000147	Ataque mecânico pesado	Concurso Limitado	Somafel - Eng.Obras Ferroviári	03-03-2010	5 526 180
5010002449	Gestão Activos - Roll Outs SIGMA	Ajuste Directo	Accenture, Consultores de Gest	09-03-2010	251 085
5110000165	Gestão de Segurança - Adicional ao econtratos 4939	Adicional	BRISA Engenharia e Gestão, SA	09-03-2010	6 152 883
5110000160	Linha do Algarve - Troço Tunes/Lagos - Nova Estação de Lagos - Edifício de Passageiros, Edifício Comercial e Arranjos Exteriores - 1º Adicional ao Contrato 3529/07/CA/GO	Adicional	THALES Security Solutions &	18-03-2010	323 870
5010002852	Planeam. operacional rede convencional	Ajuste Directo	FERBRITAS – Empreendimentos Industriais e Comerciais, S.A.	18-03-2010	390 000
5120000017	Manutenção Integral Sin.Tunes-Lagos - 1º Aditamento ao Contrato 5010000710	Aditamento	THALES Security Solutions &	18-03-2010	325 000
5010000124	Proj. Reab. Estrutural Túnel do Loureiro	Ajuste Directo	Gapres - Gabinete Proj Eng Ser	24-03-2010	279 550
5010002306	Serviços Telecomunicações Ferroviárias	Ajuste Directo	Refer Telecom Serv Telecomun	25-03-2010	38 810 581
5010000649	Adaptação sinalização SSI est. Souselas	Ajuste Directo	Dimetronic SA	30-03-2010	348 733
5010002421	Prest Serv Voz Acesso Directo e Indirect	Ajuste Directo	Refer Telecom Serv Telecomun	31-03-2010	300 000
5010002420	Prestação Serviços Rede Privativa de Voz	Ajuste Directo	Refer Telecom Serv Telecomun	31-03-2010	310 000
5010000431	Manutenção Completa Ascensores e Escadas	Concurso Público	Schmitt - Elevadores Lda	31-03-2010	3 025 000
5010001013	CMCR-Controlo de vegetação e limp org dr	Concurso Limitado	Maranhão/Fernandes & Remelhe, Lda/ Framegas & Santos, Lda	13-04-2010	1 395 198
5110000223	Prest. Serviços Manut. E.Tracção Lote1 - 2º Prorrogação - Contrato 2866	Adicional	Efacec - Servicos Manut Assist	30-04-2010	748 065
5110000209	3º Adicional Contrato 36/05/CA/CM	Adicional	EMEF -Emp Manutenc Equip Ferro	30-04-2010	900 000

Processo	Objecto	Tipo de Contrato	Fornecedor	Data de Assinatura	Preço Contratual (Euros)
5010000516	Prest.Serv.Concord.LBB/LBA, ligação PLIE	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	05-05-2010	563 497
5010001442	Modernização Trabalhos Preparatórios	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	06-05-2010	510 210
5120000014	Elaboração estudos,EIA-Sines Casa Branca - 2.º Aditamento ao Contrato n.º 1894	Aditamento	FERBRITAS-Empreend. Ind.Comérc	14-05-2010	729 786
5010000508	Prest.Serv. Modernização Covilhã/Guarda	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	20-05-2010	1 537 683
5010001465	coordenação de segurança de obra	Ajuste Directo	BRISA Engenharia e Gestão, SA	02-06-2010	327 991
5010001770	Assessoria terraplenagem Bombel Évora	Ajuste Directo	Geocontrolo -Gab Geotecnia Top	04-06-2010	255 320
5110000235	Prest. Serviços Manut. E. Tracção Lote2 - 2º Adicional ao Contrato 2899	Adicional	ENSULMECI - Gestão de Projecto	11-06-2010	655 753
5010001454	PE+RECAPE-Quad Contumil-Ermesinde	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	17-06-2010	2 070 187
5010004282	Contrato EAS Microsoft-2009/2012 -2º ano	Ajuste Directo	Microsoft Ireland Operations L	01-07-2010	820 890
5010004085	Ferbritas-Previsão encargos expropriação	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	05-07-2010	780 000
5010004420	Contrato global Manutenção Sinaliz-THALES	Ajuste Directo	THALES PORTUGAL, SA	23-07-2010	26 100 000
5010000882	Fornecimento de Energia Eléctrica	Concurso Público	Iberdrola Generacion, S.A.U	27-07-2010	5 017 350
5110000241	Manutenção de Passagens de Nivel Automat - 3º Adicional ao contrato 4118	Adicional	EFACEC-Sistemas de Electronica	06-08-2010	665 600
5010001558	Conversão contas POC em SNC e Upgrade	Concurso Público	Accenture, Consultores de Gest	06-10-2010	250 000
5110000280	Prest. Serv. Fisc. e Coord. Seg. - 2º aditamento ao contrato 2317	Adicional	TPF Planege - Consultores Eng	18-10-2010	739 116
5010002424	Manutenção Sistemas Inf. e Rede de Dados	Ajuste Directo	Refer Telecom Serv Telecomun	29-10-2010	5 990 340
5010002831	Fiscalização Empreitadas Estação Évora	Ajuste Directo	GIBB, SA/FERCONSULT,SA	05-11-2010	285 580
5010000422	Ensaio de Bombagem	Ajuste Directo	AQUALIS CAPTAÇÕES - Hidrogeolo	10-11-2010	299 529
5010003394	Nova Estação Técnica-Pk118.500 Linha Sul	Ajuste Directo	FERBRITAS-Empreend. Ind.Comérc	11-11-2010	314 072
5010001647	GE - Autónoma 2 LN/LCINTURA LAV	Ajuste Directo	FERBRITAS - Empreend. Industri	15-12-2010	251 459
5110000418	3.º Renovação - Seguro Responsab. Geral - Seguro de Responsabilidade Civil Geral da REFER	Adicional	Assicurazioni Generali	21-12-2010	1 228 805
5010005410	LN - descarrilamento 16/07/2010	Ajuste Directo	Fergrupo - Const Tecnicas Ferr	31-12-2010	272 922

PART IV | SUSTAINABILITY REPORT



IV Sustainability Report

This report refers to the company Rede Ferroviária Nacional – REFER, E.P.E. (REFER). Economic, social and environmental data presented in this report relate to the company's operations in 2010.

All REFER reports are available at www.refer.pt.

Rede Ferroviária Nacional – REFER, E.P.E.

Estação de Santa Apolónia

1100-105 Lisboa

Website: www.refer.pt

Share capital: EUR 305,200,000

Tax No.: 503 933 813

Contents

Report	3
Main Sustainability Indicators	5
Main Sustainability Actions.....	7
A Vision of Sustainable Development.....	10
Company Presentation	13
Governance Structure.....	27
Economic Performance	32
Main Indicators.....	32
Operating Results.....	34
Financial Results.....	35
Net Result.....	36
Stakeholders.....	36
Social Performance.....	44
Employment.....	44
Labour and Labour Relations	49
Work Safety and Health	50
Personal and Asset Safety	51
Human Resources Development	52
Employee Benefits	54
Diversity and Opportunity.....	55
Environmental Performance.....	57
Materials	57
Energy	59
Water.....	60
Biodiversity.....	60
Emissions, Effluents and Waste.....	69
Noise.....	70
Cost of Environmental Actions	73
List of All Indicators	75
Table of Commitments to Medium / Long Term Goals	78
Glossary	80

Report

In 2010, REFER, E.P.E., is once again presenting its Sustainability Report which is part of the Annual Report. As in previous reports, REFER will disclose its economic, social and environmental performance for the previous year within the context of the company's commitments and its management approach.

This document discloses the Sustainability Report to the supervising ministries and is the basis for evaluating REFER's sustainable performance in the future. The company wishes to promote transparency regarding the sustainability of its activities by disclosing information of relevance to the various stakeholders, clients, the shareholder, personnel and other parties. The company thus discloses its principles, practices, programs and initiatives to improve its performance in regard to economic, environmental and social impacts caused by its activities.

The principles used to define the content of this Sustainability Report were essentially those of transparency, relevance and comprehensiveness in a format that may be easily and objectively read by stakeholders.

According to Order 26 811/2004, published in DR, Series II, of 24 December 2004, companies supervised by the transport sector must include a separate document in their annual reports portraying the social and environmental aspects of their activities.

The submitted report format was approved by the Environmental Audit performed by the Ministry of Public Works, Transport and Communications through notice number 51-03/03/2006.

GRI Structure

This report complies with the Directives of the Global Reporting Initiative (GRI) for preparing sustainability reports through an "Informal Approach," whereby reports are based on the GRI guidelines without meeting all their content. This option is a more suitable approach to the current situation of our organisation and ensures that it will progressively evolve toward the "Formal Application" of the GRI Directives.

Participation in the GRI is voluntary and a means for Organisations to disclose the social, economic and environmental aspects of their activities to their various stakeholders. Until now, thousands of organisations in distinct fields (chemicals, pharmaceuticals, telecommunications, transport, energy, public authorities, among others), some of which operate in Portugal, have published reports according to the GRI guidelines.

Justifying the Indicators

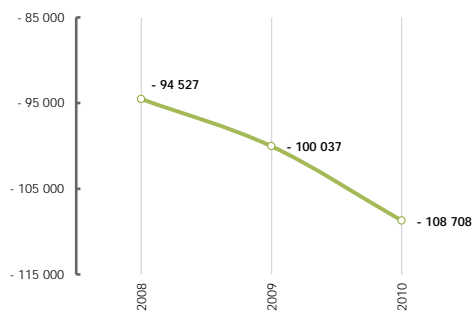
REFER endeavours to implement good business practices that ultimately have impacts on the economic, environmental and social systems in which it operates. Knowing those impacts is essential for evaluating a specific company's performance in the three sustainability areas: economic, social and environmental.

As such, the range of selected indicators reveals the relationship between the manager of the Portuguese railway infrastructure and the various stakeholders (entities coexisting within its corporate environment).

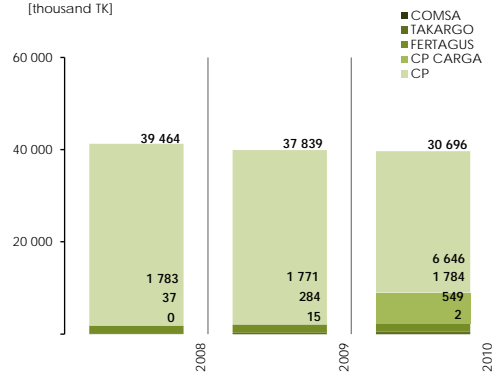
Main Sustainability Indicators

Economic Perspective

Operating Results
[thousand euros]



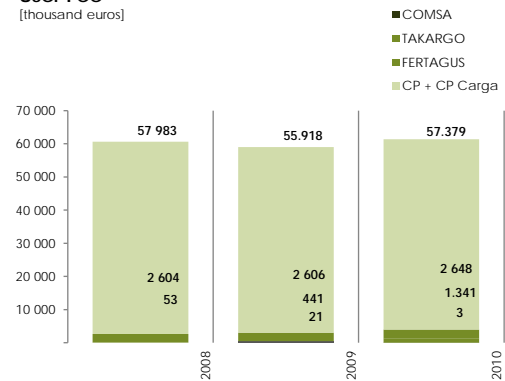
Train Kilometres (TK) Travelled
[thousand TK]



Modernisation Investment
[thousand euros]

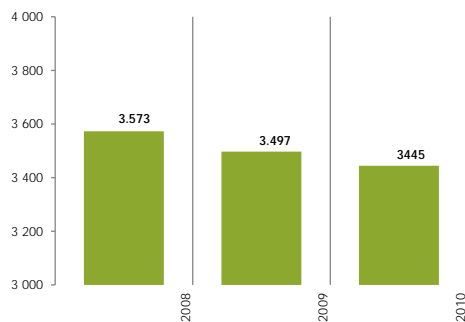


User Fee
[thousand euros]

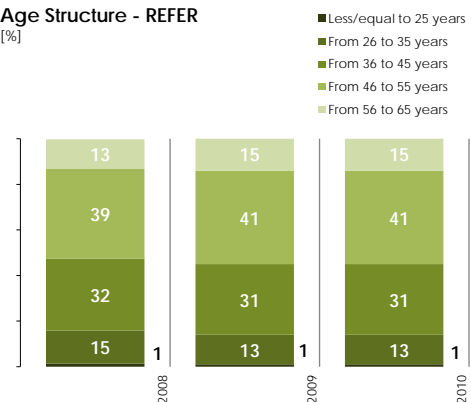


Social Perspective

Total Employees
[on December 31]

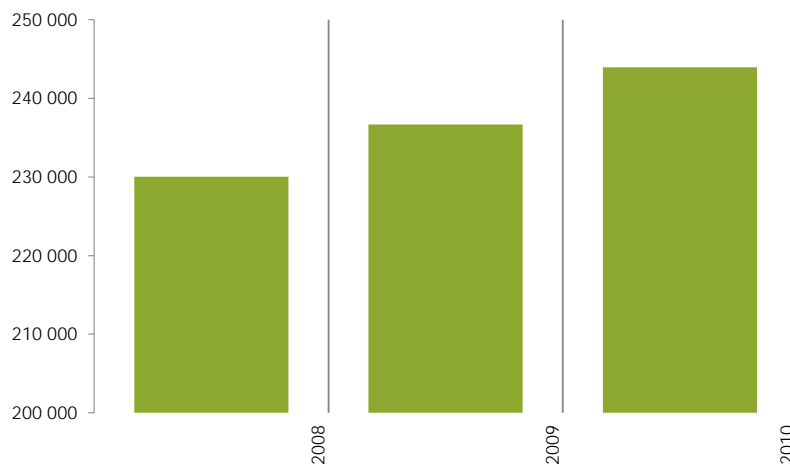


Age Structure - REFER
[%]



Environmental Perspective

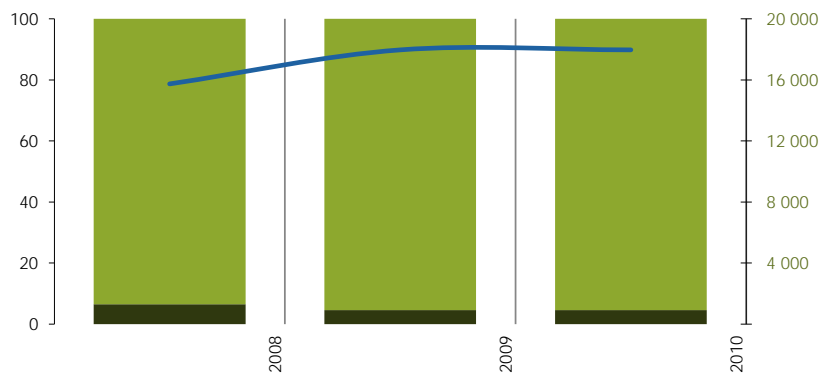
Water Consumption- Public Supply
 [m3]



Direct Electricity Consumption

[%][Total energy consumption (tpe)]

■ Combustíveis Fósseis
 ■ Electricidade
 — Total



Main Sustainability Actions

REFER views Sustainable Responsibility as a voluntary integration of social, environmental and economic concerns by companies in their activities and in their interaction with stakeholders.

Taking into account the two essential aspects of the company's activity – internal and external – it may be said that the internal aspect includes topics such as human resources management, health and safety at work, adaptation to change and management of the environmental impact and natural resources.

As for the external aspect, concerns focus particularly on local communities, on business partners, suppliers and clients, and the environmental issues are viewed from a global perspective.

External Aspect

In 2010, REFER carried out various initiatives to promote economic, social and environmental sustainability, of which the following are highlighted:

- Continued development of the National Ecotrails Plan, to:
 - Preserve former railway routes;
 - Contribute to a future 750 km network of "green trails", "pedestrian paths", etc.;
 - Combat desertification in some regions;
 - Contribute to a new Ecotourism service.
- Level Crossing safety awareness campaigns;
- Maintain REFER's association to the Quercus Forest Creation program, through financial contribution to the project and to plant about 6,400 trees and bushes at 3 distinct locations in the centre of the country, particularly in the counties of Cadaval, Alenquer and Penamacor;
- Collaborate with the Food Bank food collection campaign for the needy;
- Solidarity actions for Haitian earthquake victims;
- Inauguration of the Bairrada Space at the Curia Station, which displays handicraft and regional products consequent to a protocol signed with the Town Council of Anadia;

- In partnership with the Public Security Police (PSP), REFER promoted a safety awareness campaign for railway service users;
- Simulation of a railway accident at the Pampilhosa Station;
- Celebration of the “International Level Crossing Awareness Day” aimed at raising awareness and warning society on the need to respect signs and to strictly comply with safety rules when level crossings are used; this initiative was supported by, among other entities, the United Nations and the European Commission;
- Support to the project “Trainature – solar powered train” which raises the awareness of younger generations on the importance of railways in future transport means;
- Support to the event Pop Up Lisbon 2010;
- Blood Donation Campaign (SANGFER).

Internal Aspect

In 2010, REFER carried out various actions to promote social sustainability for its personnel. In this framework, REFER personnel are entitled to the following benefits:

- Health Insurance;
- Vaccination campaign;
- Organisation of cultural events, particularly the book fair;
- REFER support for education:
 - Scholarships;
 - Pre-school Subsidy;
 - REFER Holiday Camps.
- Discounts for CP train fares;
- Possibility to join the GALP Fleet card fuel discounts program;
- Other Partnerships and Discounts:
 - Restaurants and Hotels;

- Clinics, Doctors and a Pharmacy;
 - Bank products;
 - Culture and Sports;
 - Consumer Goods;
 - IT equipment.
-
- Railway club which features sports and cultural activities;
 - Continuation of the "Send Ideas" Program.

A Vision of Sustainable Development

The search for a more sustainable corporate development model has been a major concern during recent decades in view of the opportunities, but also threats, which affect the social setting, the structure of economic activities and the environmental balance.

The concept of Sustainable Development is normally defined as “meeting the needs of the present without compromising the ability of future generations to meet their own needs, which means allowing persons, now and in the future, to reach a satisfactory level of social and economic development and a human and cultural fulfilment, whilst making a reasonable use of earth’s resources whilst preserving species and natural habitats.”

Sustainable development is based on three essential pillars:



Sustainable Development can be met only if these three crucial aspects evolve harmoniously.

Strategic Vision and Mission

REFER “manages the national railway network in terms of its construction, conservation, asset preservation and capacity management.” We are aware that a corporate unit’s sustainability is evaluated by its capacity to overcome future challenges through actions in the present time in three areas that are not always easily reconciled (Economy, Society and Environment).

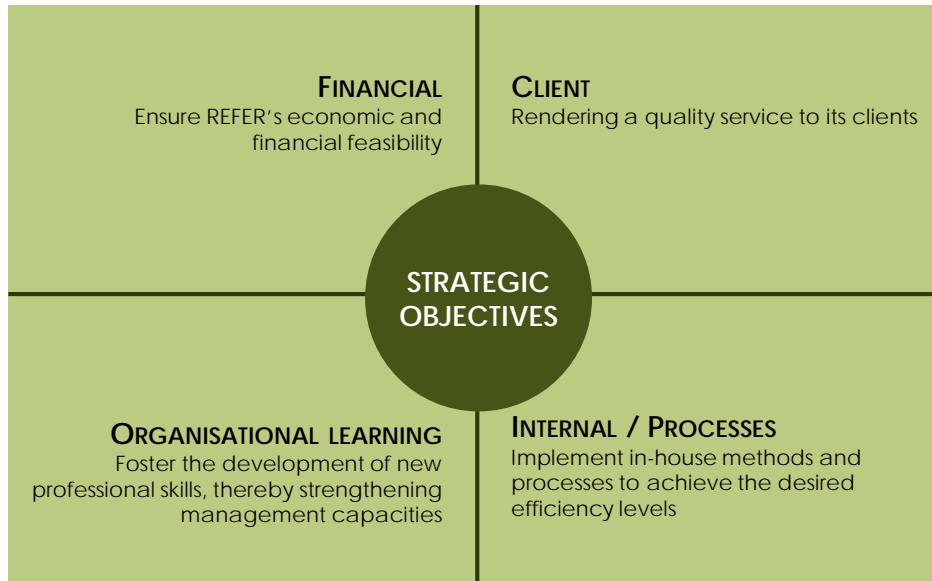
The Railway Sector’s Strategic Guidelines (OESF) presented by the government in October of 2006, and included in the general transport policy, comprise the framework for developing REFER’s activities and establish a number of Strategic Goals for the sector:

- Improve accessibility and mobility in order to increase the market share of railway transport;
- Guarantee suitable standards of safety, interoperability and environmental sustainability;
- Evolve to a sustainable financing model and enhance efficiency;
- Promote research, development and innovation.

As for the company's mission, we highlight the following goals and policies:

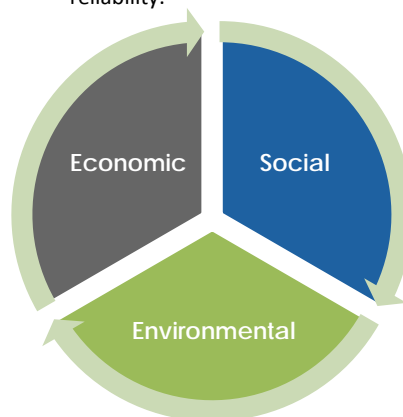
- Improve the network's service levels;
- Improve and modernise the network infrastructure;
- Improve services rendered to end clients;
- Guarantee high safety levels;
- Promote environmental sustainability;
- Ensure economic-financial sustainability;
- Reduce the costs of rendered services;
- Increase the contribution by non-operating activities;
- Increase the organisation's productivity;
- Optimise the management and control of investments / contracts;
- Foster the uniformity of processes and the standardisation of network infrastructures;
- Strengthen technical and management skills;
- Foster personnel development.

Analysis Perspectives



Ensure economic-financial sustainability through responsibility and commitment contracts. Rationalise the cost structure and increase the contribution from activities not related with operation; optimise client service whilst ensuring high levels of operation safety and reliability.

Maintain the strategy of coordinated introduction of new information technology combined with developing personnel skills within a perspective of new management practices oriented toward a Quality Management model.



The Environmental mission stipulated in deliberation 33/07, of August 30, emphasises "... integration of the various environmental requirements in infrastructure operation and maintenance and the planning, design and implementation of new investment projects."

Company Presentation

EU Directive 440/91 and the Legal Code of the Land Transport System stipulate guidelines for the indispensable and urgent restructuring of the national railway system, in particular by highlighting the need to separate railway infrastructure management from transport production. The government defined the general guidelines for this reorganisation according to a model based on three entities:

1. **Railway sector regulatory entity (IMTT)**, whose main goal is to regulate activities between railway operators and the infrastructure manager, whilst fostering safety, quality and environmental protection, thus making it a central state administration body;
2. Infrastructure management entity responsible for guaranteeing the installation, development and maintenance of railway infrastructures, as well as managing the circulation command and control systems, for which Decree Law 104/97, of 29/04, has already been published and which created **REFER**;
3. Transport Operators – CP, CP Carga, Fertagus, Takargo and Comsa are responsible for providing passenger and freight services and must reorganise their structure in order to become a market-oriented company with a client culture.

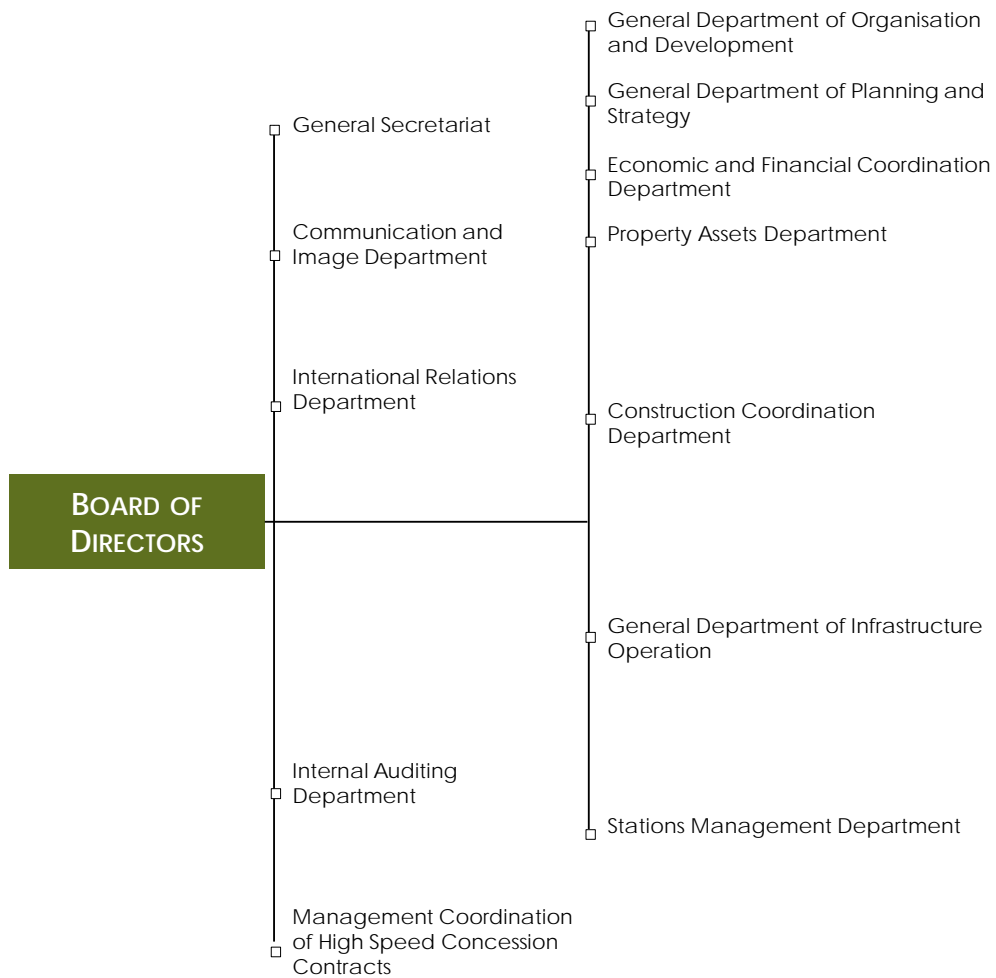
The process to create Rede Ferroviária Nacional – REFER, E.P.E., was completed only in 1999, the year in which the company began performing all the functions which it had been assigned.

History

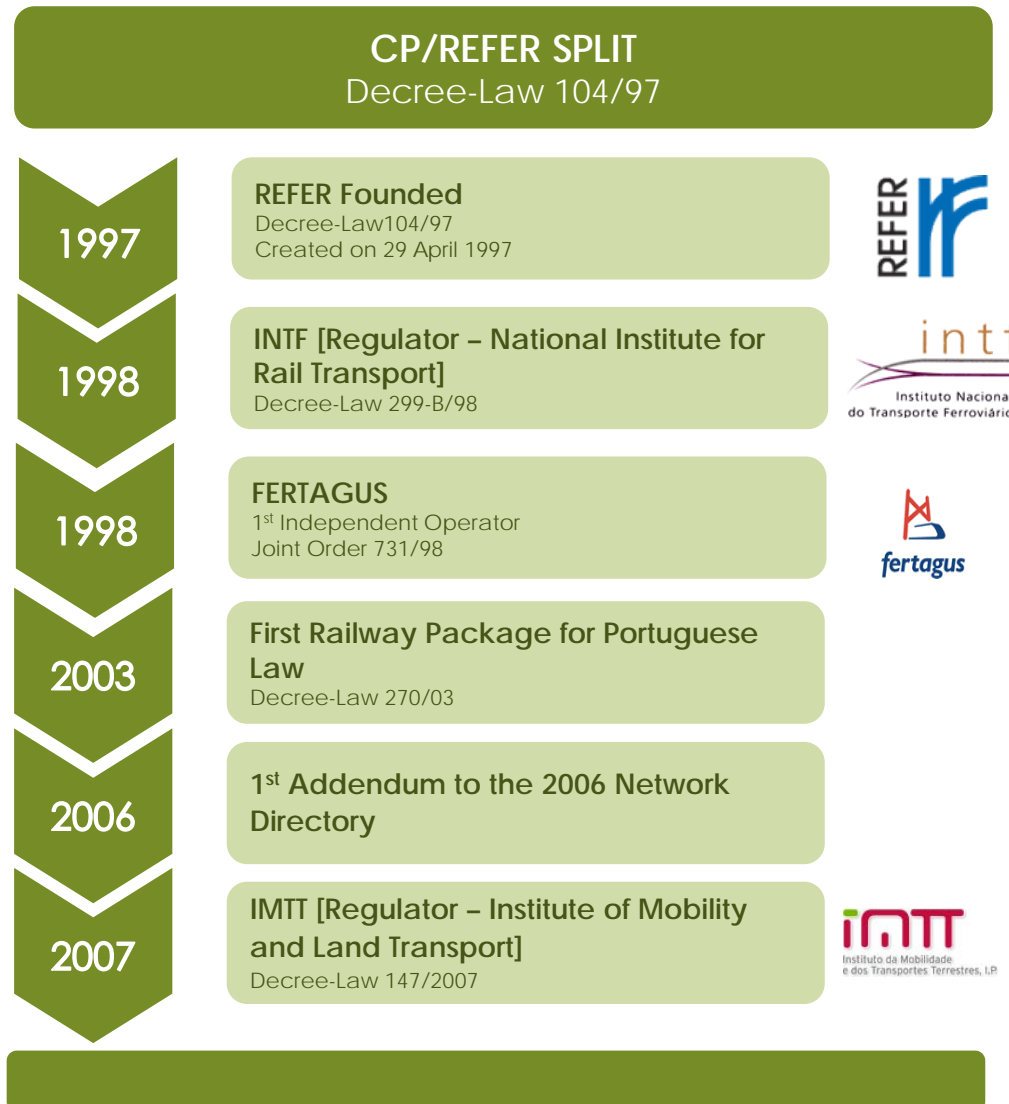
1997	REFER was founded through the integration of the investment activities of the former Lisbon and Porto railway hubs, of the 25 de Abril Bridge and of CP itself.
1998	REFER was assigned the conservation and maintenance tasks that had been performed by CP until that time.
1999	<p>REFER was assigned all circulation control and management, including all other activities related with the management and operation of the National Railway Network.</p> <p>The railway line along the 25 de Abril Bridge and the North-South Railway Corridor were officially inaugurated on 29 July 1999. These facilities were essential for linking the Tagus River's south margin to Lisbon, and were later assigned to a private operator.</p>
2000	<p>Work began to design a quality management systems (QMS) in compliance with Portuguese Standard NP EN ISO 9001:2000, to be implemented at REFER.</p> <p>Start of studies covering the use of decommissioned railway assets.</p>
2001	<p>Signing of the first protocol to build an Ecotrail based on the former Monção Branch Line.</p> <p>"Living Stations," start-up of the first project stage covering thirteen cities. This project aims to re-qualify railway transport and its surroundings by once again assigning it the important role of boosting social, cultural and economic development of the communities it serves.</p>
2002	The first Network Directory was issued, specifying access and utilisation conditions for the national railway infrastructure to meet the expected provisions of DL-270/2003, of October 28.
2003	The Lisbon Zone Operational Control (ZOC) obtained the Quality Certification, according to standard NP EN ISO 9001:2000, issued by APCER (Portuguese Certification Association). The CP/REFER agreement was signed, which covered the railway infrastructure User Fee for the 1999-2002 period. The Environment and Safety Departments were created. The 2004 Network Directory was published, which was prepared according to the provisions of DL-270/2003 of October 28.
2004	Inaugural trip of the Braga/Faro direct link on 30 May 2004. The work to build this link aimed to give this essential network section (Atlantic Corridor) a competitive edge over other means of transport. Signing of a protocol with a UMIC (Innovation and Knowledge Mission Unit), within the

	scope of initiatives for promoting the information society.
2005	<p>In June 2005, the Quality Certificate was issued to the Porto Conservation Operation Zone, according to standard NP EN ISO 9001:2000 issued by APCER (Portuguese Certification Association).</p> <p>Electrification of the Beira – Baixa Line (Mouriscas A – Castelo Branco).</p>
2006	In 2006, Portugal celebrated its 150 th year of railway operation, a milestone in our country's history when the inaugural train trip was made from Lisbon's Santa Apolónia Station to the town of Carregado.
2007	REFER commemorated its 10 th year on 29 April 2007. The work to renovate the Rossio Station building was completed. The Santa Apolónia Station was adapted for the new underground station.
2008	In 2008, the highlight was the re-opening of the totally renovated Rossio Station and Tunnel. Completion of the contract works for the railway link to the National Ironworks (Siderurgia Nacional), 1 st stage of the Alcácer Alternative Route, Multimodal Terminal of Cacia and Electrification and Signalling of the Barreiro – Pinhal Novo Section. Operation start-up of the Porto Operation Command Centre on April 22.
2009	<p>The year of 2009 was marked by the inauguration of the Cacia Multimodal Centre and the Cais do Sodré Transport Interface. Reopening of the Vendas Novas Line for train passenger service.</p> <p>Completion of the painting of the Maria Pia Bridge, in Porto.</p>
2010	The year of 2010 was marked by the inauguration of the Port of Aveiro Branch Line early in the year, the operation start-up of the Trofa Alternative Route on the Minho Line and the inauguration of the Alcácer Alternative Route. This was also the year in which the renovation work for the Setúbal Station was completed.

Organisational Chart for the REFER Business



Legal Framework



The Legal Code for the Land Transport System, Law 10/90 of March 17, states that the terrestrial transport system includes the infrastructures and production means allocated to land travel by persons and merchandise within the Portuguese territory or when the trip ends or has part of its route within the said territory and is governed by this law, its development decree-laws and regulations.

Decree-Law 104/97, which created REFER, E.P., was published on 29 April 1997.

REFER is a company whose statutory capital is 100% held by the state and is supervised jointly by the Ministry of Finance and the Ministry of Public Works.

It carries out its assigned activities according to the principles of modernisation and effectiveness in order to ensure a regular and continuous public service of managing the national railway network infrastructure.

It is therefore established that REFER:

- may carry out all necessary or convenient management acts to fulfil its objectives;
- maintains the rights and accepts the responsibilities assigned to the state by the applicable legal provisions and regulations covering the Public Railway Domain.

Decree-Law 299-B/98, published on 29 September 1998, created the National Railway Transport Institute (INTF) which regulates and inspects the railway sector, supervises the activities carried out and intervenes in public service concessions. This Decree-Law was revoked by Decree-Law 147/2007.

In September of the same year, through Joint Order 731/98, the concession for the railway passenger transport service on the North-South Corridor was granted to FERTAGUS, the first private operator.

Decree-Law 93/2000 was published in May 2000, which establishes the conditions to be met in the national territory to obtain interoperability of the trans-European high speed railway system (transposes Council Directive 96/48/EC, of 23 July 1996). It was altered by Decree-Law 152/2003, of July 11, which rectifies omissions detected in the transposition of Council Directive 96/48/CE, of July 23.

In October 2003, Decree-Law 270/2003, of October 28, was published, which transposes to national law Directives 2001/12/EC, 2001/13/EC and 2001/14/EC, commonly called "1st Railway Package." These new laws opened the railway transport market to private business entities whilst guaranteeing a number of criteria regarding technical and financial capacity and safety issues. This Decree-Law was amended and republished through Decree-Law 271/2007.

Decree-Law 276/2003, of November 4, establishes the new legal policy applicable to assets of the public railway domain, including rules on the respective utilisation, disfranchising, exchange and the rules applicable to relations of bordering proprietors and of the population in general with those assets, legislative authorisation given by Law 51/2003, of August 22.

Consequent to the said law's provisions, in this year REFER prepared and published the first edition of its Network Directory. This directory provides railway transport companies with the essential information they need to access and use the national railway infrastructure managed by REFER and available for railway transport.

In March 2005, INTF published its Regulations 21/2005 covering the general tariff schedule for services rendered to operators by the infrastructure manager.

The 2006 Network Directory, published in September 2005, was the first directory to be prepared according to the rules stipulated in Regulations 21/2005. After its publication, the operators filed appeals that forced REFER to present the properly compiled processes to the Regulatory Entity and to provide, in 2006, a variety of additional information complementary to the submitted information it used to justify the tariff rates, so that INTF could reach a decision.

The 1st Addendum to the 2006 Directory was published based on that decision.

Decree-Law 200/2006 created the IMTT - Instituto da Mobilidade e dos Transportes Terrestres (Institute of Mobility and Land Transport) by merging various entities, including the former INTF – Instituto Nacional do Transporte Ferroviário (National Institute for Rail Transport).

Council of Ministers Resolution 49/2007 defines the principles of Good Governance for companies in the state's corporate sector.

On 22 July 2008, Decree-Law 141/2008 amended and republished REFER's statutes, which took effect on 23 July of that year. This Decree-Law alters the statute that created the National Railway Network, REFER, E.P., and the respective statutes, in order to adapt them to the new legal system of the state's corporate sector. Therefore, Rede Ferroviária Nacional, REFER, E.P., was transformed into a public corporate entity now called **Rede Ferroviária Nacional, REFER, E.P.E.**

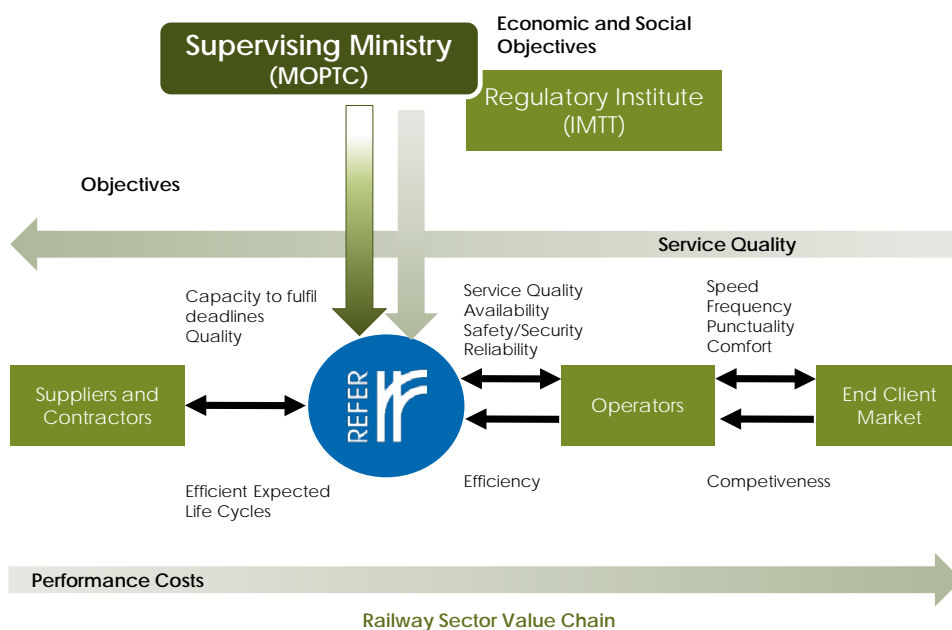
Business Areas

REFER renders a public service by managing the overall National Railway Network infrastructure and is therefore responsible for carrying out activities to meet its goals according to the principles of modernisation and effectiveness by operating essentially in two business areas:

- **Infrastructure Management**, includes managing the railway infrastructure's capacity, conservation and maintenance and managing the respective circulation command and control systems, including signalling, regulation and promptness in order to ensure the indispensable safety and quality conditions of a public railway transport system.
- **Investment**, consists of building, installing and renewing the infrastructure, an activity carried out on behalf of the state (the assets are part of the public railway domain).

REFER thus plays a key role in the railway sector's value chain. It must ensure the railway network's availability, capacity, reliable operating conditions, quality and safety whilst also fulfilling the state's network modernisation objectives.

The Portuguese Railway System



Infrastructure Management and Operation

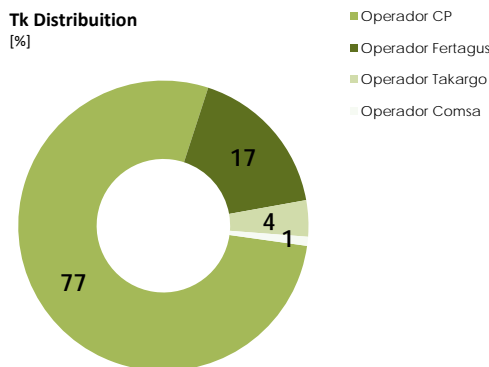
As the renderer of the public service of managing Portugal's railway network infrastructure, REFER is responsible for performing tasks to fulfil its objective according to the principles of modernisation, safety and effectiveness, with particular emphasis on infrastructure management.

In December 2010, the national railway network covered 3,619 km of track, of which 2,843 km (79%) are currently open to train traffic.

The national railway network has been continuously modernised in recent years. Consequently, the company has commissioned new facilities and renovated and converted the technology of many others to make today's railway operation safer, more reliable, more flexible and better suited to demands and to provide greater and better mobility among the various means of transport. This information is available in greater detail in the Management Report for 2010, in the section "Evolution of Activities."

As for safety systems, at the end of 2010 sophisticated Speed Control, Convel and ATS (Automatic Braking System) had been installed in 53.5% of the national railway network. This information is available in greater detail in the Management Report for 2010, in the section “Evolution of Activities.”

In 2010, transport operators experienced an average decrease in TK of about 0.6%. On the other hand, the User Fee increased 4% over 2009. This difference between TK and User Fees was due to the increase in the base tariff value that, in 2009, was of 1.48€ and in the year in question was of 1.50€. It is also worth noting the higher revenue from Unused Requested Capacity, which in 2010 was subject to new procedures for recording information supporting the service tariff charges.



The CP operator continues to have the highest railway utilisation rate. This information is available in greater detail in the Management Report for 2010, in the section “Evolution of Activities.”

REFER aims to provide operators with a highly safe, reliable and flexible infrastructure by modernising the network. For this purpose, it has commissioned a substantial number of new facilities, many of which did not exist previously, and other technologically advanced facilities that replaced very rudimentary systems. Accordingly, in recent years REFER has made large investments to expand and modernise the railway network.

Railway infrastructure management costs include two items that must be noted, “External Supplies and Services,” with emphasis on “Subcontracts,” and the “Personnel Costs” item.

In the “External Supplies and Services” item, the “Subcontracts” category has contributed the most to the respective amount, corresponding to 72% of the total. This item increased 13%, or 9.9 million euros, over 2009 mainly due to increases in the track subcontracting item.

In 2010, personnel costs reached 95.3 million euros, 1.6 million euros less than in 2009.

Other personnel costs essentially cover life and health insurance, training, recruitment and transport utilisation indemnities and benefits.

In 2010, the number of indemnities for contract terminations paid to employees decreased in 2010, reaching about 2.1 million euros (compared with 3.8 million euros in 2009).

Total wages remained practically unchanged in 2010, with an increase of about 0.5% over 2009.

Investment

Investment in construction, installation and renewal of the railway infrastructure is carried out by REFER on behalf and at the expense of the state.

REFER's investment in 2010 reached 407 million euros, which reached a 108% realisation rate compared with what was forecast (378 million euros). Of this amount, 403 million euros was assigned to investments in long duration infrastructures (99% of total investment) and 3 million euros was spent on management support structures (1% of the total investment).

Among REFER's actions applicable to the national railway network, emphasis goes to investments in the Railway Link to the Port of Aveiro, the Port of Sines – Spain Railway Link, the Alcácer Alternative Route, the Trofa Alternative Route and the Setúbal Station.

The Level Crossing Elimination and Reclassification Plan for 2010 was applied to 107 level crossings. REFER is bound to this plan – through art. 2 of Decree-Law 568/99 of December 23 – whose implementation was assigned to REFER, to Local Town Councils and to the company Estradas de Portugal (roads). Of these interventions, 53 Level Crossings were eliminated and the others were reclassified.

In 2010 there were 38 accidents at Level Crossings, of which 29 were collisions and 9 involved persons hit by trains, which resulted in 11 deaths, 3 serious injuries and 4 minor injuries.

This information is available in greater detail in the Management Report for 2010, in the section "Evolution of Activities."

Company Size

In December 2010, the company had 3,445 employees on the payroll consequent to 75 persons who left the company, 12 new employees and 11 employees assigned elsewhere who returned to the company. Therefore, the company had 52 less employees during the year.

This information is available in greater detail in the Management Report for 2010, in the "Human Resources" section.

REFER's Role in the Transport Infrastructure Management Sector

Rail transport policy in the different countries has traditionally been drawn up individually by each country, which led to a situation of a lack of interconnection and interoperability, thus holding back the development of the European railway market and encouraging growth in road transport, which in turn has resulted in negative impacts on energy consumption, the environment, traffic congestion and accident rates.

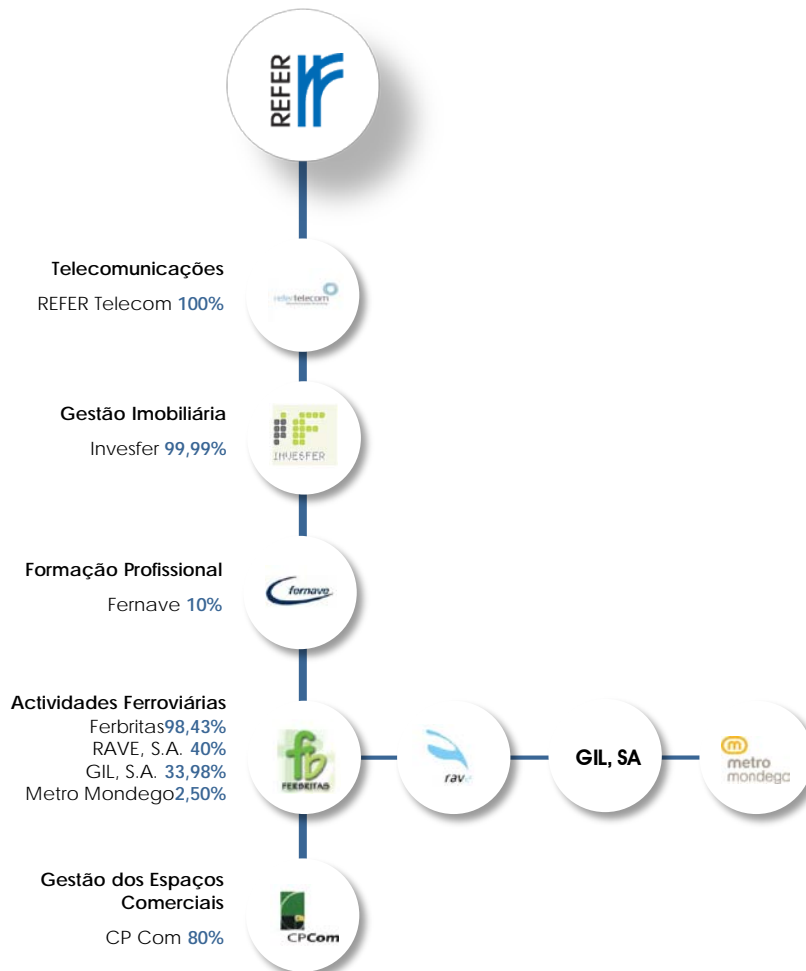
This situation led to the application of a European policy of sustainable mobility which has clearly boosted the development of the railways. Its aim is to progressively create an integrated European effort with guaranteed access to all operators.

Within this scenario, the process to liberalise the railway market began through Directive 91/440/EC, which led to distinct accounts for infrastructure management activities and railway system operation. This policy makes infrastructure user fees as transparent as possible and opens access to international services.

The consolidation of the Portuguese rail model, inspired by the reform of the railway sector recommended by the European Union (EU) is a firm step towards developing and improving the rail system.

REFER Group

REFER has shareholdings in a number of companies which were created to restructure the railway sector, which began in the 80s even before REFER was founded, and which complement railway infrastructure management activities.



REFER TELECOM – Serviços de Telecomunicações, S.A.

REFER Telecom – Serviços de Telecomunicações, S.A., is a Telecommunications Operator licensed by ANACOM. Refer Telecom manages, supervises and maintains railway telecommunications networks and systems. It is also responsible for installing and managing telecommunications, which are essential in rail transport. It has a national coverage network and uses an optical fibre backbone extending over 2,800 kilometres, allowing it operate in the country's main district capitals and urban centres. Various connectivity services are supported on this network.

The company's mission is to "effectively manage the telecommunications infrastructure yielded by the shareholder, guaranteeing excellent services and optimising all resources through a specialised offer to the rest of the market."

INVESFER - Promoção e Comercialização de Terrenos e Edifícios S.A.

INVESFER S.A., is a company of public capital held by REFER which renders property asset management services. Its strategic mission is to offer flexible and innovative solutions to enhance properties tailored to client needs.

The company's strategic vision is to be recognised as a leading property asset enhancement company, thereby contributing to the success of its shareholders, clients, partners and employees.

It abides by the following values:

- Ethical and professional practice based on criteria of transparency and on valuing of people;
- Service quality and excellence based on streamlined procedures and persistence in the search for better solutions;
- Team spirit of cohesion, enthusiasm, dedication and determination of all employees;
- Social responsibility based on sustainability.

Railway assets no longer in use raises real preservation challenges due to their fragmentation, geographical isolation and, in some cases, changes in the surrounding social and urban context.

REFER, through INVESTER, has been taking measures to improve and refurbish railway property assets that guarantee financial and environmental sustainability and also enable them to be used by the populations.

Although these interventions have a greater impact on the outskirts of urban centres, in other places these initiatives are equally important, since they are means to preserve historical and museological assets and generate opportunities for developing local business such as tourism, the hotel industry and commerce.

FERBRITAS - Empreendimentos Industriais e Comerciais, S.A

FERBRITAS S.A. is a REFER Group company with over three decades of experience in the railway sector and is specialised in the planning of transports and infrastructure engineering.

CPCOM – Exploração de Espaços Comerciais da CP, SA

This company was founded in September 1995 and runs and manages the commercial and advertising spaces of the national railway network: shops, various automatic equipments (automatic vending machines for drinks, snacks and photographs, ATM's), kiosks, warehouses, land plots, billboards (public information panels, 8x3 and 4x3 panels and other supports).

RAVE, Rede Ferroviária de Alta Velocidade, SA

RAVE, Rede Ferroviária de Alta Velocidade, SA, is a Portuguese company that develops and coordinates the work and studies necessary for decisions on the planning, construction, financing, supply and operation of a high-speed rail network to be installed in mainland Portugal, and the link to its counterpart Spanish network.

RAVE was founded through Decree-Law 323-H/2000, published in Diário da República 291 (1st Series – Supplement), of December 19.

Governance Structure

Areas Supervised by Members of the Board of Directors

The government defines REFER's general goals and the framework in which the respective activities must be carried out to ensure that these activities are in harmony with the country's policies as a whole and in each sector.

The Board of Directors has five members: the Chairman, the Vice-Chairman and three board members are appointed by the government, are in office for a three-year period, may be re-appointed for equal periods within the limits stipulated in the Public Management Statute and remain in office until they are replaced or their duties are declared as having ceased.

The Board of Directors generally performs all acts necessary to manage and develop the company and to manage its assets without undermining the powers of the respective supervising ministries. Naturally, members of the Board of Directors must abide by the duties and obligations legally established for public managers, particularly the lack of a conflict of interests.

REFER's current Board of Directors was appointed at the end of 2005 and was reappointed on 21 January 2009. In June 2010, the vice president left his position, whereby on 31 December 2010 the REFER Board of Directors consisted of the Chairman and three members.

Members of the REFER Board of Directors are identified in the Corporate Governance report in the "Governing Bodies" section.

The number and summary of meetings by REFER's Board of Directors is indicated in the Corporate Governance report in the "Governing Bodies" section.

Participation by the Board of Directors in REFER group companies is specified in the Corporate Governance report in the "Governing Bodies" section.

Sustainability

QUALITY	Implement and maintain Quality Systems and performance monitoring in compliance with the strategy and goals.
SAFETY	Implement the necessary safety requirements to eliminate accidents, material damages and personal injuries, thereby enhancing the values of the community, of the state, of the company and of its employees.
ENVIRONMENT	Comply with environmental protection requirements in the planning, design and implementation of new projects and in the network operation and conservation, according to the Environmental Management System and as part of an implicit ongoing improvement process.
SOCIAL	Harmonise Human Resources Management activities with the company's overall strategy. Define Human Resources guidelines and management tools to attain good personnel satisfaction/motivation and productivity levels. Support initiatives promoting the development of the surrounding community.

Quality

The key strategies defined for this area aim to follow a corporate approach to REFER's cross-over processes, as well as to seize opportunities arising in terms of methodologies for structuring quality management systems. It is within this context that strategies are analysed and structured, also taking into account the fundamental importance of focusing the driver towards systems organised in operational areas, to assist the productive processes that are essential for the company's performance.

Objectives: To follow a corporate approach to REFER's cross-over processes and to seize opportunities arising in terms of methodologies for structuring management systems.

Safety

Safety at REFER is viewed as a responsibility of each and of every individual, requiring the company's cooperation along with committed and responsible participation by all personnel.

The Safety policy covers essentially three aspects:

- **Safety at Work**, applicable to personnel and construction undertakings.
- **Safety of Installations**, in terms of emergencies and their surveillance.

- **Operation Safety** to support the entities that carry out these activities.

Objective 2010: to strengthen the safety framework of contract works, not only by developing the regulatory structure of mandatory procedures and by preparing risk analysis forms for works awarded to external companies, but also by strengthening railway safety training and awareness.

Objective 2011: Maintain the commitment to reinforce safety skills: (1. professional railway safety training to attain compliance with Technical Operation Instruction 77 (IET 77); 2. Training on Regulations; 3. Personal and asset safety training; 4. Training in Safety, Health and Working Conditions).

Environment

After having reviewed the Environmental Policy in August of 2007, the year of 2010 will see the continuity in the implementation of the main strategic lines arising from that process, and also taking into account the company's new management context due to the known financial restrictions.

Objective 2010: The company continued to evaluate the environmental impact of its main investment projects, a principle that was progressively extended to maintenance activities. The company developed the evaluation basis applicable to all the Strategic Noise Charts (1st Stage) allowing REFER to have an objective notion of this challenge's dimension. Measures were maintained to implement the projects included in the B&B commitment.

Objective 2011: Adapt the human support structure to this area at the company and to the support needed in this area by performing, to the extent possible, tasks that were previously performed by external entities. Complete the Plan to Reduce Noise Created by the Major Railway Transport Infrastructures with over 60,000 trains per year, in order to sustain the various lines of actions to be carried out, which include those that may be performed by REFER and by obtaining agreement from the supervising ministries for the purpose. Maintain the B&B commitment whilst taking into account the reprogramming performed and conveyed to the Plan of Activities.

Social

REFER's social policy initiatives may be analysed according to two aspects:

1. Internal social responsibility – the human resources and safety and health policies implemented until now demonstrate a strict and ongoing commitment to

personnel needs. This commitment has, in particular, resulted in a number of assistance measures for education and professional development incentives for the company's personnel and their family members (railway care home, holiday camps, support to railway sports and social associations, etc.); Disability support program, particularly regarding problems of mobility and/or work means adapted to the various disabilities; Qualitative improvement of work processes by increasing digitisation and of electronic means for filing and transmitting information (gradual phasing out of traditional hard copy filing).

2. External social responsibility – in this aspect, REFER has focussed on relations with National Railway Network users and neighbouring populations. In this aspect, the following, in particular, took place:
 - a) Support to the urban rehabilitation of stations and surrounding areas in collaboration with town councils;
 - b) Campaigns to promote public transport (and, in particular, railway transport) in urban zones and raising awareness for complying with safety rules at level crossings;
 - c) Support to periodic personnel blood donation campaigns, whereby the blood is delivered to healthcare services;
 - d) Disclosure of activities performed by the company and its associated companies through the portal;
 - e) Maintained a program of academic internships through protocols with various colleges and universities;
 - f) Support to social institutions such as Associations of Volunteer Fire Brigades of various towns and non-governmental organisations such as Doctors of the World.
 - g) Code of Ethics document. This document proposes a number of general conduct principles, essential for the quality of rendered services, whilst also endeavouring to stimulate a culture of good corporate practices.

Objective 2010: Reconversion of operation personnel, particularly by assigning Level Crossing Guards to General and Administrative Support positions and by assigning North and Centre region circulation personnel to maintenance positions.

Objective 2011: Implementing the psychological-social support program for workers – REFER Employee Support Program. The company continued to promote the safety of persons and assets.

Ethics – A REFER Commitment

This topic is detailed in the Corporate Governance Report in the “Code of Ethics and Conduct” section.

Economic Performance

REFER's main goal is to render a public service by managing the national railway infrastructure. It strives to play an essential role in inverting the growing trend favouring individual transport. It aims to do so by improving train transport services and by offering a safe, comfortable, fast and punctual service that is perceived and appreciated by customers.

In its activities and on behalf of the state, REFER has implemented large investment projects to modernise and develop the National Railway Network. Modernisation is the only means of enabling operators to offer a quality service to end customers. The National Railway Network boosts development by contributing to cohesion and economic and social development of all the country's regions. In summary, to meet the population's growing mobility needs and maintaining pace with the European market, REFER implements a strategy oriented toward revitalising and promoting the use of trains as the preferred means of reliable and safe transport in harmony with environmental policies.

Main Indicators

Since it was founded, REFER has invested in the network's modernisation. Since 2002, investment in railway infrastructures has reached 3.22 billion euros. In 2010, the investment reached 407 million euros, 12% more than in 2009.

Modernisation Investment

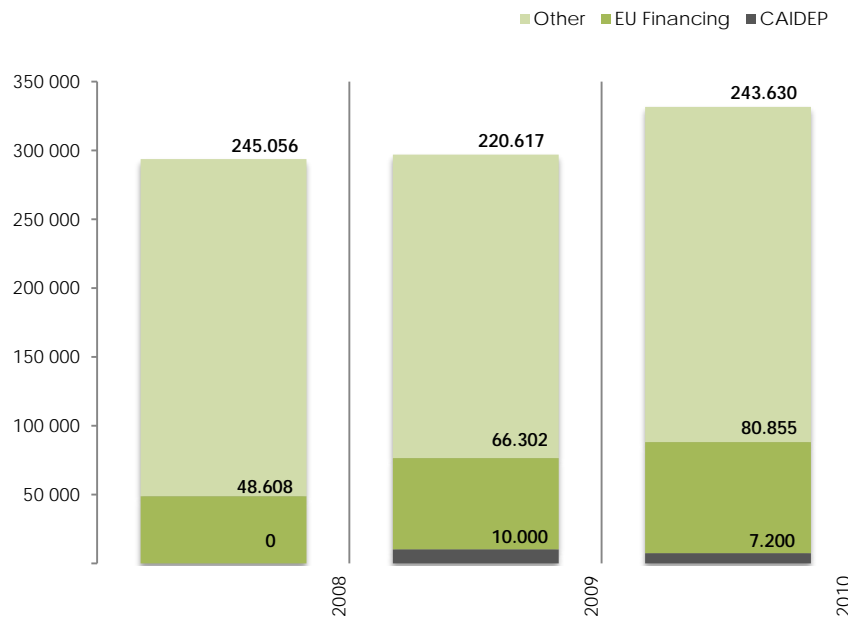
[thousand euros]



In the last three years, REFER's investments have been financed as follows:

Evolution of Investment Financing

[thousand euros]



Financing obtained by REFER in 2010 was applied in Inter-Regional Links, in Links to Logistics Centres and Ports, in the Metropolitan Areas, in Network Safety and Efficiency, among other investments. Emphasis goes to the Alternative Route of Alcácer, the Port of Sines/Spain Railway Link and the Railway Link to the Port of Aveiro.

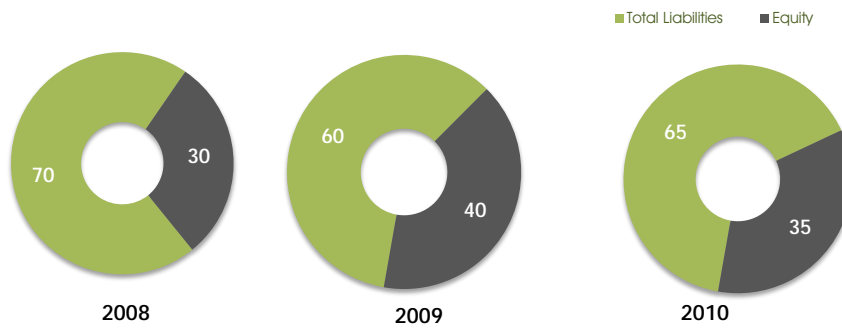
Diminished state financing in recent years has led to a higher dependence on external financing which undermined the company's economic and financial situation.

Financial Position Structure

[thousand euros]

	2008	2009	2010
Total Liabilities	2 750 050	1 925 063	2 712 127
Equity	-1 155 239	-1 299 453	-1 445 955
Total Assets	1 594 811	625 611	1 266 172

REFER's liabilities have been increasing in recent years. This trend was temporarily halted only in 2009, the year in which the company obtained fewer loans for Infrastructure Management. The 41% increase, of about 700 million euros, arose from higher short-term loans in 2010.



The company's equity fell by 11%, about 147 million euros, due to successive years of accumulating negative Net Results.

Equity

[thousand euros]

	2008	2009	2010
Equity	-1 155 239	-1 299 453	-1 445 955

Results

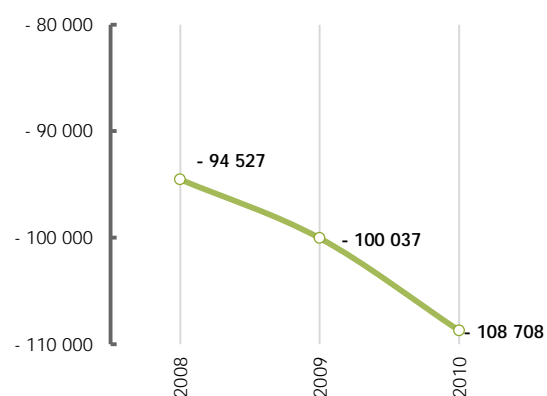
[thousand euros]

	2008	2009	2010
Turnover	71 629	71 541	73 414
Operating Result	- 94 527	- 100 037	- 108 708
Net Result	- 181 484	- 120 529	- 146 503

Operating Results

[thousand euros]

Operating Results



REFER's Operating Result decreased 9%, by about 8.7 million euros compared with December 2009, due mainly to higher Operating Expenses, of 9.3 million euros, essentially caused by the Provisions / Adjustments item which increased 7.6 million euros.

Operating Income increased 1%, about 0.6 million euros.

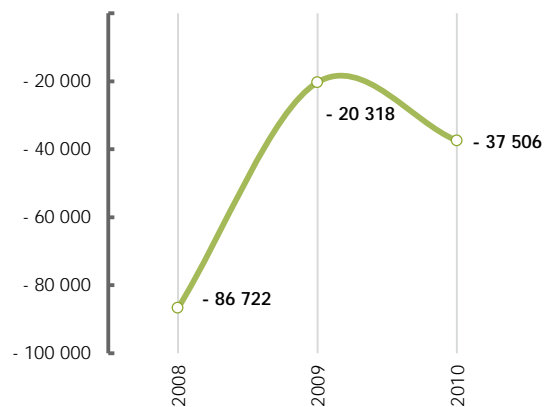
Operating Income improved due to higher income from rendered services, particularly the higher user fee.

Financial Results

Financial Results [thousand euros]

Financial Result fell by 37.5 million euros at the end of 2010. This result is broken down as follows:

- Financial Result from Infrastructure Management Activities: fell by 51.9 million euros; and
- Financial Result from Hedging Activities: reached 14.4 million euros.



A comparative analysis with results in 2009 reveals that the Financial Result fell by 17.1 million euros. This decrease was caused essentially by Hedging Activities that fell by 17.3 million euros. This performance is justified by the 23-million-euro drop in "Interest Obtained from Derivative Financial Instruments" consequent to continued historically low short-term interest rates of the euro and of reference rates for most of the receiving legs of the swaps.

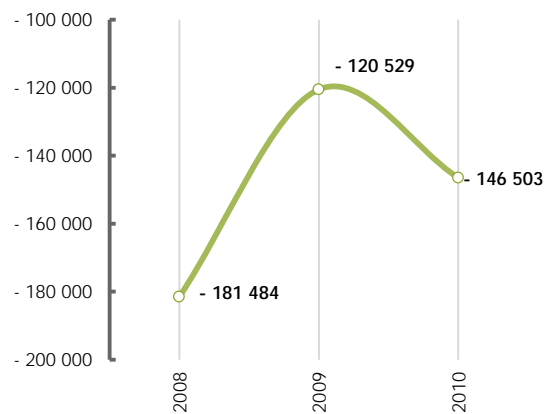
Net Result

In 2010, the company obtained a negative Net Result of 147 million euros, which fell 26 million euros, or 22%, compared with 2009.

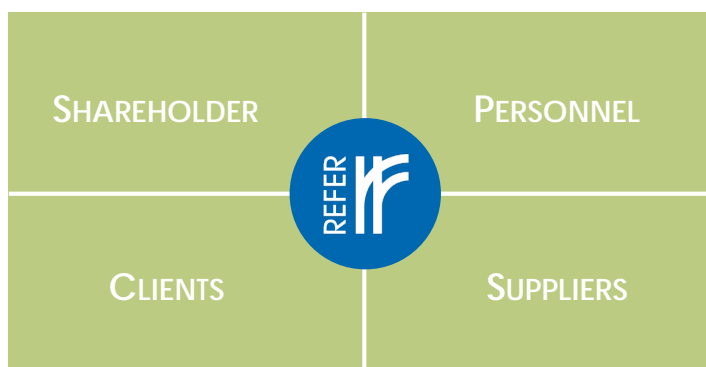
The weight of Total Income in Total Costs fell from 55% in 2009 to 53% in 2010.

The worse Net Result is explained essentially by the worse Financial Result.

Net Result
[thousand euros]



Stakeholders



Stakeholders

List of Stakeholders		Expectations and Needs	Means of Communication
Shareholder/Superv. Min.	State (Min. of Pub. W. Tr. and Com., Min. of Fin.)	Obtained results Social stability	Manag. Reports Manag. Contract
	Supervising Entities (CMVM, IGOPTC, IGF, ...)	Compliance with public service obligations Responsible social and environmental practices	Clear and Transpar. Reporting
Clients	Railway Operators	Network available under safe conditions	
	Railway Transport Users	Service offer generating confidence and satisfaction	
Suppliers		Transparency	
		Compliance with payment deadlines	
		Increase in the company's investments, generating new supplies	
Media		Access to reliable and relevant information	
General Public		Access to reliable and relevant information	
Regulator	IMTT (inst. of mob. and publ. transport)	Product and service quality standards	Regular reporting
Personnel		Appropriate remunerations	Regular information
		Stability (job, salary and social protection security)	Personalised communication
		Opportunity for career advancement	
		Good working conditions	
Unions and Employee Committees		Respect for their opinions	Frequent meetings
		Transparent negotiation	
		Participation in labour negotiation processes	

Shareholder

The state, REFER's sole shareholder, plays a crucial role in the company's sustainable development and is committed to providing financial support to REFER through annual financial allocations, either to hedge both investments and public infrastructure service management costs.

In the last 3 years, the state has made the following financial allocations:

State Financial Contributions

[thousand euros]

	2008	2009	2010
Chapter 50 of the State Budget	0	10 000	7 200
Compensation Indemnities	33 613	36 149	35 851
TOTAL	33 613	46 149	43 051

The above table reveals the state's lower financial effort in 2010, when compared with 2009. Of this 7% decrease, of about 3 million euros, we highlight the value of Compensation Indemnities that, in previous years, was subject to an increase of about 8%. In 2010, however, there was a 1% decrease, of about 300,000 euros, since the amount allocated in 2009 was of 36.1 million euros, whereas in 2010 the value reached only 35.9 million euros.

On the other hand, in 2010 the amount allocated through Chapter 50 of the State Budget fell 28%, about 2.8 million euros, when compared with the previous year. Nevertheless, this value is greater when compared with 2008, in which REFER did not receive investment allocations through the State Budget.

Note, however, that the state's importance as a shareholder is also shown through its issuing of state guarantees for REFER's loan requests.

Personnel

In December 2010, the company had 3,445 employees on the payroll, a reduction of 52 employees on the payroll during the year, meaning that the reduction in employees was less accentuated than in the previous year.

REFER Employees

[31 December 2010]

	2008	2009	2010
Number of employees in December	3 556	3 497	3 445

From a financial perspective, Personnel Costs is one of the highest cost items, reaching 41%, equivalent to 95.3 million euros in 2010.

Personnel Cost Structure for Infrastructure Management Activities

[thousand euros]

	2008	2009	2010
Personnel Costs	85 687	96 861	95 264
Total Infrastructure Management Costs	199 752	222 729	232 032
Weight of Personnel Costs	43%	43%	41%

Personnel Cost Structure for Infrastructure Investment Activities

[thousand euros]

	2008	2009	2010
Personnel Costs	23 475	22 862	21 774
Total Internal Investment Costs	44 625	48 767	63 436
Weight of Personnel Costs	53%	47%	34%

Infrastructure Management activities in 2010 revealed that the weight of Personnel Costs in total activity costs decreased and is below the percentage in 2008. Investment Activities in previous years experience a drop in personnel costs, a reduction that reached 34% in 2010.

Suppliers

REFER's importance for this group of stakeholders may be analysed from two perspectives:

- Investment;
- Railway infrastructure conservation and maintenance activities.

Infrastructure Management Activities

[thousand euros]

	2008	2009	2010
Consumption of Materials	5 886	8 327	5 620
External Supplies and Services (ESS)	97 099	108 341	116 680
Total Infrastructure Management Costs	199 752	222 729	232 032
Weight of Costs on ESS and Materials in Total Costs	52%	52%	53%

Investment Activities

[thousand euros]

	2008	2009	2010
Consumption of Materials	11 751	18 164	33 215
External Supplies and Services (ESS)	8 892	6 179	7 241
Total Internal Investment Costs	44 625	48 245	63 436
Weight of Costs on ESS and Materials in Total Costs	46%	50%	64%

The weight of External Supplies and Services regarding the Consumption of Materials in the company's total expenses incurred in Infrastructure Management Activities reached 53% in 2010, compared with 52% in 2009. An analysis of the value of External Supplies and Services in 2010 reveals higher costs for subcontracts and lower costs for Other External Supplies and Services. The value of Material consumption decreased 33% compared with 2009.

In 2010, investment activities based on External Supplies and Services increased 17% compared with 2009. Consumption of materials increased 83% in 2010 compared with 2009. The weight of these items in total internal activity expenses in 2010 reached 64%, which was higher than in 2009.

Clients

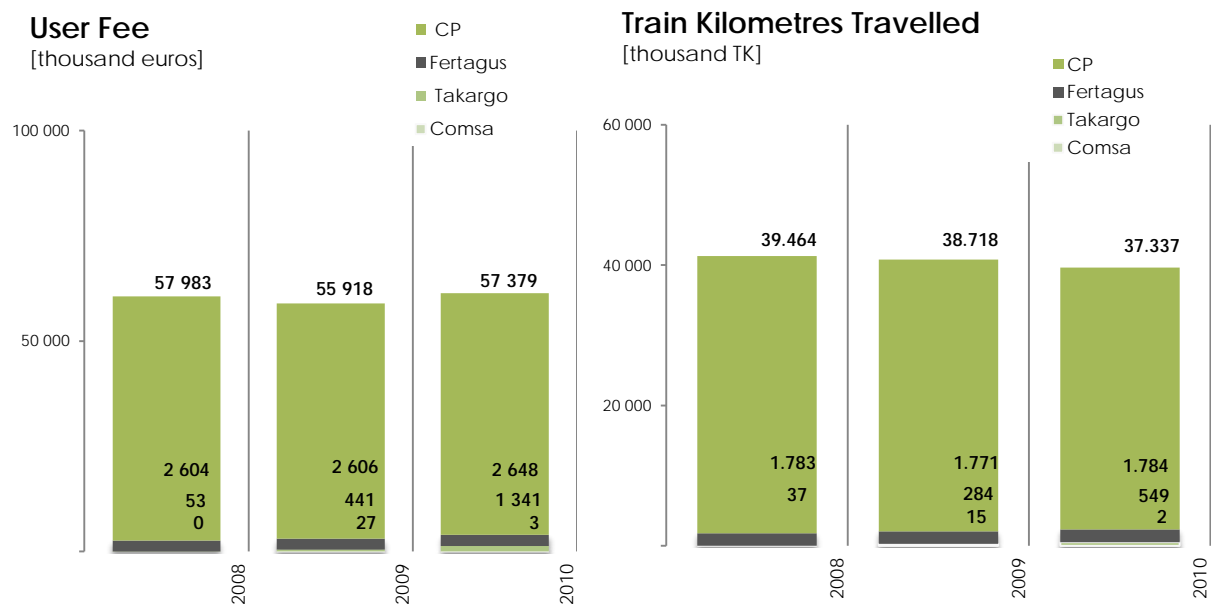
Through Decree-Law 104/97, of April 29, REFER was assigned the duty to render the public service of managing the overall national railway network and also granted the right to charge railway infrastructure user fees.

REFER's major clients consist of:

- CP – Comboios de Portugal
- CP CARGA
- FERTAGUS
- TAKARGO
- COMSA

In 2010, the CP client covered about 31 million Train / Kilometres (TK) and CP Carga covered 6.6 million TK, corresponding to 57 million euros. FERTAGUS covered 1.8 million TK, corresponding to 3 million euros. TAKARGO, exclusively a freight transport operator, covered 549,000 Train / Kilometres (TK) in 2010, corresponding to 1 million euros. In 2010, COMSA operated on the national railway network in partnership with the TAKARGO operator, such that it only covered 2,000 TK in the respective year.

The relative importance of the operators and growth in invoiced Users Fees are shown in the respective charts.



Revenue growth from user fees charged to the railway operators is illustrated in the following chart:

User Fee

[thousand euros]

	2008	2009	2010
CP (User Fee)	57 983	55 918	57 379
Fertagus (User Fee)	2 604	2 606	2 648
Takargo (User Fee)	53	441	1 341
Comsa (User Fee)		21	3
Total User Fee Invoicing	60 641	58 986	61 370
Total Income	296 786	122 692	123 324
Weight of CP User Fee/Total Income	20%	46%	47%

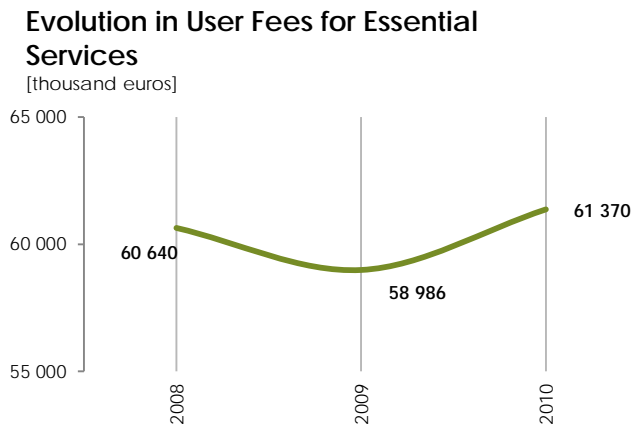
TK Travelled

[thousand TK]

	2008	2009	2010
CP	39 464	37 839	37 337
Fertagus	1 783	1 771	1 784
Takargo	37	284	549
Comsa		15	2
Total TK	41 284	39 909	39 672

The user fee revenue item comprises a large portion of total income, of about 50%. Note that the amount charged to the CP operator comprises 47% of total revenue.

Income growth from Essential Services provided to all the operators is illustrated in this chart:



An analysis of earnings from the CP operator – which has nearly all the traffic on the national railway network, representing 94% of TK – clearly reveals the annual earnings trend from essential services. On the other hand, the TAKARGO freight operator was the one that in 2010 increased its network utilisation the most, by 93% compared with 2009.

The services rendered to the operators also involve:

- the minimum access package;
- railway access to service facilities and to the supply of services;
- the use of infrastructures and equipment for the supply, transformation and distribution of traction electricity;
- the rendering of emergency railway assistance within the terms stipulated in article 51 of Decree-Law 270/2003.

The state allocated about 35.9 million euros in compensation indemnities to REFER to settle the accounts, a 1% decrease compared with the allocation in 2009 and a 7% increase over 2008.

Only a part of costs for infrastructure management activities are paid by fees charged to passenger and freight railway operators. The other part, safeguarding the operation's efficiency, should include a public contribution, which is still not the case. Moreover, the construction and maintenance of the infrastructures have been financed through loans. For a sustained and efficient future, in which the management is responsible for results, we believe that it is essential to search for an economic and financial sustainability framework for the company.

With a defined operational context and the support that we have always received from the supervising ministries, the dedication and commitment of our employees and assistance from other control and regulatory entities, we believe that the foundations are in place to build a sustainable future for REFER.

Social Performance

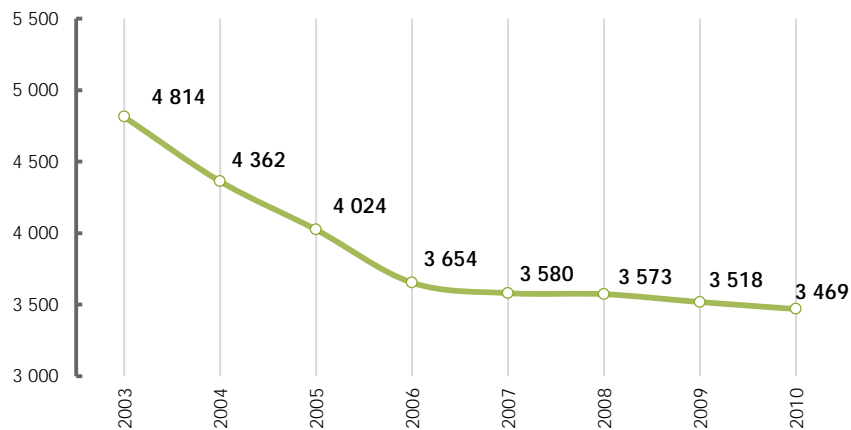
Although 2010 marks REFER's 13th year in operation, its origins date back to the day when the railway was first built in Portugal. The company's personnel possess unique know-how in the country acquired over a century of operations, for which reason the company's human capital is one of its strategic assets. As such, the Human Resources Policy aims to maximise personnel enhancement, development and motivation in line with the organisation's strategic objectives.

Employment

Employee Numbers

During 2010, REFER's average personnel numbers confirmed the trend in the company's shrinking workforce and reflected the company's implementation of various railway activity modernisation and automation programs during the previous years.

Employee Numbers



Since 1999, REFER has reduced its work force by 3,160 employees, for a 48% decrease of initial employees. In 2010, the company had, on average, 3,469 employees on the payroll, 49 less than in 2009.

Employees who left in 2010

In the year now ended, fewer employees left the company compared with 2009, due to the legal restrictions to which the company is subject regarding the allowed number of contract terminations by mutual agreement. Nevertheless, negotiated contract

terminations between the parties reached a substantial part (41%) of the 75 employees who left REFER in 2010.



The year of 2011 will raise new challenges in terms of adjusting employees to the real needs for the rendered service. It is expected that the number of employees leaving the company will increase compared with 2010. However, the legal restrictions applicable to the allowed number of employees leaving by mutual agreement, since they will be entitled to unemployment benefits, will continue to be a limiting factor.

Personnel Turnover in 2010

The lower number of employees leaving the company has a significant impact on REFER's personnel turnover, reducing it to even lower levels than in 2009, reflecting the job stability and security the company offers its personnel.

Personnel Turnover

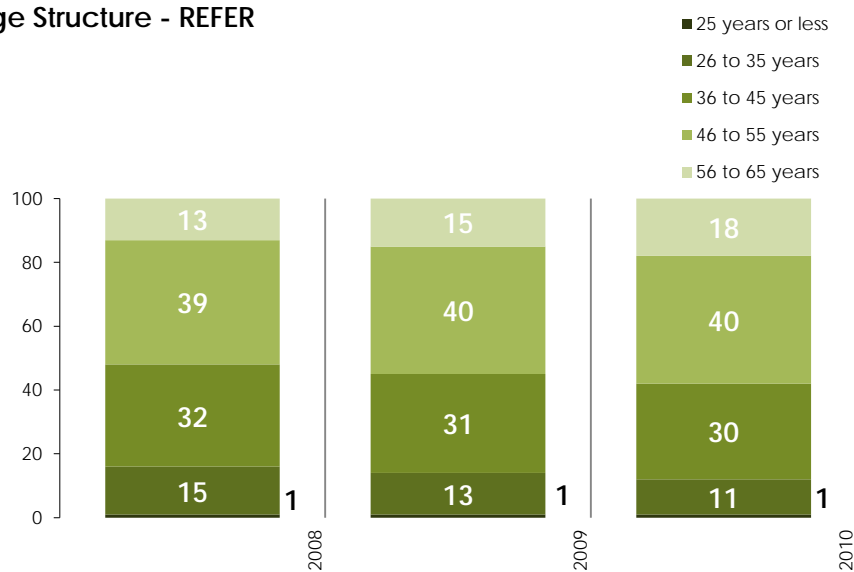
[%]

	2009	2010
<u>Contract Terminations</u> Average Personnel	3,5	2,2
<u>Leaving + Incoming</u> <u>2</u> Average Personnel	2,6	1,3

Age Groups and Seniority

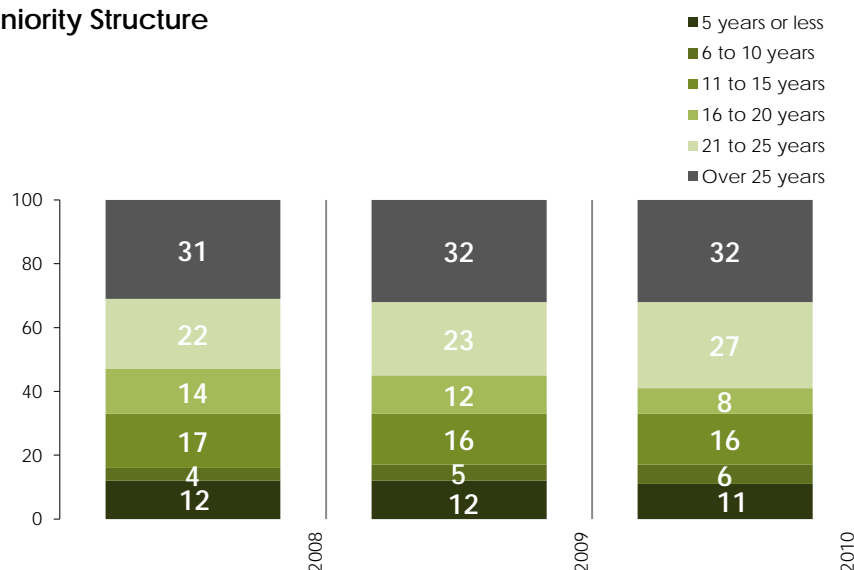
An analysis of REFER's personnel age groups reveals a clear predominance of employees between 46 and 55 years of age. In comparison with the previous year, the average age increased from 45.8 to 46.7.

Age Structure - REFER
 [%]



Moreover, the average seniority increased to 21.2 years. Employees with over 25 years of seniority continue to be the most numerous at the company. Despite the effort to decrease the average age and average seniority, such has not been possible due to the low personnel turnover partly due to the already indicated legal restrictions.

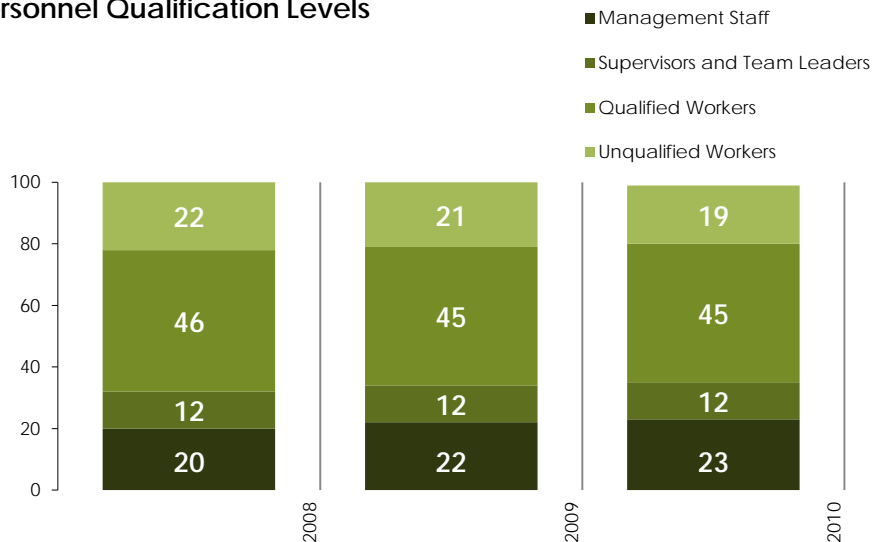
Seniority Structure
 [%]



Professional Qualifications

The sharp decrease in REFER's employees has had a strong impact on its personnel qualifications level. The group of "Qualified Professionals" is still, as in the first years, the group with the largest number of employees. However, there has been a significant loss in "Unqualified Professionals" (from 40% to 19%), compensated by an increase in the number of "Management Personnel" (from 7% to 23%). This trend emerged due to the implementation of the already mentioned railway modernisation and automation policies which created a need for highly qualified technicians and which allowed personnel with significantly lower qualification levels to leave the company.

Personnel Qualification Levels
[%]



Recruitment and Mobility 2010

In view of the strategic objectives to improve efficiency and cut costs in 2010, an effort was made to adapt the human resources to business needs, with emphasis on the reinforcement of railway infrastructure maintenance areas.

Within this context, the company concentrated efforts on measures to re-assign available personnel in some areas, particularly by training circulation personnel (North and Centre regions) to work in the maintenance department (21 employees), based on training programs focussed on identified needs.

On the other hand, the plan to free personnel in 2010, particularly Level Crossing Guards, did not reach the expected levels due to cutbacks in long duration investments, which had an impact on level crossing elimination projects.

In addition to job mobility processes (overall, 50 professional re-training processes were carried out in 12 professional categories), relevant geographic mobility processes were

also implemented (32 employees were assigned to a different county). These processes were facilitated by extending the free fares program on CP (transport concessions) to all REFER employees, a measure that helped to diminish any potential negative effects.

The company also launched a "Maintenance Strategy" for Catenary, Track, Civil Construction and Low Voltage areas to optimise service rendering contracts whilst internalising control and inspection actions. This program will endow the company with permanently updated knowledge on the operational infrastructure's conservation condition and will also be a means of retaining specific railway know-how at the company. Within this scope, 4 processes were launched to select internal personnel with the necessary qualifications to reinforce the expertise of the bodies that will carry out the aforementioned activities.

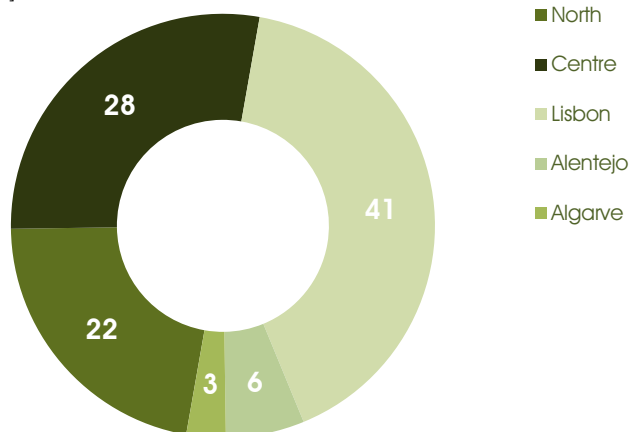
External recruitment was significantly reduced, in line with the country's economic setting, whereby 12 employees were hired in 2010.

In 2011, the company expects to increase alterations to Human Resources, including an evaluation of the feasibility of functional and geographic changes associated to job re-orientation of employees currently working at departments that are restructured or that reduce their activities to meet the sharp cost containment policies related with the economic crisis.

Territorial Distribution

The Lisbon region has the highest concentration of personnel (41%), seeing as this district contains most of the company's governing bodies and also has the highest volume of train traffic.

Personnel Geographic Distribution
[%]



Labour and Labour Relations

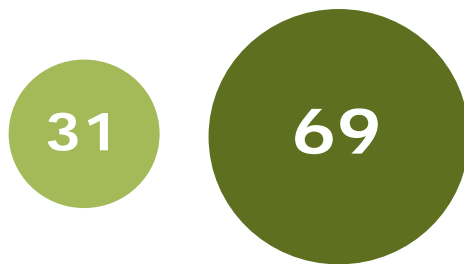
Union Membership

Most of the company's employees (68%) are represented by 22 unions.

Union Membership Rate

[%]

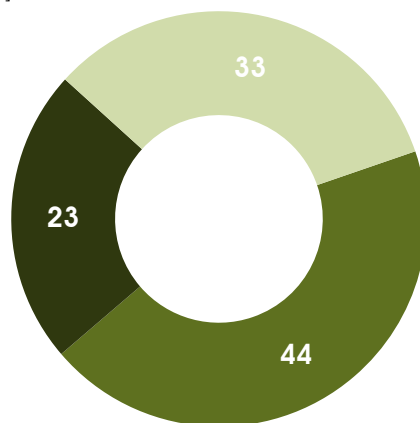
- Unionised Personnel
- Non-unionised Personnel



Breakdown of Unionised Personnel

[%]

- CGTP
- UGT
- INDEPENDENT



A key aspect in 2010 was the signing of a protocol between REFER and the various Union Organisations which call for a new, clearer and better understood Travel Policy that is fairer for employees and less costly for the company.

Social Peace

Although a high percentage of workers belong to a labour union and despite the high number of labour unions representing them, the company has maintained good relations with all worker representation entities and also with the Workers Committee. During 2010, there were no labour relations conflicts or problems worth noting.

Work Safety and Health

Regarding work safety and health in 2010, the company focussed its efforts on fostering compliance with the applicable legal requirements and with the principles of social responsibility, with emphasis on activities in the following areas:

- **Construction and Maintenance Safety** – The company increased the number of audits, risk analyses and evaluations, inspections and visits to construction and maintenance sites. In terms of procedures, the company prepared and validated over four dozen safety and health plans, in addition to preparing manuals, procedure forms, technical compilations and other technical-regulatory documentation. Lastly, this area played a role in coordinating safety in the design stage and at work sites, as well as at many contracting meetings.
- **Occupational Railway Safety Training and Certification** – The company maintained the railway safety courses for occupational railway safety training and certification according to IET77. It also carried out other occupational work safety training and awareness raising actions, for a total of about 100 training actions covering over 1,000 company employees.
- **Medical Monitoring and Health** – The medical exams program was corrected, which reduced absenteeism from 20% to 7.4%. Continuity was given to monitoring blood alcohol levels by performing over 4,000 tests and by carrying out measures to rehabilitate and recover workers with medical restrictions. Additionally, a document was written covering the strategic analysis on the effectiveness of the internal control of alcohol consumption, and an awareness raising campaign was launched to disclose the risks of excessive alcohol consumption within a professional context. The company disclosed the new work accident law (Law 98/2009) which covers the handling of work accidents. Lastly, a procedure was launched to acquire external psychosocial services to assist workers – Employee Support Program – which is expected to begin in early 2011.
- **Safety and Health Conditions at Work Sites** – Measures were taken to implement the Program for Improving Work Conditions – PMCT – and various documents and opinions were written about safety and health conditions at work sites and employee support facilities. The company also complied with preventive and extraordinary disinfestation campaigns according to the stipulated plan of activities.

Personal and Asset Safety

Personal and Asset Safety actions carried out in 2010 significantly increased knowledge about risk and vulnerability situations at railway infrastructures. These actions also substantially improved the processes and mechanisms for surveillance and for responding to risk and emergency situations. More specifically, measures focussed essentially on the following aspects:

- **Risk analysis and identification of vulnerabilities** – over one hundred and fifty risk and vulnerability studies and analyses were carried out covering an extensive geographical area of the railway infrastructure, with greater focus on stations and stops. Actions were also carried to resolve about two dozen situations of illegal occupation of property belonging to the public railway domain.
- **Promotion of Personal and Asset Safety** – A joint campaign was carried out with the Public Security Police called “Do not place your safety at risk” targeting rail transport users, in addition to another campaign to raise awareness on safety and the preservation of railway assets targeting students. Both campaigns were very well received by the various entities and railway users and are expected to be continued in 2011.
- **Surveillance** – Decisive surveillance work had a very significant impact on the company. More concretely, the company redesigned surveillance processes (human and technical aspects) and threat-prevention processes using modern systemisation technology for collecting, communicating and processing safety data. The project to computerise the human surveillance posts that record occurrences was put into operation, a diagnosis program was launched to diagnose the operation of all human surveillance posts and to make them suitable to REFER’s needs, and the respective regulations and procedures were restructured. Measures were taken to cover the railway space by video surveillance systems with the support of new equipment and to transform other systems that progressively become obsolete. Information collected by the CCTV systems is now also processed/recorded in order to handle the exponential growth in requests for images by police and judicial entities. Accesses to 15 company buildings were automated via an Integrated Access Control System (IACS).
- **Emergency Situation** – To handle emergencies, extensive work was carried out with various technical bodies of the company to analyse the maintenance conditions of security equipment installed on the national railway network, with emphasis on the equipment installed in collaboration with the Tunnels Department. Technical opinions were written about the fire prevention equipment to be installed at various REFER facilities, and many evacuation drills were performed at REFER facilities to test the respective Emergency Plans. Moreover, programs were developed in partnership with external entities associated with civil protection and rescue operations to establish joint operation procedures in emergency situations.

Human Resources Development

REFER's 2010 initiatives for Human Resources Development aimed to improve the efficiency of management instruments, to promote the Human Capital already at the company and, simultaneously, to launch new approaches leading to concrete benefits obtained through better structured actions which are integrated and aligned with the strategic objectives defined by the company.

- **Performance and Potential Management System (SGDP)**

In 2010, the company implemented the 3rd consecutive Potential and Performance Management System, thereby continuing to promote an approach that aims to distinguish and recognise each employee's contribution. The SGDP format remained the same as in 2009, creating the necessary stability for consolidating the improvements introduced to the system in that year.

The SGDP is based on premises such as communication, feedback and aligning expectations between analysers and those who are analysed. As in previous years, the performance and potential evaluation initiative was applied to the whole REFER universe.

- **Building Professional Profiles**

Another key measure in 2010 was the building of Professional Profiles for the Infrastructure Career categories, which in 2011 is expected to be expanded to other areas (in particular Circulation). These profiles were developed based on the expertise model that, in addition to the behavioural component already applied at SGDP, also foresees including objectively defined and described technical skills listed/aligned with the responsibilities associated to the categories stipulated in the Career System currently in force. Note that these profiles have already been used in a survey to determine training needs in 2011 for Infrastructure purposes.

In 2011, REFER will also implement the Expertise Management System (SGC) as part of the Safety Management System. The SGC will provide a systematic and integrated approach covering various human resources management aspects such as recruitment (recruitment profiles), performance evaluation (expertise profiles) and training (training references). The SGC will provide a means to stabilise/create processes leading to integrated and uniform actions by the various parties participating in identifying and developing personnel expertise.

- **Training**

REFER personnel training in 2010 complied with the "2007-2010 Training Strategy" designed to guarantee a better alignment between expertise possessed by employees and expertise required for carrying out their duties properly. Accordingly, the training commitment focussed on three key dimensions: Kow-how, Execution and

Behaviour/Attitude. Similarly, the available training was designed in accordance with current overall demands for complying with procedural (quality), environmental and financial effectiveness and efficiency. Within this scope, the following aspects were given priority:

- a) The need to retain specific know-how concerning REFER's activities;
- b) Guarantee high safety levels, attainable by reinforcing, not only technical know-how, regulations in force and applicable standards, but also by reinforcing behavioural and management expertise suitable for each function;
- c) The need for professional employee re-orientation through reconversion and requalification processes when their activities have been reduced or terminated.

In view of the current economic setting, REFER decided to internalise part of its training actions. Through this measure, the company spent only 335,000 euros of the 950,000 euros budgeted for 2010. During this period, 1,416 training actions were attended by 8,108 participants, for a total of 85,265 training hours. Training covered a number of areas across the whole organisation, with emphasis on the following actions due to their importance and number of trainees:

- **Training for Job Opening Opportunities and Internal Selection Processes** – We highlight the 6 job vacancy processes for maintenance and for the Lisbon Operation Command Centre. The main objective of these training actions is to endow employees with the required skills to work in a new professional category.
- **Training in Safety Regulations (IET 77)** – The company continued the work that began in 2008, through sessions covering occupational railway safety training geared for compliance with Technical Operation Instruction 77 (IET77), an internal standard that determines the conditions under which work should be performed to the railway infrastructure.
- **Technical Railway Training** – This training covers various operation specialisations and aims to endow REFER's human resources with solid knowledge about railway infrastructure management. Within this scope, in 2010 emphasis goes to training sessions covering Metal-mechanical, Signalling, Track and Geotechnical work.
- **Circulation Command and Control** – Due to the specificity and nature of tasks performed at Operation Command Centres (OCC), the company identified and remedied training needs with particular focus on the use of technological tools by employees assigned to structures centralising rail circulation command and control.
- **IT Equipment** – In 2010 REFER promoted diversification, recycling and greater knowledge applicable to the main IT tools used at the company. A key factor was the training sessions for the SIGMA system, which is the integrated maintenance management system used at the company.
- **"Renew REFER" Internship Program** – Completion of the internship program which began in 2009. This program attracts recent graduates and provides orientation through structured learning programs in the company's strategic areas –

engineering and maintenance – within the perspective of hiring interns who reveal the greatest potential for growth and for contributing to the company. This program helped the company create and retain know-how and progressively safeguards personnel succession and renewal.

In 2011, training is expected to be particularly challenging since the “Maintenance Strategy” recently adopted by the company will require a significant training effort by personnel who, in the future, will be assigned to new positions in the Infrastructures Career.

Employee Benefits

REFER’s Social Benefits Plan aims to provide its employees with a range of assistance measures and benefits that, in addition to various advantages, will also be a concrete complementary compensation to their remuneration. To this end, the company established a series of protocols in the areas of health, education, culture and sports, available to its personnel and of which we highlight the following:

- **Health Insurance** – Applicable to all company employees and covering 90% of health expenses in any medical specialty and incurred through the approved “Advance Care” network. Furthermore, all health-care appointments outside the approved network (any physician, clinic or hospital) also benefit from a 70% subsidy. It should be noted that this insurance may also be extended to the employee’s family members, in which case the family group premium is paid by the employee.
- **Personal Accident Insurance** – Covers any type of risks at the workplace or outside of it resulting in Permanent Disability or Death, with an indemnity of 15,000 euros for these cases.
- **Scholarships** – Paid to employees’ children, or equivalent family members, whose grade average is equal to or higher than 14 from the 9th grade to the last year in higher education. The value of this social benefit reached 144,000 euros in 2010.
- **Pre-school Subsidy** – Awarded to employees’ children, or equivalent family members, from 4 months to 6 years of age, who are in day-care, kindergarten or a babysitter recognised by Social Security. The value of these subsidies reached 240,000 euros in 2010.
- **REFER Anniversary Party and Christmas gifts for children** - For personnel and their families. In 2010, the company held its anniversary party at the Entroncamento Railway Museum, a setting where different generations of workers socialised and were brought in direct contact with railway culture and the city’s museological panorama.

- **REFER Holiday Camps** – For employees' children between the ages of 6 to 16 and that, in 2010, was held in Aljubarrota and Abrantes and attended by 50 children and 90 youths.
- **Discounts and Partnerships** – Applicable to services which included fuel, telecommunications, hotel stays, banking products, gyms and culture (theatre, books, tourism, trips, etc.).

Besides the aforementioned social benefits, employees who were transferred from CP to REFER and their respective family members are entitled to Rail Transport Concessions paid by the company. Employees who were not transferred from CP are entitled to this benefit only for themselves and not for their family members. This is the component with the greatest impact on the organisation's social costs, reaching about 3.3 million euros in 20110.

Diversity and Opportunity

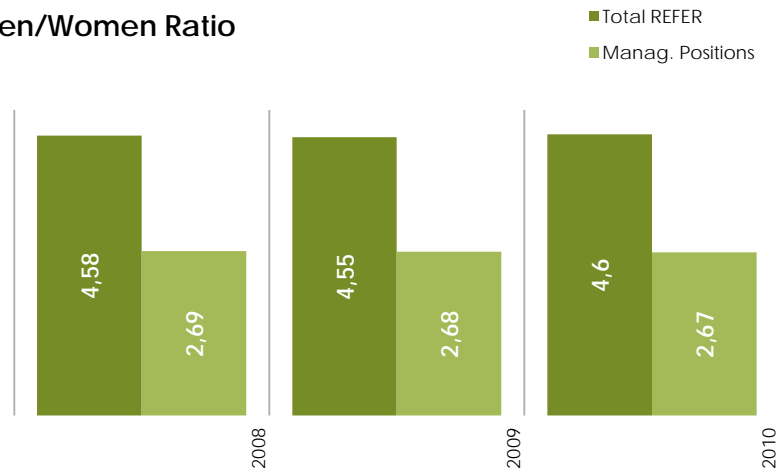
Gender Equality

Historically, the railway sector has always had a high percentage of men in its workforce. This fact is mainly due to the nature of the operational activities, to which most of REFER's employees are assigned, activities that imply a high level of physical exertion and greater exposure to risks.

In the last decade, the men/women ratio has become even more unbalanced due to the number of contract terminations by mutual agreement in the category that employs the most women – Level Crossing Guards.

Nevertheless, REFER has maintained a policy of equal treatment of employees of both sexes. From 1999 to 2010, the ratio of supervisor men/women decreased from 4.07 to 2.67.

Men/Women Ratio



Additionally, it was found that there are no significant differences in Base Wages (BW) earned by men and women. In the two professional categories in which women have more representation, their average base wage is higher than those of their men colleagues (Management Assistants and Technicians).

M/W Ratio - Base Wage per Professional Category*

	M/W
General Assistant	0,98
Administrative Support	0,94
Management Assistant	1,08
Junior Technician	0,99
Technician	1,03
Specialised Technician	0,98

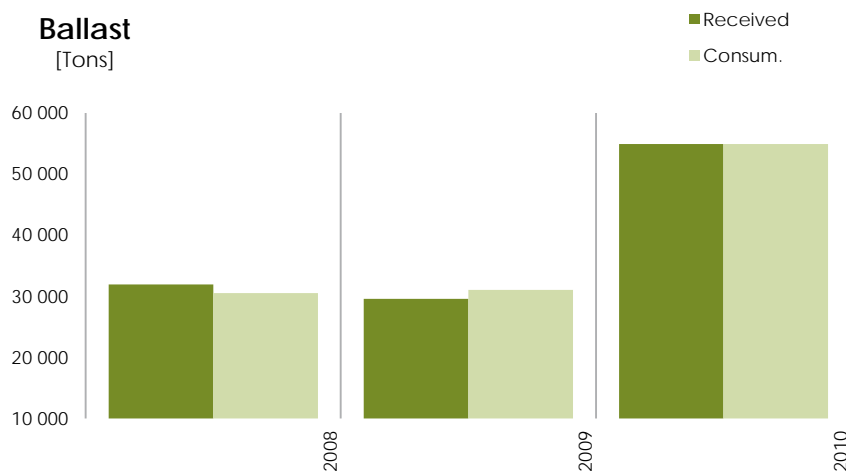
* Professional categories with 10 or more men and women

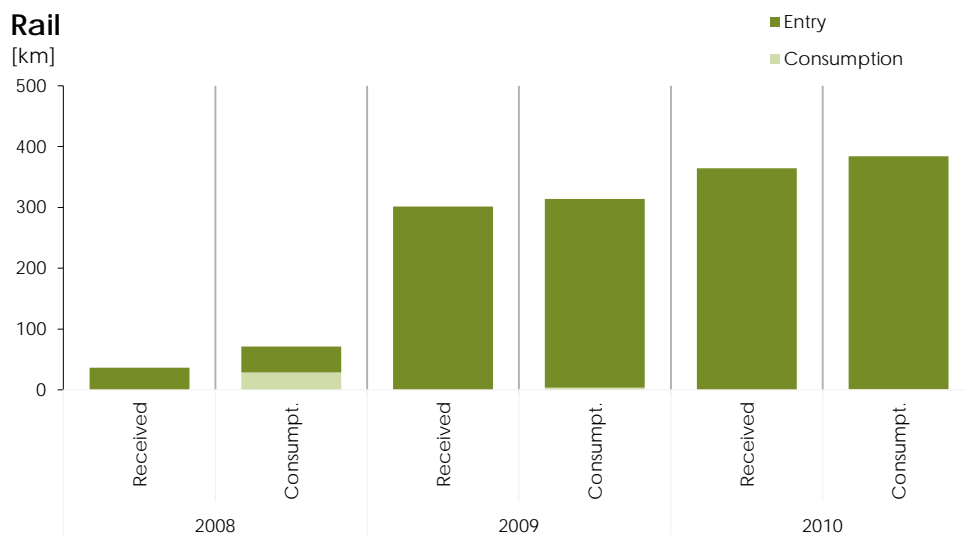
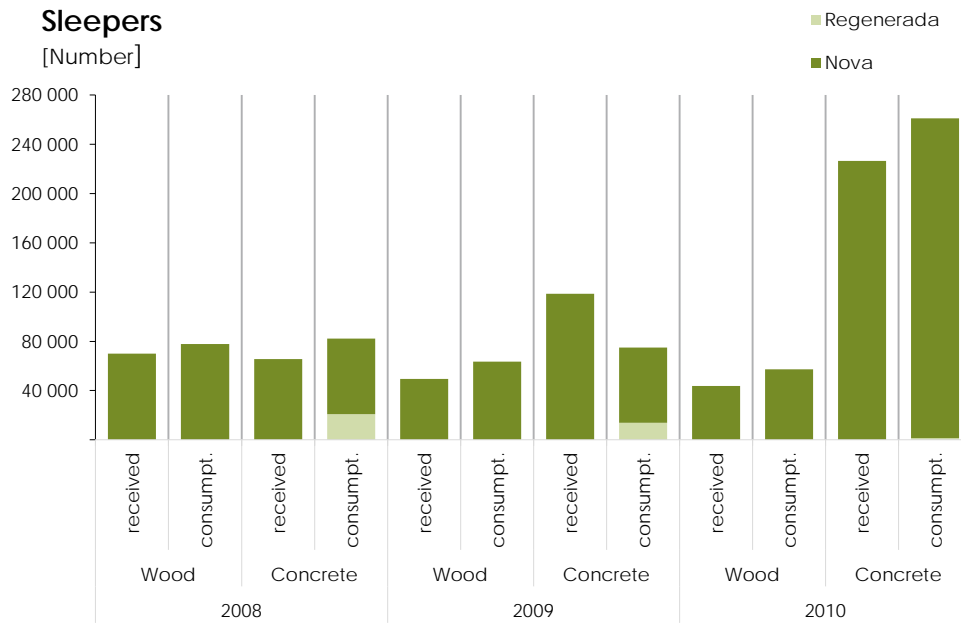
Environmental Performance

The early part of 2010 was marked by very dynamic and very intense investment activities, whereby major works are in progress which are expected to increase the number of work fronts. However, the country's new economic and financial scenario undermined that expectation (although a large number of works are already being carried out). As a consequence, the company has applied a different strategy for immediate interventions (maintenance) on line sections that needed those investments. These cutbacks naturally have an impact on consumption of the main track materials.

Materials

In 2010, REFER's investment works and complementary maintenance interventions led to a considerable increase in the consumption of the main materials when compared with the two previous years, that is, 2008 and 2009. Consumption of ballast and new concrete sleepers increased about 44% and 70%, respectively. Rail consumption increased at different rates according to the reference year, reaching 82% (reference year of 2008) and 18% (reference year of 2009). Consumption of wood sleepers decreased compared with the two previous years by 11% (2009) and 36% (2008), explained by the fact that wood sleepers are being phased out. The re-utilisation percentage of concrete sleepers decreased compared with previous years and corresponded to about 0.5% of total utilisation.

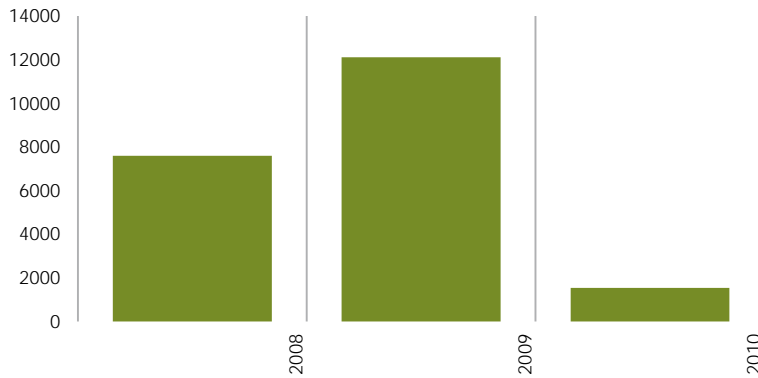




In 2010, less herbicide was applied than in 2009 and 2008, reaching about 0.6 kg/km of railway line with traffic.

Weed Control Products

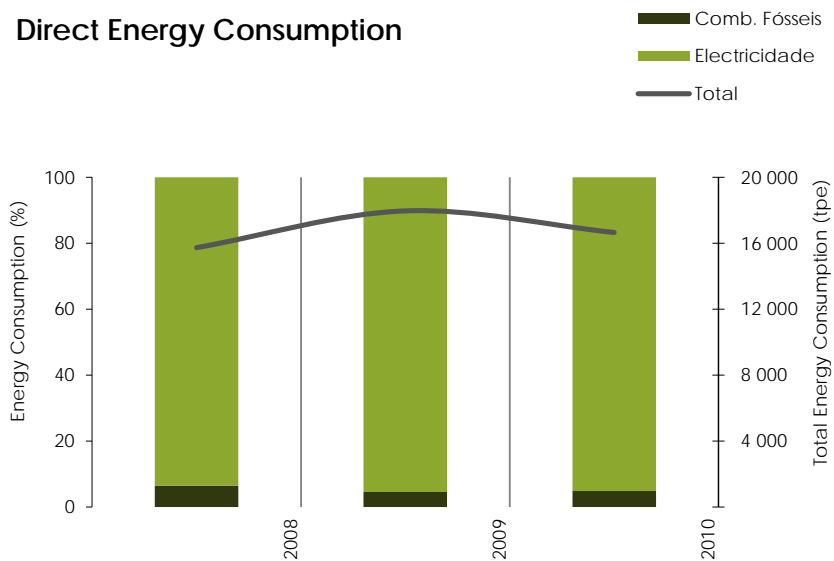
[kg]



Energy

Total energy consumption in 2010 decreased 7% compared with 2009, with fossil fuel and electricity falling about 2% and 8%, respectively, in the same period.

Direct Energy Consumption



Energy consumed by passenger and freight rail transport in 2010 decreased 1.3% compared with consumption in 2009, which increased 0.2% compared with 2008. In

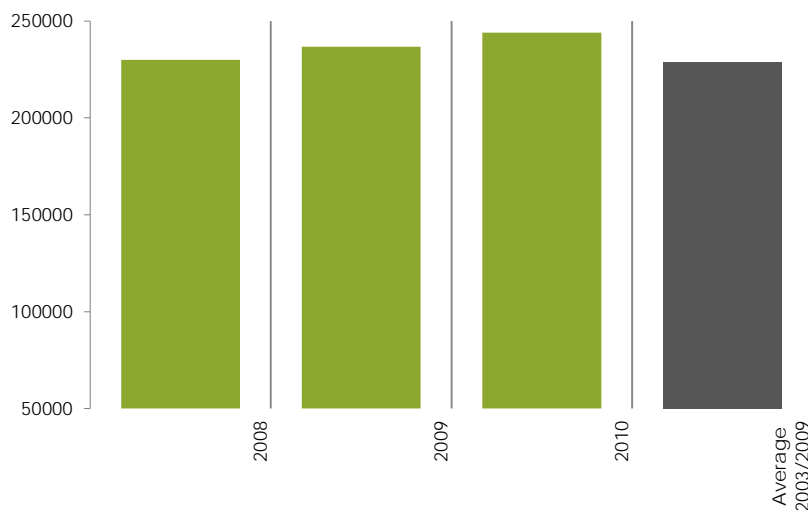
2010, energy returned to the grid through the braking process reached about 13%, similar to 2009.

Water

The estimated water consumption in 2010 increased 3% and 6% compared with 2009 and 2008, respectively, and the increase over the average consumption between 2003 and 2009 reached 7%.

Water consumption - Public Supply

[m³]



Biodiversity

Consequent to the operation start-up of the railway link to the Port of Aveiro and of the Alcácer Alternative Route, the percentage of sensitive areas, protected areas and Natura Network areas occupied by the national railway network in 2010 increased over 2007 by 0.7% and 0.6% in terms of railway network with traffic and total network, respectively.

As a result of the company's B&B commitment in 2007, in 2010 concrete actions were launched to implement biodiversity promotion measures, specifically the planting of Native Forest species.

Promoting Native Forest

For the 2nd consecutive year, REFER made a financial contribution to the Quercus Create Woods program to ensure resident technical support at Quercus, for the project to plant about 6,400 trees and bushes at 3 distinct sites in the centre of the country (in the counties of Cadaval, Alenquer and Penamacor) on land regarded as public or belonging to organisations with public objectives.

In addition to this support, the company encouraged its employees to participate in the planting operations, for which a site was set up for this purpose at the Motejunto Mountain.



Planting Trees at Serra de Montejunto – 23 January 2010

Ecological Promotion of a Saltworks in the Sado River

The activity program was developed and presented to the Institute of Nature Conservation and Biodiversity to obtain its approval as the supervisory entity for the Sado Estuary Nature Reserve. When the principle was approved, REFER was assigned the task of drafting the corresponding detailed design, which it will do opportunely. Its main goal for this project will be to identify local partnerships to make this task sustainable.



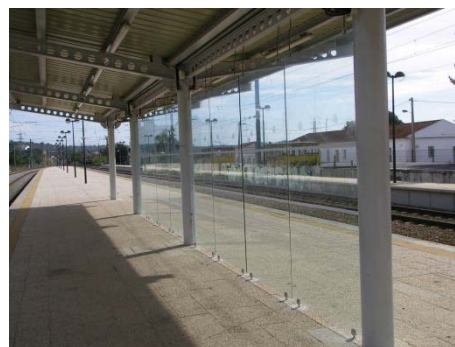
Crystalliser Zone of the Miranda e João Dias Santos Saltworks acquired by REFER

Also within the context of Biodiversity, special emphasis goes to the completion of investments on the Railway Link to the Port of Aveiro and on the Alternative Route of Alcácer do Sal. These two works were built in highly sensitive environmental zones, and the environmental aspects were recognised as having been successfully managed by REFER.

The intervention at the Pedestrian Overpass (PO) at the recently built Vila Franca de Xira Station stands out for its innovative features. The overpass has large glass surfaces (not detectable by avifauna) and is located along the edge of the Special Protection Zone of the Tagus Estuary which is highly populated by birds. Consequently, a large number of birds collided against the glass structures of the overpass. In the initial intervention, silhouettes of birds were placed on the glass according to the traditional approach, but without much success. REFER studied and tested a new technique: stickers invisible to the human eye (thus maintaining the glass' permeable aspect) but which are visible to birds. The results confirm that there is no longer a significant number of collisions and the structure's architectural aesthetics was preserved. The same measure was applied at the Tunes Station for a glassed windscreen on the passenger platform. After applying the silhouettes, there were no records of any further collisions.



Overpass of Vila Franca de Xira



Tunes Station

Note: The maple leaves are visible in the photograph but are imperceptible on location.

Environmental Impact

In 2010, Environmental Impact Declarations (EID) were issued for the projects: "Modernisation of the North Line – Ovar/Vila Nova de Gaia Section" and "Grade Separation Crossing for the Cascais Line and for the Port of Lisbon to the Artery Line."

Environmental Monitoring

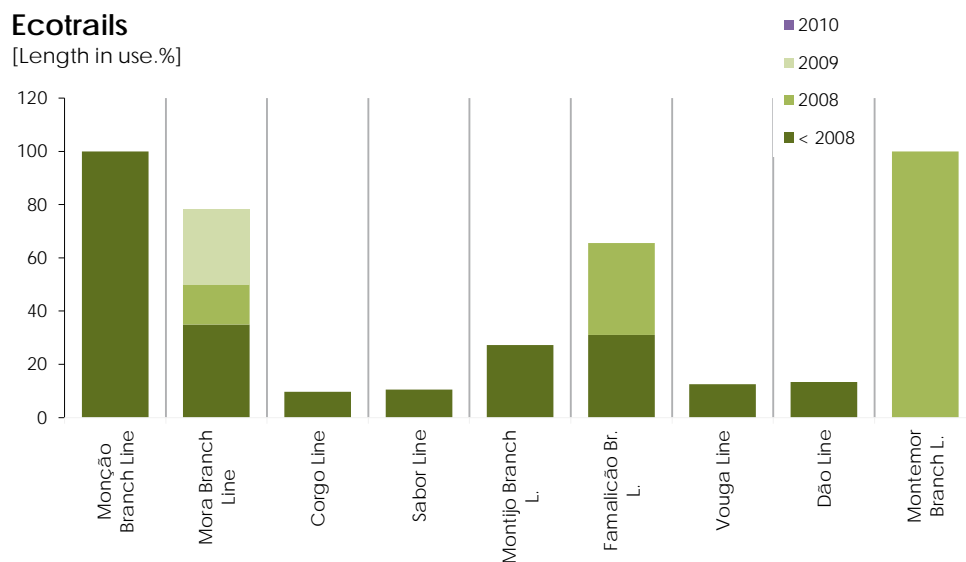
As part of REFER's Environmental Impact Assessment (EIA) procedures, in 2010 the company monitored the various environmental aspects at a number of projects during the construction and operation stages.

Construction Stage	
Metro do Mondego - Lousã Branch Line.	Monitoring superficial and subterranean water resources. Noise Monitoring.
Castelo Branco/Covilhã Section, Beira Baixa Line.	Noise Monitoring.
Bombel and Vidigal/Évora Section, Alentejo and Évora Lines	Noise Monitoring.
Stations of S. Pedro and of S. João do Estoril.	Noise Monitoring.
Intervention on the North and Artery lines to make them compatible with the High Speed Network.	Noise Monitoring. Vibration Monitoring.
Grade Separation Crossings at km 299+100 and 311+033, North Line.	Noise Monitoring.
Grade Separation Crossing at km 50+420 and 311+033, Douro Line	Noise Monitoring.
Trofa Alternative Route, Minho Line.	Noise Monitoring. Vibration Monitoring Monitoring superficial and subterranean water resources.
Improvement of tunnels on the Minho Line.	Noise Monitoring.
Grade Separation Crossing of Vila Velha de Rodão, Beira Baixa Line.	Noise Monitoring.
Contract Works for the Full Renovation of the Track between PK 178+400 and 188+500, Beira Baixa Line.	Noise Monitoring.
Rehabilitation and Reinforcement of the Sabugal tunnel, Beira Baixa Line.	Noise Monitoring. Monitoring of Superficial Water Resources.
Correction of Ribeira de Aveiras, Subsection 1.2/1.3 – Azambuja / Vale de Santarém, North Line.	Monitoring of Superficial Water Resources.
Rehabilitation of the Track from km 70+450 to 105+100, Subsection 1.3, North Line.	Noise Monitoring.
Construction of the Aqualva Tunnel, Sintra Line.	Noise Monitoring.
Quadrupling the rail track between PK 13.750 and 18.250 and renovation of the stations of Barcarena and Cacém, Sintra Line.	Noise Monitoring. Vibration Monitoring.
Operation Stage	
Braço de Prata/Alhandra Section, North Line.	Monitoring of the environmental Noise aspect
Entroncamento/Albergaria-dos-Doze Section, North Line.	Monitoring of the environmental Noise aspect
Quintans/Ovar Section, North Line.	Monitoring of the environmental Noise aspect

Environmental Recovery

Rehabilitation of Decommissioned Assets

There are 135 km of ecotrails in operation, thus maintaining the ecotrail network completed in 2009. In 2010, the interventions in the counties of Amarante, Santa Comba Dão, Tondela and Viseu were nearly completed. The first ecotrail – Tâmega Ecotrail – is 12 km long and the other three combined are 49 km long.



Compensation Projects

As a compensatory measure, for having cut down cork-oaks and holm-oaks, as part of the maintenance or investment activity, in 2009 REFER made a commitment to reforest a total of 75 ha.

During 2010, the company prepared and launched public tenders for the planting operations planned for Sines (at the estates Herdade da Bêbada and Herdade do Pinheiro Manso), as well as in Penamacor (at the National Forest of Quinta da Nogueira). The two combined areas total about 81 ha, which endows REFER with a surplus that may be used for other projects where it cannot avoid cutting down cork-oaks.

Both processes were ready to be carried out in the winter of 2010/2011, and preparatory work for the purpose began in Sines still in 2010.



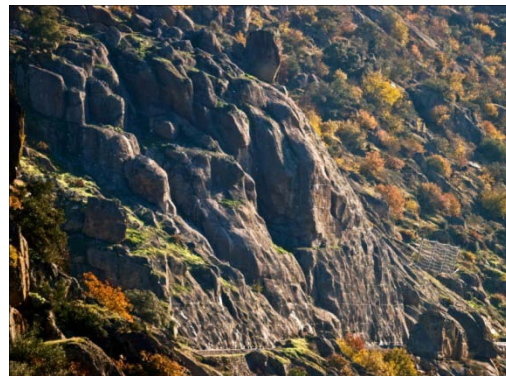
Preparatory works for the Planting Operation at Herdade da Bêbada and Herdade do Pinheiro Manso in Sines

Landscape

Landscape guidelines were included in Contract Works to stabilise embankments/building of retaining structures, in compliance with landscape principles (ecological, functional and aesthetic) to ensure landscape integration, as is revealed by the photographs depicting the embankment stabilisation works at km 142+500 on the Douro Line. Precautions were taken to safeguard that landscape guidelines were applied during these works and to monitor the respective compliance during the completion stage.



Photograph 1 – Coating the concrete structures



Photograph 2 – General aspect of the completed work.

Maintenance/operation environmental monitoring

Following the strategy outlined in 2009, in 2010 the company consolidated its ongoing monitoring of the maintenance area, ensuring compliance with the environmental requirements stipulated in the respective contract specifications and in the implemented Environmental Management Systems, when applicable.

Nine environmental audits were performed, as scheduled and planned, which took a total of 12 days and allowed the company to evaluate the legal and contractual compliance.

Since this is an evolving process with the main goal of having all contracts inspected and also having all contracts include specifications that guarantee legal and contractual compliance, the goal is to act on 3 fronts:

- Inspection of overall contracts signed by the Maintenance Units, in coordination with each unit and with each environment liaison;
- Inspection of contract works, in coordination with each Maintenance Unit / DGEI (General Department of Infrastructure Operation).

In parallel, the following actions are carried out:

- Annual programming of environmental audits of Rendered Services;
- Scheduling of environmental audits of Contract Works with a duration of over 6 months and when justified by the type of works.

Environment Audits Performed in 2010

Designation of the Rendered Services/Contract Works	Service Provider/ Contractor	REFER Body assigned to the contract
Railway Infrastructure Maintenance in the Lisbon Metropolitan Area	Ferrovias / Mota-Engil / Visabeira	UOC
Track maintenance on the Oeste/ Beira Alta Line	Somafel	UOC
Maintenance – South ZOC – 3rd addendum	Somague/Neopul/EIP	UOS
Contract Works “ North Line – Conservation of the Track Superstructure: Válega – Gaia (2nd stage)”	Fergrupo	UON
Contract Works to Stabilize the Embankment at KM 142+500 - Douro Line	Ofm	DGEI/ UON

The following tables list the Contract Works and Rendered Services subject to environmental inspection in 2010.

Contract Works with Environmental Inspection in 2010

Designation of the Contract Works	Contractor	REFER body assigned to the contract
Contract Works for Corrosion Protection of the Lima River Bridge.	Montaco	DGEI - Bridges
Contract Works to Replace the Foz dos Claros Pontoon.	Tecnovia	DGEI - Bridges
Contract Works to Stabilise the Embankment at km 142, on the Douro Line	Ofm	DGEI – Geotechnical Works/ UON
Contract Works to Conserv e the Track Superstructure - 2nd Stage - Valega - Gaia	Fergrupo	UON
Contract Works to Rehabilitate the East Line	Fergrupo	UOC
Contract Works to Replace Wood Sleepers with dual-block in the Tunes to Lagos Section	Neopul	UOS
Contract Works to Replace Wood Sleepers with dual-block in the Faro-VRSA section	Neopul	UOS
Neves Corvo Branch Line – Restoring and Stabilising the Embankment from km 14.000 to 14.200	Tecnovia	UOS
Contract Works for Traction Return - RCT + TP in the Porto suburban zone	Dimetronic	DGEI

Rendered Services with Environmental Inspection in 2010

Designation of the Rendered Services	Service Provider	REFER body assigned to the contract
Full Maintenance of Signalling on Sections with ESTW and PIPC Technology.	Thales	DGEI
Full Maintenance of Signalling on Sections with SSI Technology.	Dimetronic	DGEI
Maintenance of Lifts and Escalators.	Schmitt	DGEI
Maintenance of Electric Energy Traction Installations.	Ensulmeci	DGEI
Maintenance and Repair of Failures at Automated Level Crossings and Mechanical Station Signalling.	Efacec	DGEI
Maintenance of Track, Catenary, Civil Construction and Low Voltage.	Ferrovias / Mota-Engil / Visabeira	UOC
Maintenance of Track, Catenary, Civil Construction and Low Voltage.	Somague/Neopul/EIP	UOS
General Track Maintenance on the Lines of Oeste and of Beira Alta.	Somafel	UOC
Vegetation Control and Cleaning of Waterways.	Fernandes e Remelhe & Maranhão	UOC
Automation of 52 level crossings with half lifting gates on the Vouga Line	Alstom	DGEI

On this basis, the company wishes to expand the support according to the main objectives and by defining consistent environmental monitoring methodologies.

Maintenance/Operation Environmental Diagnosis

Since the environmental diagnosis of Operation Units (OU) began in 2007, communication and collaboration between bodies has improved. This implemented strategy has revealed a growth in requests, reinforcing the view that the environment is an integral part of the company's activities.

As such, the support provided to maintenance, motivated by the liaisons in each OU (the South OU has an Environmental Operations Supervisor, trained internally by the Environment and Quality Department, whereas at the other OUs support is provided directly by the central department) ensures the necessary technical confidence, thus making it possible to implement the various actions and to foster improved performance.

Specific 4-day Environmental Legislation training actions were held covering the three OUs. Additionally, as measures to amend tender documents, 7 environment training

sessions were held in October and November of 2010 for different target publics and as part of training in Public Contracting.

Emissions, Effluents and Waste

Emissions

CO₂ emissions arising from direct electricity consumption, based on the National Grid's characteristic emission factor, reached 26,000 tons of CO₂ equivalent in 2010, about 8% lower than in 2009. Note that REFER signed a new electricity acquisition contract which is expected to have a relevant impact on emissions due to the higher incorporation of renewable energy by the supplier selected for the main contracts.

The environmental gain in 2010 based on the network's overall performance improvement at well defined locations (reducing travel time in the link to Lisbon from the South Line and eliminating constraints on the Minho Line when passing through Trofa) was enhanced by the operation start-up of the Trofa Alternative Route and the Alcácer Alternative Route. Additionally, the service start-up of the railway link to the Port of Aveiro, although not electrified, provided a direct environmental gain by transferring freight from road transport to rail transport.

Effluents

Production of domestic effluents in 2010 remained about the same as in 2009, and reached about 52,000 m³.

Waste

Due to work carried out in previous years to implement the strategy proposed in the Waste Management Plan (WMP), in 2010 the company completed the following valorisation projects:

- Wood waste used for energy purposes. In 2010, REFER sent about 4,000 tons of wood sleepers waste stored at the Entroncamento Logistics Complex to the SECIL facilities in Outão for energy generation.

This solution, instead of sending the said waste to hazardous waste landfills (the solution in the past), decreased consumption of petcoke (fuel used at cement plants) by about 2,000 tons.

Through this operation, all wood sleepers were removed from Entrocamento, a goal that had been systematically pursued under the space management strategy to eliminate that longstanding accumulation of waste.

By implementing selective collection networks, both for maintenance activities (used oil, lubricating grease, batteries) and social facilities (administrative zones where REFER's services operate), it was possible to route this waste correctly.

Waste comprising computer consumables was handled through a protocol signed with AMI – Assistência Médica Internacional which guaranteed a suitable destination for these materials and promoted their recycling. This protocol provided financial support to the AMI Foundation and complemented its fund-raising and humanitarian aid campaigns.

Noise

Noise produced by railway activities is one of the greatest environmental challenges faced by REFER. This situation has become increasingly more evident through the work carried out by the company's environmental department.

In 2010, 26 complaints were submitted regarding noise generated by activities for which REFER is responsible.

Number of Complaints

2005	2006	2007	2008	2009	2010
29	27	19	23	24	26

Directive 2002/49/EC, of June 25, transposed to national law, through Decree-Law 146/2006, of July 31, stipulates that strategic noise charts for Major Railway Transport Infrastructures are to be prepared in two stages. The first stage covers rail track sections with over 60,000 train runs per year, and the second stage covers rail track sections with over 30,000 train runs per year.

REFER drafted all the Strategic Noise Charts corresponding to the first stage, which were submitted to the Portuguese Environment Agency until August 2008 and consequently approved. Besides these charts, REFER is preparing strategic noise charts for the second stage and has already completed the charts covering the Entrocamento - Albergaria-dos-Doze and Quintans – Ovar sections, both on the North Line.

REFER was the first transport infrastructure management entity in Portugal to complete and obtain approval for its Strategic Noise Chart according to Decree-Law 146/2006, of July 17, specifically the chart for the Cascais Line in 2006.

In 2010, the company carried out most of the work underlying what is called the Noise Reduction Plan for Lines with over 60,000 train runs per year. That work will enable REFER to:

1. Understand the effort necessary to meet the legal noise requirements;
2. Foster coordinated action based on a strategy to address this issue which requires intervention by other entities responsible for this matter along with the associated resources;
3. Structure an implementation guideline based on carefully selected actions.

MIR (Maj. Rail Infrast.) 60k (line)	3D Cartography	Noise Chart
Cascais	Completed	Completed
Sintra	Completed	Completed
Artery Line	Completed	Completed
North (until Azambuja)	Completed	Completed
Minho (until Ermesinde)	Completed	Completed

MRI 30k (line)	3D Cartography	Noise Chart
North (Entroncamento – Albergaria-dos-Doze)	Completed	Completed
North (Quintans – Ovar)	Completed	Completed
South (Santana Bridge – Setúbal)	2011	2012
Oeste (Bifurcation of Meleças – Meleças)	2011	2012

Analysing and discussing the said plan is, in a first stage, the essential basis to ensure the feasibility of the consolidation, at an opportune time, of action plans per line.

REFER's track modernisation work is a key factor for the effectiveness of other measures. Noise reduction at the source on infrastructures, matched by steps taken for rolling stock, is the ideal solution.

In addition to the known, and at times controversial, acoustic barriers, REFER is researching other noise reduction measures that may be applied once their effectiveness has been proven and their application approved. The most significant of those measures include:

- Installation of Noise Absorbers on the track (Rail Dampers);
- Fixed Track Lubricating Devices;

- Acoustic Grinding;
- Absorbent Coatings for concrete walls;
- Acoustic Barriers (tilted or curved).

Lastly but not less important, since the publication of the first General Noise Regulations (in 1987), it became clearly necessary to promote a new management outlook within Portugal regarding vital infrastructures, such as the main transport routes in the metropolitan areas and main cities. Since then, it has become evident that the goal is stop occupying areas adjacent to main transport routes with noise-sensitive facilities, contrary to common practice for over one hundred years. These combined tactics are the only means to resolve this problem.

Noise Reduction Measures

[Measures Implemented by REFER until 31.12.2009]

	Performed	Under study/ proposal
Network electrification	61% of the network with traffic 100% of the major railway transport infrastructures (MRI)	
Track with continuous welded rail (CWR)	72% of the network with traffic 83% of the MRI	
Utilisation of low-noise Rolling Stock (This measure is the exclusive responsibility of the railway operators)	Partially in 121 km 24% of the MRI	111 km 111 km in MRI
Rail Dampers	0 km 0 km of MRI	19,8 km 19,8 km in MRI
Fixed Track Lubricators at low radius curves	1 unit	23 units
Acoustic Grinding	0 km	23,6 km
Acoustic Barriers	61 km 46 km in MRI	(*)

(*) A study is currently being performed to apply noise reduction measures on 123 km of railway track (123 km MRI). These measures include an of the solutions indicated in this table and not merely acoustic barriers.

Cost of Environmental Actions

We will now present some costs associated to REFER's environmental policy measures.

Area	Action	Year	Cost (€)
Noise	Noise Reduction Measures	(*)	(*)
		2008	11 000
	Protocol with the Centre for Signal Analysis and Processing of Instituto Superior Técnico (Higher Technical Institute) (Various)	2009	11 000
		2010	11 000
	Digital Cartography of the Minho Line (Porto S. Bento/Ermesinde)	2008	23 463
	Noise Chart of the North Line (Lisbon, Sta. Apolónia/Azambuja)	2008	49 300
	Digital Cartography of the North Line (Entroncamento/Albergaria-dos-Doze)	2009	45 200
	Digital Cartography of the North Line (Quintans/Ovar)	2009	35 462
	Noise Monitoring in a Post-Assessment Stage	2009	1 499
	Noise Chart of the North Line (Quintans/Ovar)	2010	48 000
	Noise Chart of the North Line (Entroncamento/Albergaria-dos-Doze)	2010	48 000
	Noise Reduction Plan for the Cascais Line	2010	6 700
	Noise Reduction Plan for the North Line (Quintans/Ovar)	2010	48 500
Noise Reduction Plan for the North Line (Entroncamento/Albergaria-dos-Doze)	2010	49 000	

(*) Currently an overall assessment is being performed regarding the total cost of noise reduction measures, such that the cost indicator for acoustic barriers, installed and to be installed, was provisionally discontinued.

Area	Action	Year	Cost (€)
Waste	Waste management	2008	57 213
		2009	313 275
		2010	198 014
	Waste analyses to determine suitability for deposit at a landfill and their contamination level	2009	3 655
		2008	2 358
	Implementation of the selective collection of paper/cardboard waste	2009	1 278
		2010	980
	Protocol with the Waste Recycling Centre (CVR) of Universidade do Minho	2008	
		2009	2 000

Area	Action	Year	Cost (€)
Environmental Evaluation	Environmental impact studies and environmental compliance reports for the detailed design	2008	252 868
		2009	343 402
		2010	
	Environmental monitoring on the Évora Line	2008	980
	Environmental monitoring on the Lines of Minho, Beira Baixa Sul and Évora and the Braga Branch Line	2009	9 990
	Environmental monitoring in the railway link to the Port of Aveiro	2009	5 000
		2010	6 456

Area	Action	Year	Cost (€)
Heritage	Protocol with the University of Évora	2008	10 000
		2009	30 000
		2010	20 000

Area	Action	Year	Cost (€)
Biodiversity	Assistance	2008	32 000
		2009	20 000
		2010	8 000
	Installation of stork dissuaders and platforms for stork nests	2008	15 140
		2009	104 100
		2010	18 528
	Ecological recovery of the Saltworks in Vale do Sado	2008	70 000

List of All Indicators

MRI Code	REFER Economic Performance	Page
Economic Indicators		
	Total Assets	IV33
	Operating Results	IV5; IV33; IV34; IV35
	Net Results	IV34; IV36
EC1	Turnover	IV34
	Investment Volume	IV5; IV32
Shareholders		
	Investment Coverage by the various subsidies	IV33
Personnel		
	Personnel Cost Structure, particularly remunerations, social expenses	IV5; IV44 to IV57
Suppliers		
	Structure of the costs item 62, particularly the weight of subcontracts	IV40
Clients		
	Rendered Services (Use Fee)	IV5; IV41; IV42; IV43; IV44
	Available network capacity	IV41; IV42
	Value of investments and conservation for stations and interfaces	n.a.

MRI Code	REFER Social Performance	Page
Employment		
LA1	Number of employees per qualification	IV47
LA1	Number of employees per region NUT II	IV49
LA12	Benefits to employees beyond those legally stipulated	IV55
Work and Labour Relations		
LA3	Union Membership Rate	IV49; IV50
Health and Safety		
LA9	Average Annual Training Hours	IV53; IV54; IV55
LA9	Number of Trainees	IV54
LA9	Training costs / Personnel costs	IV54
	Staff with complementary management training	IV55
Community		
	Accident rate at Level Crossings	IV22; IV23
	Investments for eliminating and reconverting level crossings	IV22; IV23
	Number of eliminated level crossings	IV22; IV23
	Costs of donations and sponsorships	IV7
Diversity and Opportunity		
LA11	Men/Women ratio at the company	IV56; IV57
LA11	Men/Women ratio in management positions	IV56; IV57
	Age Structure	IV5; IV46
	Seniority Graph	IV46

MRI Code	REFER Environmental Performance	Page
Materials		
EN1	Tons of ballast; km and tons of rail; no. and tons of sleepers (wood, double-block and concrete); kg of weed control products and their characteristics; Origin of Materials.	IV58 - IV60
Energy		
EN3	Joule of purchased electricity; Joule of fossil fuels, diesel, consumed.	IV60 - IV61
Water		
EN5	Cost for the total water consumption	IV61
Biodiversity		
EN6	Quantification of the railway domain within protected areas; Indication of minimisation measures. Indication of impacts:	IV61
EN7	On protected areas; Quantification, if possible in %, of impermeable areas.	IV62 - IV70
EN27	Indication of measures implemented to: Collect abandoned waste; Rehabilitation of sections without traffic; Reforestation of areas subject to works (Landscape Integration Project).	IV62 - IV70
Emissions, Effluents and Waste		
EN11	Tons of waste per type and origin; Percentage of recyclable waste; Indication of destinations.	IV70 - IV71
EN30	tons of subst. and ton _{eq} CO2 from operators, relation with electrification of lines.	
EN31	Quantification of hazardous waste.	
Suppliers		
EN33	Indication of implemented measures.	IV72
Noise		
AM1	Indication of measures implemented at the work site (investment/conservation) to minimise noise; Indication of trains and measures implemented by REFER, EP to minimise impacts; Total number of persons potentially affected by noise levels of > 55dB(A); No. of linear metres of track with continuous welded rail; No. of linear metres of acoustic barriers installed and in the project stage; No. of linear metres of electrified track	IV71 - IV74
Total		
EN35	Cost of acoustic barriers.	IV73

Table of Commitments to Medium / Long Term Goals

	Objectives	Targets for 2011
Social	Increase the Organisation's productivity	Encourage the work ethic factor
	Promote the Qualification and Valorisation of the Company's Human Resources	<ul style="list-style-type: none"> Strengthen in-house policies and initiatives for personnel professional development to ensure the availability and suitability of in-house expertise to meet the company's operation and development needs; Maintain the already defined target to improve training quality and suitability, thus promoting compliance with legal requirements regarding the number of hours/employee;
	Adapt personnel to business needs	<ul style="list-style-type: none"> Create conditions to retrain excess workers; Negotiate work contract terminations by mutual agreement.
	Objectives	Targets for 2011
Environment	Develop and Implement the REFER Environmental Management System	Continue developing the internal network of environment expertise.
	Implement the Environmental Monitoring Plans arising from REFER investment projects.	Implementation of the following monitoring plans: Lines of Minho, Beira Baixa, South and the Braga Branch Line - Noise. Évora Line, link to the Port of Aveiro, alternative Route of Alcácer – Fauna/Flora
	Ensure acoustic protection* of receptors significantly affected** by train traffic noise. * Acoustic protection of receptors is regarded as guaranteed if the legal thresholds are met or, if those thresholds are not met, if measures agreed with local population entities are implemented. ** Receptors are regarded as significantly affected when subject to noise levels exceeding the legal thresholds for mixed areas (criterion that may reviewed according to legislative amendments).	Present the overall evaluation of the effort needed to mitigate noise impacts along railway tracks with over 60,000 train runs per year, within a cost-benefit perspective, and consolidate measures within this context. Continue preparing Reduction Plans for railway tracks with over 60,000 train runs per year (length: 123 km), particularly on the Lines of Cascais, Sintra and North (from Quintans to Ovar and from Entroncamento to Albergaria-dos-Doze). Perform preparatory studies to carry out tests to determine the feasibility of applying Rail Dampers, Acoustic Grinding and Acoustic Barriers integrated within the social and environmental context.
	Eliminate the waste dispersal outside the network of specific concentration locations.	Expand REFER's selective waste collection network: <ul style="list-style-type: none"> - lead batteries network; - lubricant grease collection network. - waster sorting centres at maintenance centres. Ensure continuity of the waste management process at Entroncamento
	Foster the implementation of projects for environmental impact minimisation or compensation measures.	Identify potential partnerships to implement the ecological rehabilitation project for the Sado River Saltworks (enrolled in the B&B initiative); Continue implementing the project to promote native forest (enrolled in the B&B initiative); Implement the cork-oak compensation projects in the zones of Sines, Penamacor and Trofa.

	Objectives	Targets for 2011
Safety	Increase the network's safety levels	Carry out the Investment Plan; Carry out the Maintenance Plan; Implement the Detection System for falling blocks; Implement the Safety Management System; Carry out the Level Crossing Elimination and Reclassification Plan.
	Railway Safety	Prepare the Multi-year Plan for eliminations and reclassifications; Monitor compliance with the Annual Plan; Establish partnerships with external entities formed through protocols, and also monitor and follow up these partnerships; Identify risk factors and promote the development of the respective mitigation actions; Manage the Level Crossing cadastre and adjust contracts applicable to private LC; Promote education and awareness campaigns.

	Objectives	Targets for 2011
Financial	Reduce Expenses on Shared Services	Develop the actions proposed through the Energy Efficiency Plan at REFER; Develop awareness and warning campaigns to reduce costs on the automobile fleet and fixed communications; ...
	Maintain the average stock immobilisation period	Efficiently manage stocks through integrated planning, taking into account the programming of works and the respective materials
	Reduce the number of days in the average payment period	Reduce the average payment period to suppliers to 36 days
	Reduce the number of days of the average receipt period	Reduce the average period of receipts from clients to 60 days
	Adapt the financial debt's term profile to the maturity of assets	

Glossary

1st Railway Package"	A set of E.U. directives defining the conditions for rendering railway transport services and managing the railway infrastructure, which promotes a uniform means of issuing licences to railway operators, providing access to railway infrastructures and issuing safety certificates.
Acoustic barrier	Panels placed in a row along both sides of the rail track in zones where the surrounding area must be protected from the harsh noise of passing trains.
BAC (CAE)	Business Activity Code.
Ballast	Material of a selected particle size on which sleepers are placed and embedded. Ballast distributes the loads transmitted by the sleepers to the platform, provides elasticity to the track and facilitates drainage. Ballast may consist of coarse sand, limestone gravel and hard-rock gravel, in two particle sizes – normal (from 25 to 50 mm) and fine (from 16 to 31.5 mm) used for levelling.
Ballast sheet	Carpet made of rubber or synthetic material placed between the ballast and the track bed to decrease the noise level propagated through the track structure.
Broad track	The so-called broad or normal track is has a gauge of 1668 mm, which is used in the Iberian Peninsula. The European broad track has a gauge of 1435 mm.
CH4	Methane.
CO2	Carbon dioxide.
Complementary network	The national railway's complementary network, which includes the lines and branch lines of public interest not included in the main network. DL 10/90 of March 17.
CONVEL	Abbreviation for Automatic Speed Control. A train protection system that, through inductive resonance circuits placed on the track and through corresponding onboard equipment, periodically checks whether the speed limit is being met, braking is applied and stop signs are being complied with. In the event of an anomaly, the system activates automatic braking, thus assisting the drivers in carrying out their duties and preventing trains from exceeding the speed limits imposed by safety conditions.
Core business	A company's main business.
Credit rating	Entities classified according to their credit worthiness.
CWR	Abbreviation for continuous welded rail: rail sections welded together to form an indefinite length, with a central zone, and whose sleeper fastenings allow the rail to reach its maximum internal stress whilst impeding movements.

dB(A)	Weighted decibels A.
Double track	Railway transport infrastructure whose transversal profile has two tracks where, normally, there is only one circulation direction on each track.
Dual-block sleeper	Sleeper consisting of two reinforced concrete blocks (not pre-stressed), with base plates for the rails, and are connected by a metallic bar (crossbeam) to ensure the track has the right gauge.
E.U. Funds	E.U. support financial instruments.
Ecotrail	A non-motorised trail for leisure and nature walks along decommissioned railway corridors.
Electrified lines	Railway transport infrastructure whose tracks are equipped for electric traction, including installations for signalling, CONVEL and telecommunications.
Empty run	An empty train run for material management or other reasons.
Environmental Management System (EMS)	The Environmental Management System (EMS) is an integral part of the company's overall management system and includes a functional structure, planning activities, responsibilities, practices, procedures, processes and resources to develop, implement, review and maintain the Environmental Policy.
Freight	Trains used essentially for freight traffic.
GDP	Gross Domestic Product, the value of goods produced and services rendered in a country during one year.
GFCF	Gross Fixed Capital Formation that indicates the value of durable goods acquired each year meant to increase the country's production capacity.
Ground-train radio w/ data transmission	Communication system for circulation control and command, with sound and data transmission connected to the CONVEL system, between drivers and ground or vice-versa.
Ground-train radio w/o data transmission	Sound communication system for circulation control and command between drivers and ground or vice-versa.
GVA	Gross Value Added corresponding to the production value of a company, sector or country, minus the value of intermediate consumption; the sum of all GVA corresponds to the GDP.
IFRS	International Financial Reporting Standards.
INE	Instituto Nacional de Estadística (National Statistics Institute).
Insulator	Ceramic insulation device placed on the power lines to isolate the zone in tension and which has a rupture resistance, by traction, of 9 tons.
Intercity	The passenger train family that regularly connect two cities.
kCO₂e	Kilogram of carbon dioxide equivalent.
koe	Kilogram of oil equivalent.

LC	Abbreviation for Level Crossing: where the track crosses a national or municipal road at ground level.
Long distance	Common abbreviated means of indicating long-distance passenger trains whose routes are longer than a specific threshold, normally set at 50 and 100 km.
Main network	The main railway network consists of the lines used to render national and international, long distance, high speed and high quality passenger transport services and of the lines used basically to transport large numbers of passengers commuting to work. DL 10/90 of March 17.
Monoblock sleeper	Track sleeper of only one part made of pre-stressed concrete. The pre-stressing compression is sufficiently high to ensure that the sleeper will never be subject to traction caused by the loads for which it was designed. It weighs 50% more than the dual-block sleeper.
Multiple track	Train transport infrastructure whose transversal track profile has more than two tracks where, normally, there is only one-way traffic on each track.
N2O	Nitrous oxide.
Narrow track	Track in which the gauge, distance between the inner sides of the rail heads, is of 1 metre. This is why it is also called the Metric Track.
Narrow track sleeper	Wood sleeper 240 cm wide for metric track (where the distance between the inner sides of the rail head is of 1 m), also called narrow track.
Notch	Different levels between credit ratings.
NP EN ISO 9001:2000	Guideline standard for implementing quality management systems.
NUT	Territorial Unit nomenclature for statistical purposes.
Outsourcing	Contracting of external specialists to perform specific tasks more effectively and at a lower cost.
PCBs	Polychlorinated biphenyls.
Pendular	Pendular motion train, also known as the "tilting train" or simply "pendular" and whose technology allows it to travel a faster speed than conventional trains on curves without compromising on safety and whilst providing greater passenger comfort.
PIDDAC (CAIDEP)	The Central Administration's Development Investment and Expense Program.
Public Railway Domain	Public domain assets assigned to the functioning and operation of the public railway service.
Public Service	Service of a public interest to meet a public need rather than for profit.
Rail pad	Padding made of rubber or synthetic material placed between the sole plate and the rail foot to decrease the noise

propagated through the air and the track's structure.

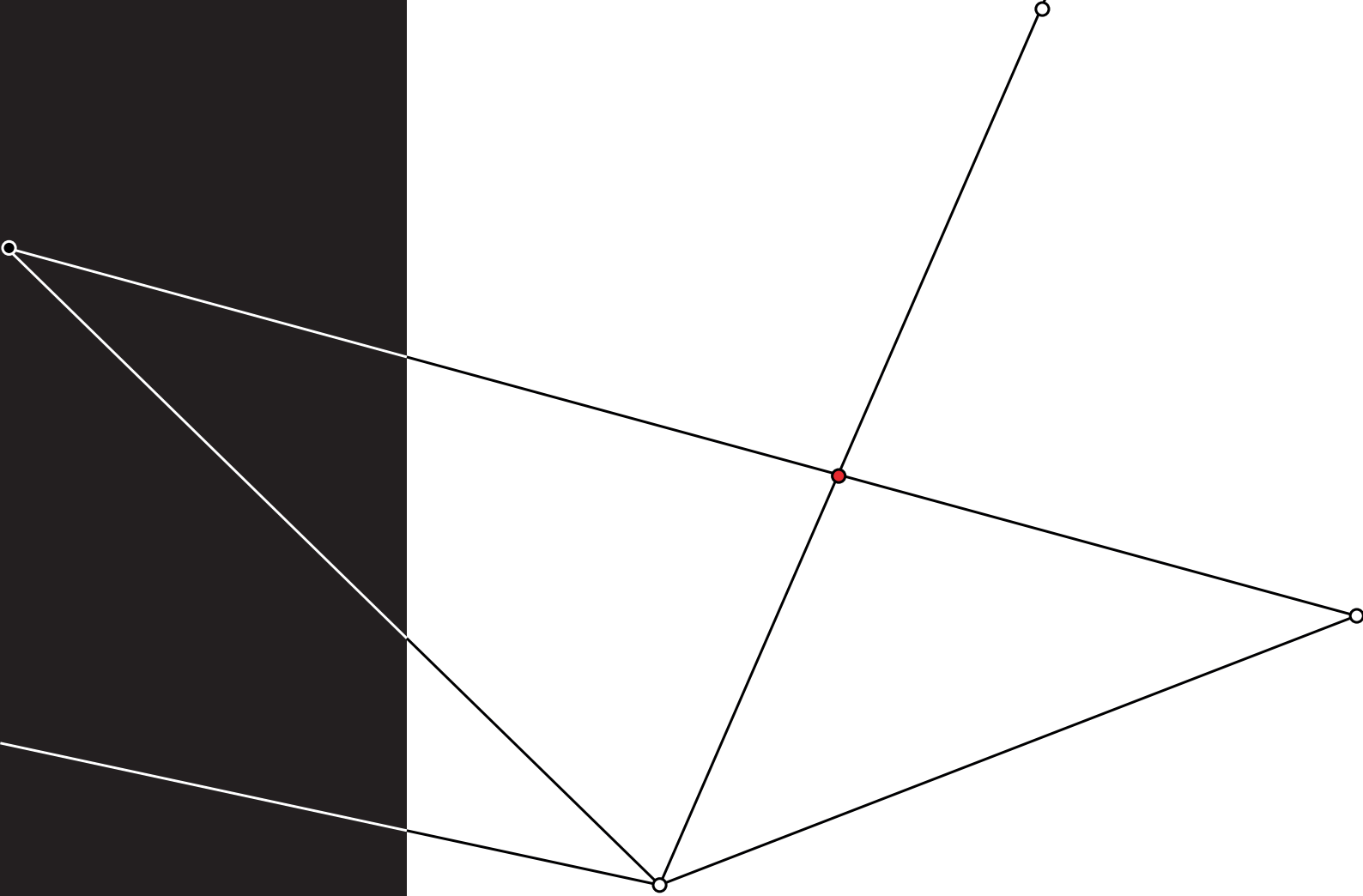
Railway infrastructure	All fixed facilities related with the main and service tracks and the stations necessary for train circulation, including buildings assigned to infrastructure services, and the elements indicated in part A of Annex I of Regulation 1108/70/EC. DL 270/2003 of October 28.
Regional	Current abbreviated means to indicate regional trains that meet a specific region's needs, particularly an autonomous region. DL 10/90 of March 17 and DL 270/2003 of October 28.
Single track	Train transport infrastructure whose transversal profile has only one track that may have traffic in both directions.
Sleeper	A part placed perpendicular to the track connecting the rail to the ballast. Train wheels run over the rail transmitting high stress, and the sleeper receives that stress and transmits it, now less intense, to the ballast bed such that it is compatible with their resistance and deformation capacity. The sleepers are fastened in a manner to guarantee a specific distance between the rails (track gauge).
Standard ISO 14001	Guideline standard for implementing and certifying environmental management systems.
Statutory capital	Capital amount specified in the company's articles of association.
Suburban	Current abbreviated description of suburban trains that meet transport needs within a municipality or a metropolitan transport region. DL 10/90 of March 17.
TK	Abbreviation for train-kilometre, a railway operation rendering unit, corresponding to a train moving 1 km. Its cost depends on the characteristics of the track and train in question.
Train family	The group of trains with the same circulation itinerary or with identical route times.
Turnover	Net value of sales and rendered services, including compensation indemnities from normal activities by the entities and after deductions, not including value added tax or other taxes directly related with sales and rendered services.
Undersleeper pads	A rubber or synthetic pad placed under sleepers to decrease noise propagated through the air and the track structure.
User Fee	Amount paid by a railway operator for using a line or line section.
Value Chain	Management model to determine the value added to the product by the chain's individual parts or segments, whereby the value progressively evolves through that very chain.
Waste Management Plan	Document prepared by the Environment Department in collaboration with the Provisioning and Logistics Department, Conservation and Maintenance Department and the General Engineering Department that, after having evaluated the reference situation, drafted the action lines, orientations and strategic goals for developing REFER's waste management

system.

Weed control	Periodic preventive treatment using suitable equipment to eliminate weeds growing along the track ballast and shoulders.
Wood Sleepers for Wide Track	Wood sleeper, 260 cm wide, for wide track (where the distance between the inner side of the rail heads is of 1.668 metres).

PART V | SUPERVISORY BOARD REPORT





Rede Ferroviária Nacional REFER *EPE*
Economics & Finance

1100-105 LISBOA
Tel.: 211 022 000 | Fax.: 211 022 939
www.refer.pt