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REPUBLIC OF PORTUGAL

€ 3,000,000,000

4.95% Obrigações do Tesouro Benchmark due October 25,
2023

Issue Price: 99.624%

Application has been made to list the Obrigações do Tesouro on the MEDIP/MTS Portugal and on the EuroMTS.

Caixa - Banco de Investimento

Citi

HSBC

Lehman Brothers

Morgan Stanley

ABN AMRO

Banco Espírito Santo

Barclays Capital

**Bayerische Hypo-Und
Vereinsbank, AG**

BNP PARIBAS

CALYON

Deutsche Bank

Goldman Sachs International

ING Wholesale Banking

**Santander Global Banking and
Markets**

**Société Générale Corporate &
Investment Banking**

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This Information Memorandum primarily contains certain information in relation to the issue of € 3,000,000,000 4.95% Obrigações do Tesouro Benchmark due October 25, 2023 (the "OTs") of the Republic of Portugal (the "Republic" or the "Issuer"). The delivery of this Information Memorandum at any time does not imply that the information herein is correct as of any time subsequent to the date of this Information Memorandum. This Information Memorandum does not constitute an offer of or an invitation by or on behalf of the Republic to subscribe for or purchase any of the OTs.

The Issuer has taken all reasonable care to ensure that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading and there are no other facts the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any opinions or intentions misleading. The Issuer accepts responsibility accordingly.

This Information Memorandum does not constitute an offer or an invitation by or on behalf of the Republic or by or on behalf of the Managers or any of them as defined in "Subscription and Sale" below, to subscribe or purchase any of the OTs. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Information Memorandum and the offering or sale of the OTs in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Republic and the Managers to inform themselves about and to observe any such restrictions.

No person is authorised to give any information or to make any representation not contained in this Information Memorandum in connection with the issue and sale of the OTs, and if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or any of the Managers. Neither the delivery of this Information Memorandum nor any sale made in connection with the issue of the OTs shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof.

No action has been taken or will be taken by the Republic or the Managers that would permit a public offering of the OTs or the circulation or distribution of this Information Memorandum or any offering material in relation to the Republic or the OTs, in any country or jurisdiction where action for that purpose is required.

References herein to "€" and "Euro" are to the lawful currency of the member states participating in the European Monetary Union.

In connection with the distribution of the OTs, Caixa – Banco de Investimento, S.A., or any person acting for it (the "Stabilisation Agent") may, to the extent permitted by any applicable laws and regulations, over-allot OTs or effect transactions with a view to supporting the market price of the OTs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Agent (or persons acting on behalf of the Stabilisation Agent) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate disclosure of the terms of the offer of the OTs is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date (as defined below) of the OTs and 60 days after the date of the allotment of the OTs. Any stabilization action or over-allotment must be conducted by the Stabilisation Agent in accordance with the applicable laws and rules.

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Description of the OTs

Form and Denomination

The aggregate principal amount of the OTs is € 3,000,000,000. The OTs are issued in book-entry form in the Portuguese securities depository and clearing system (the "Central de Valores Mobiliários" or the "CVM") in the denomination of € 0.01 each. No definitive certificates will be issued.

Status

The OTs and all obligations of the Republic under the OTs are direct, unconditional, unsecured, unsubordinated and general obligations of the Republic and rank *pari passu* without preference or priority among themselves and at least *pari passu* with all other existing and future unsecured Indebtedness of the Republic.

"Indebtedness" means all indebtedness of the Republic in respect of money borrowed by the Republic.

Interest

The OTs bear interest from June 10, 2008 (the "Closing Date") at the rate of 4.95% per annum payable annually in arrear on October 25 of each year. The first interest payment will be made on October 25, 2009, for the period from and including the Closing Date to but excluding October 25, 2009. The OTs will cease to bear interest on the Maturity Date (as defined below). Where interest is to be calculated in respect of a period of other than one year, it will be calculated on the basis of the actual number of days elapsed, divided by the actual number of days (365 or 366) of the respective interest period. Interest Accrual Basis is Actual/Actual (ICMA).

Redemption and Purchase

Unless previously purchased and cancelled, the Republic will redeem the OTs at their principal amount on October 25, 2023 (the "Maturity Date").

The Republic shall have the right at any time to purchase OTs in the open market or otherwise. Any OTs purchased as aforesaid will be cancelled forthwith and may not be reissued or sold.

Payments

All payments in respect of the OTs will be made by Banco de Portugal following instructions of the Republic as issuer. Banco de Portugal will pay the CVM, which will then credit the respective accounts of its registered book-entry accountholders with positions in OTs, including, in the case of OTs held with Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") the accounts with the CVM through which Euroclear and Clearstream hold their positions in the OTs.

If any date for payment of interest or principal on the OTs is not a business day of the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (a "TARGET Settlement Day") then payment will be made on the next succeeding TARGET Settlement Day without any interest or other sum being payable in respect of the delay in payment.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto.

Taxation

The following summary is based on Portuguese tax laws in force on the date of this Information Memorandum and is subject to changes in tax laws, which may have a retroactive effect. This summary is not exhaustive and prospective purchasers of OTs are advised to consult their own tax advisers as to Portuguese law and other tax consequences of the purchase, ownership and disposal of the OTs.

Payments in respect of the OTs to holders which are the effective beneficiaries of the income, as well as capital gains made by them on a sale or other disposal of the OTs, will be exempt from taxation and therefore no Portuguese income taxes will be levied whether by withholding or otherwise, provided that the said holders: (i) do not have residence, head-office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; (ii) are not resident in a country, territory or region subject to a privileged tax regime, included in the list approved by Order of the Minister of State and of Finance (currently

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Portaria do Ministro das Finanças e da Administração Pública 150/2004, of February 13, 2004), with the exception of central banks and governmental agencies of those jurisdictions; (iii) are non-resident entities whose shares are not held, directly or indirectly, in more than 20% by Portuguese resident entities; and (iv) provide the relevant certification in accordance with the applicable requirements set forth in Decree Law 193/2005 of November 7, 2005 (as amended by Decree Law 25/2006 of February 8, 2006) (the "Withholding Tax Exemption"). The Republic will not pay any additional amounts to holders of the OTs in respect of any taxes, which are required to be withheld.

The above-mentioned Withholding Tax Exemption is foreseen and subject to the requirements set forth in Decree Law 193/2005 of November 7, 2005, as amended by Decree Law 25/2006 of February 8, 2006, which establishes the tax regime applicable to debt securities issued by Portuguese public or private entities and held by non-resident entities or individuals .

The European directive on taxation of savings (the "Savings Directive") has been implemented and, subject to a number of important conditions being met, Member States of the European Union shall apply it. The Savings Directive was implemented in the Portuguese jurisdiction by way of Decree Law 62/2005 of March 11, 2005, as amended by Law 39-A/2005 of July 29, 2005, under which Portugal is required to provide to the tax authorities of another Member State details of payments of interest paid by a paying agent - as defined in the Savings Directive - within its jurisdiction to an individual resident in that other Member State, subject to the fact that certain Member States will opt instead for a withholding system for a transitional period in relation to such payments.

Prescription

Claims against the Republic for the payment of principal in respect of the OTs shall prescribe within ten years after the due date thereof. Claims against the Republic for the payment of interest in respect of the OTs shall prescribe within five years after the due date thereof.

Notices

All notices in respect of any information concerning the OTs shall be published in the Official Gazette (*Diário da República – II Série*).

Further Issues and Consolidation

The Republic may from time to time, without the consent of the holders of the OTs, create and issue further OTs so as to be consolidated and form a single issue with the OTs.

Governing Law and Jurisdiction

The OTs are governed by, and shall be construed in accordance with, Portuguese law.

In relation to any legal action or proceedings arising out of or in connection with the OTs ("Proceedings"), the Republic irrevocably submits to the jurisdiction of the courts of the Republic of Portugal and waives any objection to Proceedings in any such courts whether on the grounds that the Proceedings have been brought in an inconvenient forum or otherwise. These submissions are made for the benefit of each of the holders of the OTs and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any court of competent jurisdiction preclude any of them from taking Proceedings in any other court of competent jurisdiction (whether concurrently or not) unless precluded by applicable laws. The Republic agrees that, in the event of Proceedings being brought against the Republic, no immunity from such Proceedings or execution of judgment shall be claimed by or on behalf of the Republic or with respect to its assets (save for any property or assets used for public utility purposes or in the public domain as provided by any applicable laws of the Republic), the Republic hereby irrevocably waiving any such right of immunity that it or such assets have at the date of this Information Memorandum or may hereafter acquire except to the extent that any such waiver of immunity from Proceedings or from execution of judgment is excluded by applicable laws.

General Information

Authorisation

The issue of the OTs was authorised by a resolution of the Board of Directors of Instituto de Gestão da Tesouraria e do Crédito Público, I.P. dated June 4, 2008.

Subscription and Sale

Caixa - Banco de Investimento S.A., Citigroup Global Markets Limited, HSBC France, Lehman Brothers International (Europe), Morgan Stanley & Co. International plc, ABN AMRO Bank N.V., Banco Espírito Santo, S.A., Banco Santander, S.A., Barclays Bank PLC, Bayerische Hypo - und Vereinsbank AG, BNP PARIBAS, CALYON, Deutsche Bank AG, London Branch Goldman Sachs International, ING Bank N.V. and Société Générale (together, the "Managers") have, pursuant to a Subscription Agreement dated June 9, 2008 jointly and severally agreed with the Republic, subject to the satisfaction of certain conditions, to subscribe for the OTs at an issue price of 99.624% of their principal amount less a total commission (including combined management and underwriting commission and the selling concession) of 0.175% of such principal amount. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Republic. The Managers have agreed to perform certain market making functions in relation to the OTs in accordance with Regulation n° 3/2002 of Instituto de Gestão da Tesouraria e do Crédito Público, I.P. (as amended) regarding the issuance of *Obrigações do Tesouro*.

Clearing and Settlement

The OTs will be created in the book-entry account of the Republic with the CVM on the TARGET Settlement Day prior to the Closing Date. On the same day, the Republic will transfer the OTs free of payment to the book-entry account no. 22143 of the Republic with Euroclear, thus holding them in CVM through Euroclear. On the Closing Date, the OTs will be settled against payment through Caixa - Banco de Investimento, S.A., Clearstream account no. 74095. Immediately thereafter, delivery of the OTs will be effected by Caixa - Banco de Investimento, S.A., in accordance with current Euroclear and Clearstream procedures.

Sales Restrictions

No action has been or will be taken by the Republic or any of the Managers that would permit a public offering of any of the OTs, or possession or distribution of this Information Memorandum (in proof or in final form) or any other offering material or any supplementary information memorandum, in any country or jurisdiction where action to that purpose is required. Accordingly, no OTs may be offered, sold or delivered nor may this Information Memorandum or any other offering or publicity material be distributed or published in any country or jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. In particular, no representation is made that the OTs may lawfully be sold in compliance with any applicable registration requirements and neither the Republic nor the Managers assume any responsibility for facilitating such sales. Persons into whose hands this Information Memorandum comes are required by the Republic to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver OTs or have in their possession or distribute this document, in each case at their own expense.

Each Manager has represented, warranted and agreed that it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 with respect to anything done by each of them in relation to the OTs in, from or otherwise involving the United Kingdom.

The OTs have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except that OTs may be offered or sold by the Managers directly or through their respective U.S. broker-dealer affiliates to Qualified Institutional Buyers (as defined in Rule 144A under the Securities Act) in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of OTs may be relying on the exemption from the provisions of the section 5 of the Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the offering of the OTs, an offer or sale of OTs within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

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Each of the Managers has agreed to deliver or cause to be delivered to each person to whom OTs are sold under Rule 144A, prior to the time of sale, a notice to the following effect:

"As a purchaser of the € 3,000,000,000 4.95% Obrigações do Tesouro Benchmark due October 25, 2023 (the "OTs") of the Republic of Portugal you will be deemed to have represented and agreed as follows:

- (1) You understand that the OTs have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom you reasonably believe is a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act) in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable) and (B) in accordance with all applicable securities laws of the United States and other jurisdictions. No representation can be made as to the availability of the exemption provided by Rule 144 for resales of the OTs. No representation is made by any of the Managers as to the truth, accuracy or completeness of any information regarding the Issuer. You have made such investigation of the Issuer and the OTs, including the tax consequences of ownership, as you have deemed necessary and have not relied on any investigation or verification that the Managers may have undertaken for the purposes of the offering. Investors will be deemed to have represented and agreed that they have relied on no such representation and have made their own assessment of the Issuer and the OTs.
- (2) If you are a U.S. Person (as defined in Regulation S) you represent that (a) you are a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act), (b) you are aware that the sale of the OTs is being made to you in reliance upon Rule 144A, (c) you are acquiring the OTs for your own account or for the account of a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act), as the case may be, and (d) you are not acquiring such OTs with a view to any resale or distribution thereof other than in accordance with the restrictions set forth above."

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR ANY TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Each of the Managers has represented and agreed that any OTs that are offered in The Netherlands in order to comply with the Act on Financial Supervision (*Wet op het financieel toezicht*) and the regulations pursuant thereto, as amended from time to time (the "Act"), can only be offered, as part of their initial distribution or by way of re-offering, to qualified investors ("Qualified Investors") within the meaning of and as further described and defined in article 1:1 of the Act being:

- (a) legal entities licensed or otherwise authorised or regulated to operate in the financial markets;
- (b) legal entities without a licence and not so authorised or regulated to operate in the financial markets with the sole corporate purpose to invest in securities;
- (c) national or regional governments, central banks, international and supranational institutions and similar international institutions;
- (d) legal entities with their seat in The Netherlands which:
 - (1) meet at least two of the following three criteria:
 - (i) an average number of employees over the financial year of less than 250;
 - (ii) a balance sheet total not exceeding EUR 43,000,000; and
 - (iii) an annual net turnover not exceeding EUR 50,000,000; and
 - (2) at their own request, have been registered as qualified investor by the *Autoriteit Financiële Markten* (the Financial Markets Authority, the "AFM");
- (e) legal entities which according to their most recent (consolidated) annual accounts meet at least two of the following three criteria:

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- (i) an average number of employees over the financial year of at least 250;
 - (ii) a balance sheet total in excess of EUR 43,000,000; and
 - (iii) an annual net turnover in excess of EUR 50,000,000;
- (f) natural persons domiciled in The Netherlands who have been registered as qualified investor by the AFM and who meet at least two of the following three criteria:
- (1) the investor has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten (10) per quarter over the previous four quarters;
 - (2) the size of the person's securities portfolio exceeds EUR 500,000; and
 - (3) the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;
- (g) natural persons or enterprises considered as qualified investors in another Member State pursuant to article 2, first paragraph, part (e) under (iv) alternatively (v), of the Prospectus Directive;

provided that it must be made clear both upon making the offer and in any documents or advertisements in which a forthcoming offering of such OTs is publicly announced (whether electronically or otherwise) that such offer is exclusively made to such Qualified Investors.

Listing Information

Application has been made for the OTs to be listed on the MEDIP/MTS Portugal and EuroMTS.

Use of Proceeds

The net proceeds of the sale of the OTs, in the amount of € 2,983,470,000 will be used to finance 2008 gross borrowing needs of the Republic.

Ratings

All outstanding debt of the Republic is rated "Aa2" by Moody's Investors Service, Inc., "AA-" by Standard & Poor's, a division of McGraw-Hill Companies, Inc. and "AA" by Fitch Ratings Ltd.

Litigation

To the best of its knowledge and belief, the Republic is not involved in any litigation, arbitration or administrative proceedings which is material in the context of this issue of the OTs, and to the best of the knowledge of the Republic, no such litigation, arbitration or administrative proceedings is threatened or contemplated.

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