



IBERSOL – SGPS, SA

Publicly Listed Company

Registered office: Praça do Bom Sucesso 105/159, 9º andar, Porto

Sahre Capital: Euro 20.000.000

Commercial Registry : Oporto under the number 501669477

Fiscal Number: 501 669 477

CORPORATE GOVERNANCE REPORT 2010

(approved at the Annual General Meeting)

Corporate Governance Report

This present report contains a description of the IBERSOL SGPS, SA. structure and Corporate Governance practices ("Corporate Governance"), was drawn up to comply with the provisions stated by the 245th - A article of the Corporate Governance Code of the Securities Market Commission [CMVM – *Comissão do Mercado de Valores Mobiliários*], on appliance of the CMVM Regulation n^o 1/2010 on the Governance of Listed Companies, adopting the dispositions and the recommendatory practice set in the CMVM Corporate Governance Code, according with the previsions introduced in January 2010 - regulation that is available for consultation at the CMVM site www.cmvm.pt.

Chapter 0.

Statement of Compliance

IBERSOL SGPS, SA. is a quoted company ruled under Portuguese law, issuer of shares admitted to trading on the regulated market Euronext Lisbon, submitted to legal dispositions of the Portuguese legal system, namely the legal framework of it's corporate governance, also as stated on the Commercial Societies Code, the Securities Code, CMVM Regulation n^o 1/2010 over the Corporate Governance, as well as adopting the recommendations of the Corporate Governance Code of the Securities Market Commission according with the previsions introduced in January 2010, in www.cmvm.pt .

0.1 Location where the public may find the Corporate Governance Codes to which the issuer is subject to or, if the case, those ones which the issuer voluntarily has chosen to subject itself.

The Company follows the CMVM Code of Governance for Listed Companies, namely through the application of CMVM Regulation n^o 1/2010. This regulation and the recommendations are available for consultation on the CMVM website, at www.cmvm.pt.

0.2 Detailed description of the recommendations contained in the Corporate Governance Code that have or have not been adopted. Recommendations that are not fully met are understood to be non-implemented.

RECOMMENDATIONS (Corp. Gov. Code)

COMPLIANCE

I. General Meeting

I.1 General Meeting Board

<p>I.1.1 The chairman of the General Meeting Board shall be equipped with the necessary and adequate human resources and logistic support, taking the financial position of the company into consideration.</p>	<p>Complied with</p>	<p>See Chap.I. Point I.1</p>
<p>I.1.2 The remuneration of the Chairman of the General Meeting Board shall be disclosed in the annual report on corporate governance.</p>	<p>Complied with</p>	<p>See Chap. I. Point 1.3</p>
<p>I.2 Participation at the Meeting</p>		
<p>I.2.1 The obligation to deposit or block shares before the General Meeting, contained in the articles of association, shall not exceed 5 working days.</p>	<p>Complied with</p>	<p>See Chapter I Point I.4</p>
<p>I.2.2 Should the General Meeting be suspended, the company shall not compel share blocking during that period until the meeting is resumed and shall then follow the standard requirement of the first session.</p>	<p>Complied with</p>	<p>See Chapter I Point I.5</p>
<p>I.3 Voting and Exercising Voting Rights</p>		
<p>I.3.1 Companies may not impose any statutory restriction on postal voting, neither when the electronic vote is admitted and adopted .</p>	<p>Complied with</p>	<p>See Chapter I Point I.9 and I.12.</p>
<p>I.3.2 The statutory deadline for receiving early voting ballots by mail shall not exceed 3 working days.</p>	<p>Complied with</p>	<p>See Chapter I Point I.11</p>
<p>I.3.3 Companies shall ensure the level of voting rights and the shareholder's participation is proportional, ideally through the statutory provision that obliges the one share-one vote principle. The companies that: i) hold shares that do not confer voting right; ii) establish non-casting of voting rights above a certain number, when issued solely by a shareholder or by shareholders</p>	<p>Complied with</p>	<p>See Chapter I Point I.6, 1.7</p>

related to former, do not comply with the proportionality principle.

I.4 DELIBERATIVE QUORUM

I.4.1 Companies shall not set a deliberative quorum that outnumbers the one prescribed by Law.

Complied with

See Chapter I
Point I.8

I.5 MINUTES AND INFORMATION ON ADOPTED RESOLUTIONS

I.5.1 Minutes extracts of the general meetings or documents with corresponding content must be made available to shareholders on the company's website within a five day period after the General Meeting has been held, irrespective of the fact that such information may not be classified as material information. The information disclosed shall cover the resolutions passed, the represented capital and the voting results. This information shall be kept on file on the company's website for no less than a 3 year period

Complied with

See Chapter I
Point I.13 e
I.14

I.6 MEASURES ON CORPORATE CONTROL

I.6.1 Measures adopted to prevent the success of takeover bids shall respect the interests of the company and its shareholders. Companies Articles of Association which, while respecting the principle set forth in the previous paragraph, limit the number of votes that can be held or exercised by a single shareholder, individually or jointly with other shareholders, shall also set forth that, at least every five years, the maintenance or not of that statutory provision shall be put to deliberation by the General Meeting – without the need for a quorum greater than the legal quorum – and that, all the votes cast shall count in this deliberation without that limitation.

Complied with

See Chapter I
Point I.19 e
I.20

I.6.2 Defensive measures shall not be taken if they have the effect of automatically causing serious erosion of the company's assets in the event of transfer of control or a change in the membership of the Board of Directors, thereby affecting the free transferability of shares and the free assessment by shareholders of the performance of the members of the Board of Directors.

Complied with

See Chapter I
Point I.20

II. MANAGEMENT AND SUPERVISORY BODIES

II.1. GENERAL MATTERS

II.1.1. STRUCTURE AND DUTIES

II.1.1.1 The Board of Directors shall assess, in its annual Corporate Governance Report, the adopted model identifying any constraints to its functioning and recommending the appropriate measures to overcome them.

Complied with

See Chapter 0
Point 03 and
Chapter II
Point II.4

II.1.1.2 Companies shall set-up internal control and risk management systems, in order to safeguard their assets and ensure the transparency of their corporate governance, which allow them to identify and manage the risk. These systems shall include, at least, the following components: i) determination of the company's strategic objectives on risk-taking; ii) identification of the main risks linked to the specific activity being exercised and the events capable of originating risks; iii) analysis and measurement of the impact and the probability of occurrence of each one of the potential risks; iv) risk management in view of the alignment between the risks actually incurred and the society's strategic choice on risk taking ;

Complied with

See Chapter II
Point II.5

v) control mechanisms of the execution of the risk management measures adopted and their effectiveness;

vi) adoption of internal mechanisms of information and disclosure on the system's various components and risk alerts; vii) cyclic evaluation of the implemented system and adoption of any necessary modifications.

II.1.1.3 Management and supervisory bodies shall ensure the creation and operation of internal control and risk management systems, lying with the supervisory body the responsibility for the assessment of these systems' operation and the proposal of any adjustments to the company's needs.

Complied with

See Chapter II
Point II.6

II.1.1.4 Companies shall, in the annual Corporate Governance Report: i) identify the main economic, financial and legal risks to which the company is exposed in the exercise of its activity; ii) describe the operation and effectiveness of the risk management system.

Complied with

See Chapter II
Point II.9

II.1.1.5 Management and supervisory bodies shall have their own regulations, which shall be posted on the company's website.

Complied with

See Chapter II
Point II.7.

II.1.3 ELIGIBILITY CRITERIA AND APPOINTMENT

II.1.3.1 Depending on the applicable model, the Chairman of the Audit Board, the Audit Committee or the Financial Matters Committees shall be independent and be adequately capable to carry out his duties.

Complied with

See Chapter II
Point II.12

II.1.2 INCOMPATIBILITIES AND INDEPENDENCE

<p>II.1.2.1 The Board of Directors shall include a number of non-executive members to ensure an effective capacity to oversee, supervise and evaluate the executive members.</p>	<p>Complied with</p>	<p>See Chapter II Point II.1 e II.14</p>
<p>II.1.2.2 Within the non-executive directors there shall be an appropriate number of independent directors, taking into account the company's size and its shareholder structure, which cannot, in any case be less than one quarter of the total number of directors.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 04, II.1.2.2</p>
<p>II.1.2.3. The evaluation of the independence of their nonexecutive directors by the management body shall take into account the legal rules and regulations in force on the requirements of independence and the regime of incompatibilities applicable to the members of other social bodies, assuring coherency systematically and throughout time in the application of independence criteria to the entire company. The director which, in other corporate body, would not be able to assume that quality under the applicable rules, shall not be considered independent.</p>	<p>Not complied with</p>	<p>See Chapter 0 Point 04, II.1.2.3.</p>
<p>II.1.3 ELIGIBILITY CRITERIA AND APPOINTMENT</p>		
<p>II.1.3.1 Depending on the applicable model, the Chairman of the Supervisory Board, Audit Committee or Committee on Financial Matters shall be independent and have the appropriate competences to the performance of his/her duties.</p>	<p>Complied with</p>	<p>See Chapter II Point II.21.</p>
<p>II.1.3.2 The selection process for non-executive directors' candidates shall be conceived in a way such as to impede the interference from the</p>	<p>Complied with</p>	<p>See Chapter II Point II.16</p>

executive directors.

II.1.4. POLICY ON REPORTING IRREGULARITIES

II.1.4.1 The company shall adopt a whistle-blowing policy for reporting alleged irregularities with the following elements: i) indication of the means by which whistleblowing reports can be made within the company, including the people qualified to receive them; ii) indication of the treatment to be given to the reports, including confidentiality if the whistleblower so requires.

Complied with

See Chapter II
Point II.35.

II.1.4.2 The general lines of this policy shall be disclosed in the Corporate Governance Report.

Complied with

See Chapter II
Point II.35.

II.1.5 REMUNERATION

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured in such a way as to ensure the alignment between their interests and the long-term interests of the company, be based on performance evaluation and discourage excessive risk-taking. To that effect, the remuneration shall be structured according to the following: (i) The remuneration of directors, who perform executive duties, shall integrate a variable component, which determination depends on a performance evaluation, by the company's competent bodies, according to pre-determined

measurable criteria, which considers the real growth of the company and the wealth, in fact, generated for shareholders, its long-term sustainability and the assumed risks, as well as the compliance with rules applicable to the company's activity. (ii) The variable component of the remuneration shall be globally reasonable when compared to the fixed remuneration component, and maximum limits shall be determined for all components. (iii) A significant part of the variable remuneration shall be deferred for a period not inferior to three years, and its payment shall depend upon the continuation of the positive performance of the company during that period; (iv) The members of the management body shall not enter into contracts, either with the company, or with third parties, which have as effect, to mitigate the risk inherent to the remuneration variability that is determined by the company; (v) until the term of their mandate, the executive directors shall keep the company's shares, which they have accessed by way of variable remuneration schemes, until the limit of twice the value of their global annual remuneration, with the exception of those which need to be divested in order to pay taxes resulting from the capital gains regarding those shares; (vi) In cases where the variable remuneration includes the award of options, the beginning of the fiscal year shall be deferred for a period of no less than three years. (vii) Adequate legal instruments shall be established so that the determined compensation for any form of unjust dismissal of a director is not paid if the dismissal or termination by agreement is due to the director's

Not complied with

See chapter
0
Point 04.
II.1.5.1

inadequate performance; (viii) The remuneration of the non-executive members of the Board shall not include any component which value depends on the company's performance or the company's value.

II.1.5.2 The statement on the remuneration policy of the managing and supervisory bodies set forth in article 2nd of Law n.º 28/2009, of 19th of June, shall contain, beyond the contents there referred, sufficient information: i) regarding which companies groups remuneration policy and practices were taken as a comparative element to the determination of the remuneration; ii) regarding payments related to the dismissal or termination by agreement of director's functions.

Not applicable

See Chapter
0
Point 04,
II.1.5.2

II.1.5.3 The statement on remuneration policy set forth in article 2nd of Law n.º 28/2009 shall also include the remunerations of other managers, in the sense of number 3 of article 248th-B of the Securities Code, whose remuneration contains an important variable component.

Not applicable

See Chapter
0
Point
04.II.1.5.3

The statement shall be detailed and the policy presented shall take into account, namely, the company's long-term performance, the compliance with norms applicable to the company's activity and the contention in risk-taking.

II.1.5.4 A proposal on the approval of share distribution and/or a share option plan based on variations in share price to members of the managing and supervisory bodies and other company officers, as set forth in number 3 of article 248th of the Securities Code, shall be submitted to the General Meeting.

The proposal shall contain all the information necessary for a proper assessment of the plan and shall be accompanied by the plan's regulation, or, in case this has yet to be drafted, by the general conditions that shall govern it. Likewise, the main features of the pension benefits system established in favour of members of the managing and supervisory bodies and other company officers, as set forth in number 3 of article 248th of the Securities Code, shall be approved by the General Meeting.

Complied with

See Chapter I
Point I.17 E
I.18

II.1.5.6 At least one representative from the Remuneration Committee shall attend the Annual General Meetings.

Not complied with

See Chapter 0
Point 04
II.1.5.6

II.1.5.7 The amount of remuneration received, in aggregate and individual form, in other companies of the group and the pension rights acquired in the fiscal year in question shall be disclosed in the annual Corporate Governance Report.

Complied with

See Chapter II
Point II.31

II.2 BOARD OF DIRECTORS

II.2.1 Within the limits established by law for each management and supervisory structure, and unless the company is very small, the Board of Directors shall delegate the day-to-day running of the company. The powers delegated shall be described in the annual Corporate Governance Report.

Complied with

See Chapter II. Point II.3

II.2.2 The Board of Directors shall ensure that the company acts in accordance with its objectives and shall not delegate its powers, particularly, with respect to:

i) defining the company's general

<p>strategy and policies; ii) defining the group's business structure; iii) decisions that should be considered strategic due to the amount or risks involved or their special characteristics.</p>	<p>Complied with</p>	<p>See Chapter II. Point II.3</p>
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<p>II.2.3 If the chairman of the Board of Directors has executive duties, the Board shall find efficient mechanisms for coordinating the work of the non-executive members so as to ensure that they can make independent and informed decisions and shall duly explain those mechanisms to the shareholders in the Corporate Governance Report.</p>	<p>Complied with</p>	<p>See Chapter II. Point II.3 and II.8</p>
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<p>II.2.4 The company's annual management report shall include a description of the work done by the nonexecutive directors and mention any constraints encountered.</p>	<p>Complied with</p>	<p>See Chapter II. Point II.17</p>
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<p>II.2.5 The company must explain its policy on rotation of offices within the Board, particularly in what concerns the financial office, and give information regarding that policy in the Corporate Governance Report.</p>	<p>Complied with</p>	<p>See Chapter II. Point II.11</p>
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II.3 CHIEF EXECUTIVE OFFICER (CEO), EXECUTIVE COMMITTEE AND EXECUTIVE BOARD OF DIRECTORS

<p>II.3.1 When asked to do so by other members of the corporate bodies, executive directors shall provide all information required in a timely fashion and appropriate form.</p>	<p>Complied with</p>	<p>See Chapter II Point II.3</p>
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<p>II.3.2 The Chairman of the Executive Committee shall send respectively to the Chairman of the Board of Directors and, as applicable, to the Chairman of the Supervisory Board or the Audit Committee the notices to and minutes of their meetings.</p>	<p>Complied with</p>	<p>See Chapter II Point II.13</p>
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II.3.3 The Chairman of the Executive Board of Directors shall send to the Chairman of the General and

<p>Supervisory Board and the Chairman of the Committee on Financial Matters the notices to and minutes of their meetings.</p>	<p>Not applicable</p>	<p>See Chapter 0 Point 04.II.3.3</p>
<p>II.4. GENERAL AND SUPERVISORY BOARD, FINANCIAL MATTERS COMMITTEE, AUDIT COMMITTEE AND STATUTORY AUDIT COMMITTEE</p>		
<p>II.4.1 In addition to the exercise of its supervisory duties, the General and Supervisory Board shall advise, monitor and continuously assess the management of the company by the Executive Board of Directors. The matters on which the General and Supervisory Board shall give opinion include: i) the definition of the company's strategy and general policies; ii) the group's business structure; and iii) decisions that should be considered strategic due to the amounts or the risks involved or their special characteristics.</p>	<p>Not applicable</p>	<p>See Chapter 0 Point 04.II.4.1</p>
<p>II.4.2 The annual reports on the activity carried out by the General and Supervisory Committee, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall be disclosed on the company's website together with the financial statements.</p>	<p>Complied with</p>	<p>See Chapter II and III Point II.4 and III.15</p>
<p>II.4.3 The annual reports on the activity carried out by the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Committee shall include a description on the supervisory activity and shall mention any restraints that they may have come up against.</p>	<p>Complied with</p>	<p>See Chapter II and III Point II.4 and III.15</p>
<p>II.4.4 The Financial Matters Committee, the Audit Committee and the Statutory Audit Committee (depending on the applicable model) shall represent the company for all</p>		

purposes at the external auditor, and shall propose this services supplier, the respective remuneration, ensure that adequate conditions for the supply of these services are in place within the company, as well as being the liaison officer between the company and the first receiver of the reports.

Complied with

See Chapter II
Point II.21

II.4.5 According to the applicable model, the Committees for Financial Matters, Audit Committee and the Statutory Audit Committee, shall evaluate the external auditor on an annual basis and propose the General Meeting that he/she should be discharged whenever justifiable grounds are present.

Complied with

See Chapter II
Point II.21

II.4.6

The Internal Audit Services and those who ensure the compliance of the norms applied to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or, in case of companies that adopt the Latin model, to an independent director or the Supervisory Board, regardless the hierarchical relation that those services have with the executive administration of the company.

Not applicable

See chapter 0
Point 04.II.4.6

II.5. Specialized Committees

II.5.1 Unless the company is very small, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall set up any committees necessary for: i) ensuring a competent and independent assessment of the executive directors' performance as well as for the evaluation of their own overall performance and that of other

Not applicable

See Chapter 0

committees; ii) reflecting on the adopted system of governance, checking its effectiveness and proposing, to the competent bodies, measures aimed at improving it; iii) identifying in a timely fashion, potential candidates with the necessary high profile for the performance of director's functions.

Point
04.II.5.1

II.5.2 The members of the Remuneration Committee or equivalent shall be independent from the members of the Board of Directors and include, at least one member with knowledge and experience in remuneration policy matters.

Complied with

See Chapter II
Point II.38 e
II.39

II.5.3 Any individual or legal person that provides or has provided, in the past three years, services to any structure in the dependency of the Board of Directors, the Board of Directors itself or that has a present relation with the company's consultant, shall not be hired to support the Remunerations Committee in the performance of its duties. This recommendation is also applicable to any individual or legal person that is connected to those referred to above by an employment or service contract.

Complied with

See Chapter II
Point II.39.

II.5.4 All the Committees shall draw up minutes of the meetings held.

Complied with

See Chapter II
Point II.37.

III. INFORMATION AND AUDITING

III.1 GENERAL DISCLOSURE DUTIES

III.1.1 Companies shall ensure a permanent contact with the market, in respect of the principle of shareholders' equality of and in prevention of imbalances in the access to information by investors.

Complied with

See Chapter

In order to achieve this, the company shall have an investor relations office.

III
Point III.16

III.1.2 The following information that is made available on the company's Internet website, shall be disclosed in English:

a) The company's name, the public listed company status, headquarters and remaining data provided for in Article 171 of the Commercial Companies Code;

Complied with

See Chapter III
Point III.16

b) Articles of Association;

Complied with

See Chapter III
Point III.16

c) Identity of the members of the Board of Directors and the Market Liaison Officer;

Complied with

See Chapter III
Point III.16

d) Investor Assistance Unit – its functions and access tools;

Complied with

See Chapter III
Point III.16

e) Accounts Reporting documents;

Complied with

See Chapter III
Point III.16

f) Half-Yearly Calendar on Company Events;

Complied with

See Chapter III
Point III.16

g) Proposals sent through for discussion and voting during the General Meeting;

Complied with

See Chapter III
Point III.16

h) Notices convening General Meetings.

Complied with

See Chapter III
Point III. 16

III.1.3 The companies shall promote the rotation of the auditor at the end

of two or three terms, according to them being of four or three years respectively. Their maintenance after this period shall be reasoned in a specific opinion from the supervisory body which consider expressly the conditions of the auditor's independence and the advantages and costs of his/her substitution.

Complied with

See Chapter III
Point III. 18

III.1.4 The external auditor shall, within its competencies, verify the application of remuneration policies and systems, the efficiency and the functioning of internal control mechanisms and report any deficiencies to the company's supervisory body.

Complied with

See Chapter III
Point III. 17

III.1.5 The company shall not give to the external auditor, or any other entities in a relation of participation with that auditor or that are part of the same network, any services other than auditing. If the engagement of such services is required – which must be approved by the supervisory body and explained in its annual report on Corporate Governance – they should not account for more than 30% of the total value of services provided to the company.

Not Complied with

See Chapter 0
Point 04. III. 1.5

IV - CONFLICTS OF INTEREST
IV.1 RELATIONS WITH
SHAREHOLDERS

IV. 1 The company's businesses with shareholders with a qualified stake, or with entities with any relation with those shareholders shall be performed in normal market conditions, as set forth in article 20th of the Securities Code.

Complied with

See Chapter III
Point III. 11.

IV.1.2. The business of significant relevance with shareholders of a qualified stake, or with entities with any relation to those shareholders, shall be submitted to prior opinion of the Supervisory Board, as set forth in article 20th of the Securities Code. This body shall establish the necessary procedures and criteria for the definition of the relevant level of significance of these businesses and the further terms of their intervention.

Complied with

See Chapter III
Point III. 13.

0.3 Notwithstanding the preceding paragraph, the Company may also proceed to an annual evaluation since it will be based on the degree of adoption of recommendations of groups linked together by its theme.

This is an optional item. Regarding the exposition of motives in this Report, the mentioned global evaluation does not seem pertinent

0.4. When the structure or the corporate governance practices deviate from the CMVM's Recommendations or from other Corporate Governance Codes that the company is subject to or had voluntarily applied to, the company shall explain which parts of each code have not been complied with and the reasons therefore, and other relevant observations, as well as the clear part of the Report where that description can be found.

II.1.2.2 Non-executive members must include an adequate number of independent members. The size of the company and its shareholder structure must be taken into account when devising this number and may never be less than a fourth of the total number of the Board of Directors and

II.1.2.3 The evaluation of the independence of their nonexecutive directors by the management body shall take into account the legal rules and regulations in force on the requirements of independence and the regime of incompatibilities applicable to the members of other social bodies, assuring coherency systematically and throughout time in the application of independence criteria to the entire company. The director which, in other corporate body, would not be able to assume that quality under the applicable rules, shall not be considered independent.

The Company's management body is composed of three directors and includes one member, Prof. Juan Carlos Vázquez-Dodero, who is a non-executive member. The mentioned member is a board of director's member of affiliated companies, in which he does not exercise executive functions. He does not carry out any activities or business with the company, as per the provisions of articles 397 and 398 of the CSC. However, he does not fulfil the independence requirements of art. 414 section 5 of the CSC, although he is a non executive board of director's member of affiliated companies, complying in this sense, the European Commission Recommendation of 15th February 2005 on this matter,

he does not comply with the more restrictive understanding of CMVM. Regarding verification of the incompatibility requirements, the same non-executive director does comply with such rules, except for paragraph c) of section 1 of art. 414 – A of the CSC.

In conclusion, and although the Company's administrative structure is not governed by an audit committee included in its Board of Directors (hence the legal requirement contained in article 423-B of the CSC, namely its sections 4 and 5, is not imposed on the latter), according to CMVM understanding the requirement of point II.1.2.2 of the Corporate Governance Code is not fulfilled.

II.1.5.1 The remuneration of the members of the Board of Directors shall be structured in such a way as to ensure the alignment between their interests and the long-term interests of the company, be based on performance evaluation and discourage excessive risk-taking. To that effect, the remuneration shall be structured according to the following: (i) The remuneration of directors, who perform executive duties, shall integrate a variable component, which determination depends on a performance evaluation, by the company's competent bodies, according to pre-determined measurable criteria, which considers the real growth of the company and the wealth, in fact, generated for shareholders, its long-term sustainability and the assumed risks, as well as the compliance with rules applicable to the company's activity. (ii) The variable component of the remuneration shall be globally reasonable when compared to the fixed remuneration component, and maximum limits shall be determined for all components. (iii) A significant part of the variable remuneration shall be deferred for a period not inferior to three years, and its payment shall depend upon the continuation of the positive performance of the company during that period; (iv) The members of the management body shall not enter into contracts, either with the company, or with third parties, which have as effect, to mitigate the risk inherent to the remuneration variability that is determined by the company; (v) until the term of their mandate, the executive directors shall keep the company's shares, which they have accessed by way of variable remuneration schemes, until the limit of twice the value of their global annual remuneration, with the exception of those which need to be divested in order to pay taxes resulting from the capital gains regarding those shares; (vi) In cases where the variable remuneration includes the award of options, the beginning of the fiscal year shall be deferred for a period of no less than three years. (vii) Adequate legal instruments shall be established so that the determined compensation for any form of unjust dismissal of a director is not paid if the dismissal or termination by agreement is due to the director's inadequate performance; (viii) The remuneration of the non-executive members of the Board shall not include any component which value depends on the company's performance or the company's value.

This Recommendation is not complied with, regarding the executive members of the Board of Directors. The Shareholder's Company ATPS-SGPS, SA, has rendered management services to the Group, having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 737.594,00€ in 2010. Among the ATPS- Sociedade Gestora de

Participações Sociais, SA. obligations and under the contract terms with Ibersol, Restauração, SA. it is included the obligation of assuring that the Company's Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to its executive board of Director's members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 737.594,00€ in 2010, it will correspond to each one of those board of director's members the amount of 368.797,00€.

The non executive member of the board obtained an annual remuneration of 6.000€.

II.1.5.2 The statement on the remuneration policy of the managing and supervisory bodies set forth in article 2nd of Law n.º 28/2009, of 19th of June, shall contain, beyond the contents there referred, sufficient information: i) regarding which companies groups remuneration policy and practices were taken as a comparative element to the determination of the remuneration; ii) regarding payments related to the dismissal or termination by agreement of director's functions, and

II.1.5.3 The statement on remuneration policy set forth in article 2nd of Law n.º 28/2009 shall also include the remunerations of other managers, in the sense of number 3 of article 248th-B of the Securities Code, whose remuneration contains an important variable component. The statement shall be detailed and the policy presented shall take into account, namely, the company's long-term performance, the compliance with norms applicable to the company's activity and the contention in risk-taking.

These two Recommendations are not applicable to the Company, because the articles nº 1 and 2 of the Law nº 28/2009 19th June intend to be applicable to public entities numbered in the Law Decree nº 225/2008 20th November - being also applicable to financial societies and fund managers of venture capital and pension funds – which are covered by article nº 413º n.º 2 alinea a) of the Commercial Companies Code . This company is not included in that subject, although it is an issuer (of securities admitted to trading on a regulated market) and, abstractly, it would appear to be included in the aforesaid legal prevision artº nº 2 al..a) of the mentioned Law Decree, this Company does not fulfil the two cumulative criteria stated on the article 413º nº 2 al. .a) of the Commercial Companies Code. So, this company is excluded under the article nº 2 of Law nº 28/2009 19th June. In this meaning, see the preamble of the Law Decree nº 225/2208 20th November: - “ The allocation of the quality of public-interest entity demands the applicability to the entities such qualified of the governing and supervision models stated in the Commercial Companies Code in which the auditor or firm of auditors responsible for issuing the legal certification of accounts is not a member of the supervisory board “.

So, what we see is the fact that this Company is not legally obliged to adopt such a model, having adopted the model Supervisory Board/ Auditor in a voluntary way and not with compliance to a legal obligation.

II.1.5.6 At least one of the Remuneration Committee's representatives shall be present at the Annual Shareholders' General Meeting.

The company will comply with this Recommendation at the Annual GMeeting in 2011.

II.3.3 The Chairman of the Executive Board of Directors shall send to the Chairman of the General and Supervisory Board and the Chairman of the Committee on Financial Matters the notices to and minutes of their meetings.

This recommendation is not applicable in the meaning of the text. It is cleared in the Chapter II, Point II.12 and II.13.

II.4.1 In addition to the exercise of its supervisory duties, the General and Supervisory Board shall advise, monitor and continuously assess the management of the company by the Executive Board of Directors. The matters on which the General and Supervisory Board shall give opinion include: i) the definition of the company's strategy and general policies; ii) the group's business structure; and iii) decisions that should be considered strategic due to the amounts or the risks involved or their special characteristics.

This recommendation is not applicable because the Company is not structured under the mentioned model.

II.4.6 The Internal Audit Services and those who ensure the compliance of the norms applied to the company (compliance services) shall functionally report to the Audit Committee, the General and Supervisory Board or, in case of companies that adopt the Latin model, to an independent director or the Supervisory Board, regardless the hierarchical relation that those services have with the executive administration of the company.

The Company has not specifically internal audit services with specific functional and direct report to the supervisory board (given the adopted Latin model) and the mentioned compliance services are provided by the respective departments of the Company.

II.5.1 Unless the company is very small, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall set up any committees necessary for: i) ensuring a competent and independent assessment of the executive directors' performance as well as for the evaluation of their own overall performance and that of other committees; ii) reflecting on the adopted system of governance, checking its effectiveness and proposing, to the competent bodies, measures aimed at improving it; iii) identifying in a timely fashion, potential candidates with the necessary high profile for the performance of director's functions.

The company does not have specialized committees, unless the Remuneration Committee. So, attending to the Company's dimension in compliance of the 413th n° 2 al. a) of the Commercial Companies Code it will not be applicable to the Company the obligation to compose other specialized committees.

III.1.5 The company shall not give to the external auditor, or any other entities in a relation of participation with that auditor or that are part of the same network, any services other than auditing. If the engagement of such services is required – which must be approved by the supervisory body and explained in its annual report on Corporate Governance – they should not account for more than 30% of the total value of services provided to the company.

This recommendation has not been accomplished. According with the independence rules regarding the external Auditor, the Supervisory Body has monitored the provision of services (non audit services) to ensure that there were no conflict of interest's situations. By the external Auditor was developed a training program on the implementation of new system of accounting standard and it was rendered support to the conversion to this new accounting system, having this service an amount exceeding 30% of the total value of services provided to society.

Chapter I

General Assembly

I.1. Identification of the members of the General Meeting Board

Chairwoman: Alice de Assunção Castanho Amado;

Vice-Chairwoman: Anabela Nogueira de Matos

Secretary: Maria Helena Moreira Araújo

I.2. Indication of the commencement and end of the mandates: 2009 – 2012.

I.3. Indication of the remuneration of the Chairman of the General Meeting Board.

In 2010 the remuneration obtained by the Chairwoman of the General Assembly Board was €1.333,00.

I.4.Indication of the prior notice for share-blocking for participation at the General Meeting.

The company articles of association at present require in their 20th article, number 1, that shareholders prove to the company their ownership and deposit of shares up to five working days before the date the annual General Meeting is held.

I.5. Indication of the applicable rules for share-blocking should the General Meeting be suspended.

Under 20th company's article of association, nº 3, if the meeting is suspended, the Company does not oblige the shares or subscription titles to be blocked during the entire period until the session is resumed, the ordinary prior notice required upon first summons is sufficient.

I.6. Number of shares that correspond to one vote.

Each share of the company equals one vote, under 21st n^o 1 of the association articles.

1.7 The existence of statutory rules which provide for the existence of shares that do not confer voting rights or stating that no voting rights are counted over a certain number when issued by a single shareholder or shareholders related to it.

In the article 20^o n^o 2 of the company's articles of association is stated that the shareholders of preference shares without voting rights and bondholders may not participate in general meetings, being represented by the same common representative.

I.8. The existence of statutory rules on the exercise of voting rights, including constitutive or deliberating quorums or systems for equity rights.

According to article 23rd of the association articles, for the General Meeting to be able to meet and deliberate upon first summons it is indispensable that shareholders holding shares comprising more than fifty percent of the share capital be present or represented. Under 21st n^{os} 1 and 2 of the association articles, each share equals a vote and the deliberations in the General Meeting will be taken by a simple majority, except if the law demands differently.

I.9. Existence of statutory rules on the exercise of voting rights via postal voting.

Statutory rules exist about exercising the postal voting right in art. 22nd n^{os} 3 to 11, postal voting limits are inexistent. The Company provides a postal vote bulletin, indicating the necessary procedures for exercising this voting right, according to Annex III.

I.10. Availability of a model format for exercising the voting right by postal means.

The company provides a format for exercising the postal voting right. This form will be posted on the company's website, www.ibersol.pt.

I.11. A deadline requirement for the receipt of the postal bulletins and the date on which the General Meeting is held.

Postal votes can be received up to three days before the General Assembly is held in the terms of the 22nd n^o 4 of the association articles.

I.12. The exercise of voting rights by electronic means.

The exercise of voting rights by electronic means is still not available. Note that up till now the company has not received any solicitation or expression of interest by shareholders or investors with the purpose of providing such a function.

I.13. Shareholder's possibility of access to the minutes extracts of the General Meeting in a five days period after the meeting is held on the company's website.

On the company's website are available to the shareholders the minutes of the General Meeting in the mentioned term, as well as a simple statistic about the number of present shareholders, agenda and resolutions taken in the last five years.

I.14. Existence of a historical in the company's website over the resolutions taken in the General Meetings, the share capital represented and the voting results with reference to the previous three years.

There are available to the shareholders on the Company's website the minutes of the General Meeting, the share capital represented and the voting results referring to the previous seven years.

I.15. Indication upon the remuneration committee's representative present at general meetings.

The Company will accomplish this recommendation in the 2011th Annual General Meeting.

I.16. Information upon the intervention of the General Meeting on matters concerning the remuneration policy of the company and the performance evaluation of the members of the Board of Directors.

The remunerations policy for the governing bodies is the responsibility of the Salary Committee, which in 2011 will submit that policy at the Shareholders General Meeting approval.

The working agenda of the Annual General Meeting has included a point addressed to an overall evaluation of the company's administration and supervision, in compliance with the provisions of art. 376 n^o1 al. c) of the CSC (Companies Code).

I.17. Information upon the General's Meeting intervention over the proposal concerning plans to allot shares and / or options to acquire shares, or based on price changes for the shares, to members of the board, supervisory and other directors, within the meaning of paragraph 3 of Article 248 B of the Securities Code, and on the evidence provided to the General Meeting with a view to their correct evaluating of those plans.

There were no proposals to the General Meeting over plans to allot shares and/or any other kind or modality of shares attribution such as referred above.

I.18. Information upon the General's Meeting intervention on the approval of the main characteristic of the retirement benefits that board of directors members, supervisory and other directors may benefit, within the meaning of paragraph 3 of Article 248 B of the Securities Code.

There was not raised, submitted or accepted any proposal or resolution in general meeting in the sense and / or the content displayed.

I.19 Existence of a statutory rule which provides for the duty to impose at least every five years, the resolution of the general assembly, maintenance and removal of statutory rule which provides for limiting the number of votes capable of holding or exercise by a single shareholder individually or in concert with other shareholders.

There is no statutory rule in the mentioned sense.

I.20 Indication of the defensive measures that are intended to immediately instigate asset erosion in cases such as changes in the control or to the composition of the Board of Directors.

There are no defensive measures in the Company whose effect would be to automatically cause a serious erosion of the Company's assets in case of change of control or change of composition of the Board of Directors.

I.21. Main agreements to which the company is a part of and that come into force, are changed or end in cases such as change in company control, as well as related outcome, unless the disclosure of same, due to its nature, is highly damaging to the company, except the company is specifically obliged to disclose such information by force of legal imperatives.

Franchise Contracts exist in the Company concerning concession of the operation, under licence, of international foodservice brands in which Ibersol, SGPS, SA., figures as an accessory party guaranteeing the respective compliance, and in which the companies it has a stake in are the main parties of those same contracts. They set some limits on the change of control in holdings of Ibersol, SGPS, SA., as well as in companies with a dominant position in Ibersol, SGPS, SA. Such limits, subject to the necessary conditions of reasonability and contractual balance, basically consist of the duty of prior notice and/or approval by those franchisors, as well as the prevention of competition in the operational branch of the said foodservice brands.

I.22. Agreements between the company and the Board of Directors, within the meaning of article 248-B nº3 of the Securities Code, that provide for compensation if they resign or are discharged without a valid cause or if their employment ceases following a change in company control.

There are no agreements between the Company and the Board of Directors, per section 3 of article 248-B of the Securities Code, which envisage compensation should they resign, be discharged without a valid cause, or if their employment ceases following a change in company's control.

Chapter II

Management and Supervisory Bodies

Section I – General themes

II.1. Identification and composition of the corporate bodies:

Board of Directors:

Chairman – António Carlos Vaz Pinto de Sousa;
Vice Chairman – António Alberto Guerra Leal Teixeira;
Member – Juan Carlos Vázquez-Dodero;

Executive Committee:

Chairman – António Carlos Vaz Pinto de Sousa;
Vice Chairman – António Alberto Guerra Leal Teixeira;

Statutory Audit Committee:

Chairwoman – Luzia Leonor Borges e Gomes Ferreira;
Vice Chairman – Joaquim Alexandre de Oliveira e Silva;
Effective Member – António Maria de Borda Cardoso;
Alternate Member – Dr. Eduardo Moutinho dos Santos;

Chartered Accounting Firm:

Pricewaterhousecoopers & Associados – SROC, LDA.;
Represented by José Pereira Alves (Roc);

Company Secretary:

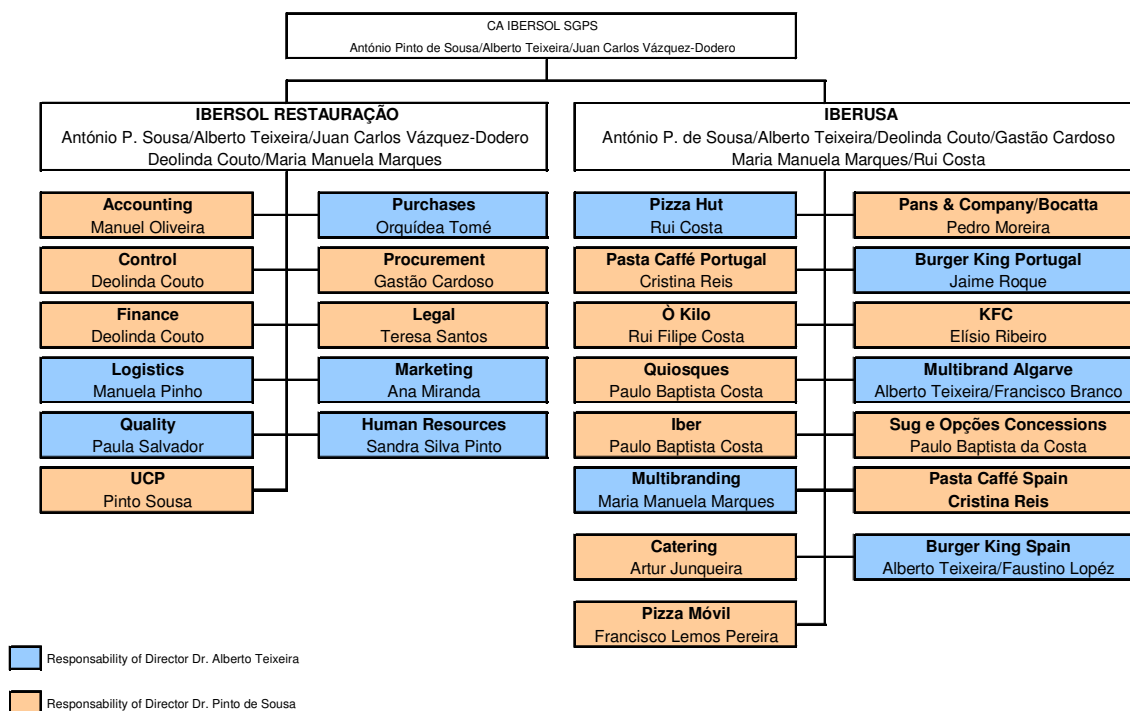
Effective Secretary – José Carlos Vasconcelos Novais de Queirós;
Alternate Secretary – Maria Helena Moreira de Araújo.

II.2. Identification and composition of other committees created with responsibilities for the management or the supervision of the company.

Not existent;

II.3. Organizational structure or functional chart concerning the delegation of responsibilities among the various corporate bodies, committees and/or departments within the company, including information on the scope of delegating responsibilities or distributing duties among the members of the Management or Supervisory bodies, as well as a list of non-delegable subject matters and delegable subject matters.

Company Organization Chart



Management Body

Ibersol, SGPS, SA. has a Board of Directors composed of three members: one Chairman, one Vice-Chairman and one Vogal Member.

Two of its members exercise executive functions and form an Executive Committee, which was elected and whose powers were delegated by the Board of Directors per the terms of art. 8º section 4 of the Company Association Articles, and one other Director who exercises non-executive functions.

The Executive Committee operationally coordinates the functional directions and different businesses mentioned above, meeting periodically with the respective directors. The decisions made by the Functional and Business Directors, which must respect the overall guidelines, emanate from the delegation of powers granted by the Executive Committee and are coordinated in the aforementioned meetings.

The powers delegated to the Executive Committee are namely the following:

- a) full powers for decision-making, management and strategic accompaniment of corporate activity, within the legal limits set by art. 407º section 4 of the CSC;
- b) to develop, plan and programme the action lines of the management body, internally and externally for the accounting year, fully pursuing the social goals per the Company's ends, with a special aim to assist the Board of Directors properly verifying the instruments for supervising the economic/financial situation and carry out the controlling function of the companies that are part of the Ibersol Group.

- c) it is incumbent upon to help the Board of Directors to update its assessment and functional support structures, as well as the procedures of companies integrated in the Ibersol Group, with consistent adjustment to changing business needs, acting to determine the profiles and characteristics of its strategic partners, clients, workers, collaborators and other players, and in development of the behaviour standard for the company's relations with the outside world, and may specifically proceed to acquire, dispose of and encumber moveable goods, establishing or ceasing cooperation with other companies.

The distribution of functions within the Board of Directors, specifically in terms of turnover responsible for financial matters is understanding of the company that the rotation does not serve the corporate interests, being a measure that would not contribute to stabilization and continuous improvement of its objectives, but even more so is society's understanding that this requirement, if any, will only be objectively required for the future, ie after two mandates from the date of commencement of validity of the recommendation contained in section II.2.5 of the Government Corporations Code (the latter with effect from September 2007).

II.4 Reference to the fact that the annual reports on the activities of the General Council and Supervisory Board, the Commission for financial matters, the Audit Committee and the Audit Committee include a description of the supervisory activity detected indicating any constraints, and be subject to disclosure on the website of the company, together with the documents of accountability.

The Report of the Supervisory Board includes a description of the supervisory activity and, where appropriate, referred any constraints encountered, which are disclosed on the website of the company, together with the documents of accountability.

II.5 Description of the internal control and risk management systems within the company, namely as regards the financial information disclosure system.

Risk management is a component of the company's culture and is present in all processes; it is the responsibility of all managers and collaborators at the different levels of the organization.

Risk management is undertaken with the aim of creating value through the management and control of uncertainties and threats that can affect Group companies from a standpoint of operational continuity, with a view to taking advantage of business opportunities.

In the context of strategic planning, risks to the portfolio of existing businesses are identified and evaluated; new businesses and more relevant projects are also developed and strategies to manage those risks determined.

At operational level, management risks are identified and evaluated regarding the objectives of each business and actions to manage those risks are planned;

they are included and monitored in the scope of the business plans and the functional units.

Regarding risk to the security of tangible assets and persons, politics and standards are defined and self-control of compliance with those is undertaken; external audits are carried out on all units and actions are implemented to prevent and identify, correctly, the risks.

In order to guarantee conformity of the established procedures, the group's main internal control systems are periodically evaluated.

Internal control and accompaniment of the internal control systems is carried out by the Executive Committee. For specific business aspects there are risk areas whose management has been assigned to functional departments, of which the following stand out:

Food Quality and Safety

In the foodservice business the risk associated to hygiene and food safety is of major importance.

Management of this risk area is coordinated by the Quality Division. Its main concerns imply responsible and proactive action, following the principles of prevention, training, monitoring of indicators and the search for continual improvement in order to minimize food-related risks that impact consumers' health.

This risk area's main management aspects:

- Qualification and Selection of Suppliers and Products in the food quality/safety area and the Periodic Control Programme for Suppliers/Products and Services;
 - guaranteed effectiveness of the implemented Tracing System;
 - control of the units' Productive Process by means of HACCP Systems;
 - System to Develop Food Safety Skills;
 - Maintenance and Monitoring of measurement devices;
 - Food Crisis Management System, which allows existing food warning systems to be monitored at all times and ensures immediate action when necessary;
 - System for Continual Improvement, supported among other instruments by the External Audits Programme in all Group units; programme for microbiological analyses of end products carried out per sample by the accredited external entity; Complaint Handling System, Mystery Customer Programme and Internal Audits Programme with respect to the indicators associated to Food Safety;
 - Live Well Programme, by which the Group informs consumers about its Food Safety system and the opportunity to have healthy food habits, providing them transparently with the information needed to make the most correct choices.
 - Certification process-management system for food safety in the framework of ISO 22000, demanding international standard in food safety.
-

Workplace Safety and Hygiene

Coordination of this risk area's management process is the responsibility of the Human Resources Division, which coordinates the Training Plans and monitors application of the standards and procedures set out in the SHT Manual in effect at Ibersol.

Financial

Risk management in the financial area is carried out by the Financial Division and centres on monitoring the volatility of financial markets, especially interest rates. The main sources of risk exposure are:

a) Interest rate risk

As the group does not have remunerated assets with significant interests, the profit and cash flows from financing activity are largely independent of any changes in the market interest rate.

The Group's interest rate risk comes from liabilities, specifically long term loans. Loans issued with variable rates expose the Group to cash flow risks linked to interest rates. Loans issued with fixed rates expose the Group to risk from the fair value associated to the interest rate. With the current interest rate levels, the group's policy, for financing with longer maturity, is to ensure the total or partial fixing of interest rates.

In recent years only a small part of the Group's financing has considered the possibility of risk coverage by interest rate variation. It has a swap operation involving 1,9 million euros in Spain. Consequently, the remaining unpaid debt bears interest at a variable rate. Due to the liquidity policy then this year and cash amounted to approximately 40% of the liabilities to be considered paid in part to reduced exposure to interest rate risk. Given the current expectations of changes in interest rates, the Group is examining the possibility of setting in 2011 of an interest rate of 50% share of the debt.

b) Credit risk

The Group's main activity is carried out with sales paid in cash or debit/credit card; the Group therefore has no relevant credit risk concentrations. However, with increased sales of the catering business, with a significant proportion of credit sales, the Group has to monitor more regularly the accounts receivable in order to:

- i) limiting the loans to customers;
- ii) analyze with the operations the seniority and recoverability of receivables;
- iii) analyze the risk profile of customers.

c) Liquidity risk

As mentioned above, the current situation on financial markets has given greater relevance to liquidity risk. Financial planning based on forecast cash flows in more than one scenario and for longer periods than one year has become a requirement for the Group. The short-term treasury is based on the annual planning that is reviewed quarterly and adjusted daily. Related to the dynamics of the underlying business, the Group's Treasury has provided a flexible management of commercial paper and the negotiation of credit lines available at all times. The policy of open dialogue with all partners has allowed to maintain a financial relationship with a high degree of confidence, despite the liquidity constraints that are now debating the Portuguese Banking. 2010 has been a difficult year for the market, the company has demonstrated significant ability to secure financial resources continue to have contracted lines and funds placed at their disposal that does not use significant amounts in. Moreover, the group instead the cost focused on liquidity risk and increased funding for medium and long term that resulted in replacement of short term lines up with some surplus for the creation of applications. The Group ended the year with about 28 million in cash, which represents an increase of 8 million over the end of 2009 and represents about 45% of the unpaid liabilities.

d) Capital risk

The company seeks to maintain a level of equity capital that suits the characteristics of its main business (cash sales and supplier credit) and to ensure continued expansion. The balance of capital structure is monitored based on the ratio of leverage (defined as net interest bearing debt / (net interest bearing debt + equity)) with the aim of within the range 35% -70%. By prudently address the constraints of existing markets in 2010, we record a ratio of 23%.

Environmental

Management of this risk area is coordinated by the Quality Division. Its main focus is on implementing the policy deriving from the Ibersol Sustainability Principles, so that the processes and procedures across all hierarchic levels can be applied to the environment. The adoption of good environmental management is a concern of the Board of Ibersol which consists in promoting a responsible and proactive in managing resources and waste.

The procedures dealt with in the Ibersol Standards Manual concerning this area mainly focus on rational electricity usage and recycling used oils.

Contingency

The unpredictable evolution of the financial markets may lead to increased financing costs and credit access problems, although we believe the company will be able to overcome such difficulties.

On the other hand, operations in the foodservice area can be affected by eventual epidemics or raw material market distortions or eventual changes in consumption standards, which may significantly impact the financial statements.

II.6 Responsibility of the board and the supervisory body in the creation and operation of internal control and risk management in society, as well as evaluating the functioning and adjustment to society's needs.

The board of the company constantly monitors the systems of internal control and risk management company, offering efficient and updated information, assessing current and systematic way for its functioning and adjustment to society's needs, providing the supervisory board all the information you requested.

II.7. Indication on the existence of regulations on the functioning of the corporate bodies or any internally defined rules on incompatibility and the maximum number of positions that a member is entitled to hold and the place where these rules may be consulted at.

The company has Board of Directors and Statutory Audit Committee regulations about its functioning rules, published in the company's website.

A list of incompatibilities has not been determined, nor has the maximum number of positions directors may accumulate in management bodies of other companies, in so far as the company's directors, except for the non-executive director, only exercise executive functions in the companies comprising the Group.

The non-executive member attended board of directors meetings, and he has been timely informed of the respective agenda. He participates, with regularity, in the executive committee reunions, especially those ones over discussion of the strategic and planning of the corporate business. He provides special support to the Management Control function and to the development of personnel in that Department. Permanently, he receives from the management control department, the information that suites him to follow the current activity.

Section II – Board of Directors

I.8 If the Chairman of the Board performs executive duties, indicate the mechanisms for coordinating the work of non-executive members to ensure the independent and informed nature of their decisions.

The Chairman of the Board, exercising executive functions, undertake the necessary coordination mechanisms with other members of the Board, particularly with the non - executive, by means of permanent and direct information, without any constraints that prevent independent and informed decisions.

II.9 Identification of main risks to economic, financial and legal matters that society is exposed to in the pursuit of it's activity.

As developed in Section II.5, the unpredictability of developments on financial markets may result in increased financing costs, while from a financial point of view the main risk is that society is exposed to interest rate risk.

Moreover, operating in the food sector, possible epidemics or distortions in the

markets for raw materials as well as possible changes in consumption patterns can have significant impacts on economic standpoint.

As for legal risks, they do not take significant dimension to the corporate structure, since it can be considered contained in its various spheres materials, in the normal and low-risk, both in terms of regulatory litigation promoted by public regulatory bodies applicable to the sector activity and it is not noted as relevant judicial litigation or any other extra-judicial litigation, both commercial, employment or other.

II.10. Powers of the Board, particularly regarding deliberations of a capital increase.

The powers of the Board are assigned by the Companies Code and those contained in Articles 4, paragraph 2, 8, 11 and 12, the Articles of Association. Regarding the deliberations of a capital increase, the contract of society in its article 4 paragraph 2 authorizes the Board of Directors to resolve capital increase of up to one hundred million euros.

II.11. Information about the policy of rotation of functions on the Board, including the responsibility for financial matters and on the rules governing the appointment and replacement of members of the administration and supervision.

The policy of rotation of functions on the Board, including the responsibility for financial matters and the rules governing the appointment and replacement of members of the administration and supervision under the Companies Code, still follows the understanding that such requirement will apply to the end of two terms from the date of beginning of validity of the recommendation contained in section II.2.5 of the Code of Corporate Governance in its previous wording (the latter with effect from September 2007). Thus, such rotation there would at the end of the current term (2009/2012).

II.12. Number of meetings held by the Management and Supervisory Bodies as well as reference to the minutes of those meetings.

Also in accordance with the Company articles of association, the Board of Directors normally meets once each quarter and, besides that, any time the Chairman or two of its members summon it; the resulting resolutions should be contained in the respective minutes. The Board of Directors can only deliberate if a majority of its members are present or represented and resolutions will be decided by majority of issued votes. The Board of Directors met thirteen times and the Statutory Audit Committee five times over the course of financial year 2010. The Executive Committee regular meets twice a week, and has met twenty three times in the year 2010. The board of directors and statutory audit committee meeting minutes are contained in the respective books.

II.13. Indication about the number of meetings of the Executive Committee or the Board of Directors, as well as the holding of minutes of these meetings and it's sent, together with the calls, as appropriate, to the Chairman of the Board of Directors, the Chairman of the Audit or the Audit

Committee, the Chairman of the Supervisory Board and the President's Commission for financial issues.

Refer to the terms of the information provided in the preceding paragraph, noting that the Executive Committee met on 23 occasions in 2010, and provides the minutes to the Board of Directors and the Chairman of the Supervisory Board. Therefore it does not apply any formal call of these organs.

II. 14. Distinction of the executive members of the non - executives, and among these, discrimination of members that would meet if they were to apply the rules of incompatibility provided for in paragraph 1 of Article 414-A of the Companies Code, other than that specified in subparagraph b) and the independence criteria set out in paragraph 5 of article 414, both of the Companies Code (CSC).

The Board of the Society is composed of three directors and includes a member, Prof. Juan Carlos Vázquez-Dodero, which is non-executive member, not associated with groups of specific interests of the Company or its shareholders, not to have relevant interests which may conflict or interfere with the free exercise of their social mandate, longer referring to was not set up any internal control committee. That member is a director of affiliated companies, in which not exercise executive functions. Not active with the company or business within the meaning of provisions of article 397 paragraphs and Article 398 of the CSC, fulfilling the other requirements for independence of article 414 paragraph 5 of the CSC. The verification requirements of incompatibility, the same non-executive director meets these rules, except for point c) of paragraph 1 of Article 414 -A of the CSC.

II.15. Indication of legal rules, regulations and other criteria that have been based on the evaluation of the independence of its members made by the board.

As is clear from the wording of the previous point, no other criteria are applied beyond the law criteria.

II.16. Indication of the rules of the selection process of candidates for non-executive directors and how to ensure non-interference in the process of executive directors.

These rules emerge from the legal rules that are incumbent upon the shareholders' meeting, electoral, where this body, without prejudice to freely elect the members of the Board, is responsible for the selection process and this one will be drawn up enjoying the profile of each candidate in terms of their qualifications, technical knowledge and professional experience.

II. 17. Reference to the fact that the Annual Management Report of the Company include a description of the activities undertaken by non-executive directors and eventual constraints identified.

The Annual Management Report includes a description of the activity of the non-executive Director, not reporting any constraints.

II.18. Professional qualifications of the members of the Board of Directors, the professional activities carried out by them at least during the last five years, the number of company shares they hold and the date of the commencement and end of the first mandate;
and

II.19. Duties that the members of the Board of Directors carry out in other companies as well as those carried out in companies of the same holding.
All members of the Board of Directors exercise functions in management bodies of other companies, as specified below:

Dr. António Carlos Vaz Pinto de Sousa

Academic background

- Degree in Law – Faculty of Law at the Universidade de Coimbra
- CEOG – Management Course – Universidade Católica do Porto

Professional activity

- Chairman of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in which Ibersol, SGPS, SA, has a stake.

Date of commencement and end of mandate– 1991 / 2012;

Duties carried out in management bodies of other Ibersol Group companies:

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, SA

IBERAKI - Restauração, SA

IBERGOURMET - Produtos Alimentares, SA

IBERKING - Restauração, SA

IBERSANDE - Restauração, SA

IBERSOL - Hotelaria e Turismo, SA

IBERSOL - Restauração, SA

IBERSOL MADEIRA e AÇORES, RESTAURAÇÃO, SA

IBERUSA - Hotelaria e Restauração, SA

IBERUSA - Central de Compras para a Restauração, ACE

INVERPENINSULAR, SL

MAESTRO - Serviços de Gestão Hoteleira, SA

VIDISCO SL. Y LURCA SA., Union Temporal de Empresas

VIDISCO, SL

LURCA, SA

IBR – Imobiliária, SA

QRM – Projectos Turísticos, SA

RESTOH – Restauração e Catering, SA

JOSÉ SILVA CARVALHO – Catering, SA

SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.

SOLINCA EVENTOS E CATERING, SA.

IBERSOL ANGOLA, SA.

MANAGER

FERRO & FERRO, Lda.

RESTMON (Portugal) - Gestão e Exploração de Franquias, Lda.

Duties carried out in management bodies of companies outside the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA;

ATPS II, SGPS, SA.;

MBR, IMOBILIÁRIA, SA.;

CHEF GOURMET, SA

I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA.;

POLIATLANTICA, SA.;

PLASTEUROPA-Embalagens, SA.;

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

1.400 representative shares of the sharecapital of Ibersol SGPS, SA.

3.384.000 representative shares of the capital of ATPS II, SGPS, SA (50% of the share capital).

2.836 representative shares of 24,98% of ATPS, SGPS, SA. sharecapital.

ATPS II, SGPS,SA holds 5.680 representative shares of 50,04% of the share capital of ATPS,. SGPS, SA..

ATPS, SGPS, SA., at 31st December 2010 holds 786.432 representative shares of the share capital of IBERSOL, SGPS, SA. and 2.455.000 representative shares of 100% of the IES – Indústria engenharia e Serviços, SGPS, SA.

On 31/12/2010 IES – Indústria, Engenharia e Serviços, SGPS, SA, held 9.998.000 representative shares of the capital of Ibersol, SGPS, SA.

Dr. António Alberto Guerra Leal Teixeira

Academic background

- Degree in Economics – Faculty of Economics at the Universidade do Porto

Professional activity

- Vice-Chairman of the Board of Directors of Ibersol, SGPS, SA

- Director of other companies in which Ibersol, SGPS, SA. has a stake.

Date of commencement and end of mandate– 1997 / 2012;

Duties carried out in management bodies of other Ibersol Group companies:

ASUREBI - Sociedade Gestora de Participações Sociais, SA

EGGON – SGPS, SA

ANATIR – SGPS, SA

CHARLOTTE DEVELOPS, SL

FIRMOVEN - Restauração, SA

IBERAKI - Restauração, SA

IBERGOURMET - Produtos Alimentares, SA

IBERKING - Restauração, SA

IBERSANDE - Restauração, SA

IBERSOL - Hotelaria e Turismo, SA

IBERSOL - Restauração, SA
IBERSOL MADEIRA e AÇORES - Restauração, SA
IBERUSA - Hotelaria e Restauração, SA
IBERUSA - Central de Compras para a Restauração, ACE
INVERPENINSULAR, SL
MAESTRO - Serviços de Gestão Hoteleira, SA
VIDISCO SL. Y LURCA SA. Union Temporal de Empresas
VIDISCO, SL
LURCA, SA
IBR – Imobiliária, SA
QRM – Projectos Turísticos, SA
RESTOH – Restauração e Catering, SA
SUGESTÕES E OPÇÕES – Actividades Turísticas, SA.
SOLINCA EVENTOS E CATERING, SA.
IBERSOLANGOLA,SA.

MANAGER

FERRO & FERRO, Lda.

RESTMON (Portugal) – Gestão e Exploração de Franquias, Lda.

Duties carried out in management bodies of companies outside the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA.

ATPS II,SGPS, SA.

I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA

MATEIXA Soc. Imobiliária, SA.

CHEF GOURMET,SA.

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

1.400 representative shares of the sharecapital of Ibersol SGPS, SA.

3.384.000 representative shares of the capital of ATPS II, SGPS, SA (50% of the share capital).

2.836 representative shares of 24,98% of ATPS, SGPS, SA. sharecapital.

ATPS II, SGPS,SA holds 5.680 representative shares of 50,04% of the share capital of ATPS, SGPS, SA.

ATPS, SGPS, SA., at 31st December 2010 holds 786.432 representative shares of the share capital of IBERSOL, SGPS, SA. and 2.455.000 representative shares of 100% of the IES – Indústria engenharia e Serviços, SGPS, SA.

On 31/12/2010 IES – Indústria, Engenharia e Serviços, SGPS, SA, held 9.998.000 representative shares of the capital of Ibersol, SGPS, SA.

Juan Carlos Vázquez-Dodero

Academic background

- Degree in Law – Universidad Complutense de Madrid
- Degree in Entrepreneurial Sciences – I.C.A.D.E. Madrid
- Master's in Economics and Business Administration – I.E.S.E.

Universidade de Navarra

- Doctorate in Business and Administration - I.E.S.E. Universidade de Navarra

- “Managing Corporate Control and Planning” and “Strategic Cost Management” programmes – Harvard University

Professional activity

- Ordinary Professor at the IESE
- Advisor and consultant to various European and American companies
- Member of the Board of Directors of Ibersol, SGPS, SA
- Director of other companies in Ibersol, SGPS, SA, has a stake

Date of commencement and end of mandate: 1999 / 2012

Duties carried out in management bodies of other Ibersol Group companies:

IBERUSA - Hotelaria e Restauração, SA

IBERSANDE - Restauração, SA

IBERSOL - Restauração, SA.

Duties carried out in management bodies of companies outside the Ibersol Group:

ATPS - Sociedade Gestora de Participações Sociais, SA

I.E.S. - Indústria, Engenharia e Serviços, SGPS, SA

ATPS II, SGPS, SA.;

Number of directly or indirectly held shares in Ibersol, SGPS, SA :

Holds no shares of the company.

SECTION III - General and Supervisory Council, Committee to the Audit and Financial matters, and Supervisory Board

II.21. The identification of the members of the Statutory Audit Committee by listing those members that comply with the incompatibility rules provided for in article 414^o-A/1 and the independency criteria provided for in article 414^o/5, both from the Commercial Company Code.

For this purpose, the Statutory Audit Committee proceeds to it's self evaluation.

Statutory Audit Committee:

Chairwoman – Luzia Leonor Borges e Gomes Ferreira;

Vice Chairman – Joaquim Alexandre de Oliveira e Silva;

Effective Member – António Maria de Borda Cardoso;

Alternate Member – Eduardo Moutinho dos Santos;

All members of the Statutory Audit Committee fulfill the independence requirements set out in art. 414^o section 5 of the CSC and non-existence items of incompatibilities envisaged in art. 414^o- A section 1 of the CSC.

All members are entitled with suitable qualifications and professional experience to the performance of it's duties and functions, namely the Chairwoman, Dr.^a Luzia Leonor Borges e Gomes Ferreira, such as described as follows (II.13 and II.14).

It competes to the Statutory Audit Committee, in joint with the Chartered Accountant Firm the company's fiscalization, namely:

- Accounting politics compliance;
- Fiscalization of the management risks and internal control system efficiency ;
- Fiscalization of the financial information preparation process and it's disclosure;
- Fiscalization of the accounting reports;

It also competes to this organ to submit to the annual general meeting the nomination of the Chartered Accountant Firm and to fiscalize it's independence, namely the matters referred to the additional service render.

The annual report on the activity carried out by the Statutory Audit Committee is subject to disclosure together with the financial statements on the company's internet website.

For all the effects, the Statutory Audit Committee represents the Company nearby the External Auditor, pursuing the assurance of all the rendered services conditions, being it's interlocutor and receiver of the respective reports, as well as the Board of Directors.

In this document the Statutory Audit Committee refers that meetings were carried out, trimestrially, in the presence of the Chartered Accountant Firm and the External Auditor, in which they presented their supervising activity plan and obtained the Statutory Audit Committee accordance, and no constraints were mentioned. This body held its self-evaluation for compliance with independence requirements.

II.22. The professional qualifications of the Statutory Audit Committee members, the professional activities carried out by them, at least during the last five years, the number of company shares they hold and the commencement and end date of the first mandate;

and

II.23. The duties that the members of the Statutory Audit Committee carry out in other companies as well as those carried out in companies of the same holding.

Chairwoman – Luzia Leonor Borges e Gomes Ferreira;

Academic background

- Degree in Law from the Faculty of Law at the Universidade de Coimbra;
- Post-graduate degree in European Studies from the Faculty of Law at the UN de Coimbra;
- Finances course for non-Financial by the EGP;

Professional activity during the last five years:

- Director of Legal Counselling of “Sonae – SGPS, SA.”;

Date of commencement and end of mandate: 2007 / 2012.

Duties carried out in governing bodies of other Ibersol Group companies:
carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

Holds no shares of the company.

Vice Chairman – Joaquim Alexandre de Oliveira e Silva;

Academic background

- Degree in Economics from the Faculdade de Economia do Porto (1970);

Professional activity in the last five years:

- University teaching;

- Fiscal consultancy;

Date of commencement and end of mandate: 2008 / 2012.

Duties carried out in governing bodies of other Ibersol Group companies:
carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

Holds no shares of the company.

Effective Member – António Maria de Borda Cardoso;

Academic background

- Degree in Economics from the Faculdade de Economia do Porto (1966);

Professional activity in the last five years:

- “Sonae Indústria – PCDM, SA.” as Director;

- Pensioner since 25/10/2005;

- Director of “Laminar – Indústria de Madeiras e Derivados, SA.” since 29/11/2002;

- Partner (not managing) at 50% of the limited company “Borda Cardoso – Assessoria de Negócios, Lda.” since 2/12/2005;

Date of commencement and end of mandate: 2007 / 2012.

Duties carried out in governing bodies of other Ibersol Group companies:
carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

Holds no shares of the company.

Alternate Member – Eduardo Moutinho dos Santos;

Academic background

- Degree in Law from the Faculty of Law of the UN de Coimbra (1978);

Professional activity in the last five years:

- Practices law privately in the County of Porto;

Date of commencement and end of mandate: 2007 / 2012.

Duties carried out in governing bodies of other Ibersol Group companies:
carries out no duties in other Ibersol Group companies.

Number of directly or indirectly held shares in Ibersol, SGPS, SA:

Holds no shares of the company.

II. 24. Reference to the fact that the Audit Committee evaluates annually the external auditor and the possibility of the proposed general meeting of the auditor’s dismissal for just cause.

The supervisory board carries out the annual evaluation of the External Auditor and includes its findings in its report and opinion, issued under and for the purposes of paragraph g) of paragraph 1 of Article 420 of the Companies Code.

IV SECTION - REMUNERATION

II.30 Description of the remuneration policy of the administration and supervision as referred to in Article 2 of Law nº 28/2009 of 19 June.

This requirement shall not apply to society as the normative framework of the above items 1 and 2 of Law nº 28/2009 of 19 June are intended to apply to public interest entities listed in the Decree Law nº 225/2008 of 20 November - as well as financial companies and fund managers of venture capital and pension funds - which are covered by the provisions of article 413 paragraph 2 a) of the Companies Code. Not including this company in this area, although it is an issuer (of securities admitted to trading on a regulated market), and in theory could be included in forecasting a) of article 2 of this Decree-Law, it does not meet two of the cumulative criteria set and required by article 413 paragraph 2, paragraph a) of CSC, where it will result in your exclusion from the scope of article 2 of Law nº 28/2009 of 19 June. So much so, that from the preamble to the Decree Law 225/2008 of 20 November, it is stated as transcribed:

"The award of the status of an entity of public interest entities requires the applicability of the models of well-qualified administration and supervision provided for in the Companies Code in which the statutory auditor or audit firm the auditors responsible for issuing the statutory auditor is not part of their surveillance “.

Now what is happening is that this company is not legally bound to such a model, adopting the model Statutory Audit Committee / Auditor for a voluntary basis and not in obedience to a statutory requirement to that effect.

II.31 Indication of the annual amount of remuneration received by individual members of the administration and supervision of the company, including fixed and variable remuneration, and for this, mention the different components that originated it, what portion is deferred and installment that has already been paid .

The Shareholder's Company ATPS-SGPS,SA, has rendered management services to the Group, having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 737.594,00€ in 2010. Among the ATPS- Sociedade Gestora de Participações Sociais,SA. obligations and under the contract terms with Ibersol, Restauração, SA. it is included the obligation of assuring that the Company's Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to it's executive board of Director's members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António

Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 737.594,00€ in 2010, it will correspond to each one of those board of director's members the amount of 368.797,00€. The board of directors executive members do not allow any remuneration from other companies of the Group, neither have pension rights earned in the year in question.

The non executive member of the board obtained an annual remuneration of 6.000€. Remuneration of Supervisory Board members, overall the year 2010 were as follows: President: - 8.785,92 €, Vice - President: - € 8.785,92, Member: - 8785,92 euros. SROC : - € 32.000,00;
The Compensation Committee is independent of the Board, being responsible for the submission to the General Assembly annual remuneration policy of the company.

II.32. Information on how remuneration is structured to allow the alignment of interests of members of the board with the delay term interests of society as well as on how it is based on evaluation of performance and discourage the excessive risk taking.

The remuneration policy of Directors is the responsibility of the Remuneration Committee, which will submit to the approval of shareholders of the Company at the Annual General Meeting of 2011, as stated in the Annex I. The general principles of the policy of remuneration of the Supervisory Board and the General Assembly Board are as follows:

a) Duties performed:

Regarding the duties performed by each office-holder in the aforementioned governing bodies, and bearing in mind the nature and activity effectively exercised, as well as the incumbent responsibilities. In the organic/functional sense they will not be in the same position and equal for all members of the Statutory Audit Committee or the General Meeting Board, as well as the Chartered Accountants. The weighting of these functions should obey diverse criteria such as, for example, the responsibility, time spent or the value resulting from a given sort of intervention or institutional representation.

b) Company's economic situation:

This criterion will also be a source of interpretation. The size of the company and the degree of functional complexity, in relative terms, will be one of the significant aspects.

II.33. Concerning the remuneration of the Board of Directors executive members :

a) Reference to the fact that the executive director's remuneration includes a variable component and information on how this component depends on the performance evaluation;

- Not applicable;

b) Indication of the society's organs with the competency to conduct the evaluation of executive's board of directors performance;

- The Remuneration Committee evaluates the mentioned performance;

c) Indication of the predetermined criteria for the evaluation of the executive's board of director's performance;

- Not applicable;

d) Explanation of the relative importance of variable and fixed components of remuneration of Directors, as well as an indication of the maximum limits for each component ;

- Not applicable;

e) Indication of the deferment of payment of the variable remuneration component, specifying the period of deferral;

Not applicable.

f) Explanation on how the payment of variable compensation is subject to continued positive performance of the company during the period of deferral.

Not applicable.

g) Sufficient information about the criteria on which the variable remuneration in shares, as well as on the maintenance, by the executive members, the shares of the society they have entered on any contracts relating to such shares, including contracts hedging (hedging) or risk transfer, its boundary and its relation to the face value of total annual remuneration;

Not applicable, since it does not appear to apply these criteria, and no variable remuneration, or any criteria for retention of company shares, and / or any type of contracts that are described are existent.

h) Sufficient information about the criteria on which the award of variable compensation in options and indicate the period of deferral and the exercise price;

- There is no variable remuneration.

l) Identification of main parameters and rationale for any annual bonus scheme and any other non-cash benefits;

- Not applicable;

j) Remuneration paid in the form of profit sharing and / or bonus payments and the reasons why such premiums and / or participation in profits were allowed.

- There is no such type of compensation.

l) Compensation paid or owed to former executive directors following the termination of his duties during the year;

- There were not been paid or were owed any damages to former executive for the cessation of functions during exercise.

m) Reference to contractual limitation provided for compensation to pay for dismissal without just cause of the board of directors member's and its relationship with the variable component of remuneration;

- There is no contractual limitation provided for compensation to pay for dismissal without just cause of the board of directors member's, and there is also shown compared with the variable remuneration component (this component variable is not contractually stipulated);

n) any amounts paid out by other companies in a control or group relation;

- There are no other amounts paid in any way by other companies in a control or group relation. As indicated in Chapter 0, Section 04. II.1.5.1, society Shareholder ATPS - Sociedade de Participações Sociais, SA. provided administration and management services to the group, having received from subsidiary Ibersol, Restoration, SA. for such services, the amount of 737.594,00 euros in 2010.

o) Description of the main characteristics of supplementary pension or early retirement for administrators and indicate whether or not subject to the Shareholders General Meeting;

- There is no supplementary pension or early retirement for administrators.

p) An estimate of non-cash benefits considered as remuneration not covered above.

- There are no non-financial benefits that may be considered as remuneration, allocated to any one the the board of directors members;

q) The existence of mechanisms that prevent the executive board of directors members of contracts that undermine the rationale for the variable pay;

- Not applicable.

II. 34 Reference to the fact that the remuneration of non-executive directors of the board does not include variable components.

The remuneration of non-executive director does not include variable components.

II.35. Information over the policy adopted for reporting irregularities in the Company (media, people who are entitled to receive communications, treatment applicable and indication of the persons and bodies with access to information and their intervention in the procedure).

The Company has established a policy for receiving communications, or complaints about irregularities occurred in the company. As stated in the Regulations of the Audit Committee reported on the company's website, this body " ...notes written reports of irregularities that have been addressed by promoting, as appropriate, the necessary representations to the administration and auditing on them and draw up its report.". Thus, this kind of irregularities can be communicated non-anonymously to the Audit Committee, by notice to the Company addressed the Board of the Audit Committee. The company will forward the information received to the Chairman of that body, ensuring confidentiality.

V Section – Specialized Committees

II.36 Identification of the committee's members constituted for the purpose of assessing individual performance and overall executive board of directors members, reflection on the governance system adopted by the Company and identification of potential candidates for the job of board of director's member.

There is established a Remuneration Committee comprising three members, Victor Sevillano Silvers, Dr. Amândio Mendonca da Fonseca and Don Alfonso Munk Pacin.

II.37. Number of meetings of committees set up with jurisdiction over the management and supervision during the year concerned as well as reference for carrying out the minutes of these meetings.

The Remuneration Committee meets regularly and annually, for a time and draw up the minutes thereof.

II. 38. Reference to the fact that a member of the Remuneration Committee has knowledge and experience in remuneration policy.

Particular member of the Remuneration Committee, Dr. Amândio Mendonca da Fonseca, has knowledge and experience in the mentioned areas.

II.39. Reference to the independence of individuals or companies engaged in the remuneration committee by an employment contract or a service's contract for the Board of Directors and, when applicable, the fact that these people have current relationship with the consultant firm.

Members of the Remuneration Committee are independent members face to the Board of Directors and have not been hired to support the Remuneration Committee, or capacity whatsoever, any natural or legal person who, in the last three years, has provided services to any structure subject of the Board of Directors, the Board of Directors of the company, or is otherwise connected with the current consultant to the company.

Chapter III

Information and auditing

III.1. The equity structure including those shares that are not admitted to trading, the different category of shares, rights and duties of these shares and the equity percentage that each category represents.

The share capital of Ibersol, SGPS, SA., is represented by 20.000.000 common nominative shares, each with a face value of 1 euro; the rights and duties inherent to all the shares are equal.

The capital is composed of a total of 20.000.000 shares, in the form of scriptural representation, corresponding to equal total face value in euros; all are negotiable on Euronext Lisbon with the code PTIBS0AM0008.

III.2. Qualifying holdings in the issuer's equity calculated as per article 20 of the Securities Code.

The qualified holdings as at 31/12/2010 are presented in the table below.

Corporate Governance Report

Accionista	nº acções	% capital social	% capital com direitos não suspensos
ATPSII - SGPS, S.A. (*)			
ATPS-SGPS, SA	786.432	3,93%	3,93%
I.E.S.-Indústria, Engenharia e Serviços, SGPS,S.A.	9.998.000	49,99%	49,99%
António Alberto Guerra Leal Teixeira	1.400	0,01%	0,01%
António Carlos Vaz Pinto Sousa	1.400	0,01%	0,01%
Total participação detida / imputável	10.787.232	53,94%	53,94%
Banco BPI, S.A.			
Fundo Pensões Banco BPI	400.000	2,00%	2,00%
Total participação detida / imputável	400.000	2,00%	2,00%
Kabouter Management LLC			
Kabouter Fund II	390.000	1,95%	1,95%
Talon International	32.000	0,16%	0,16%
Total participação detida / imputável	422.000	2,11%	2,11%
Bestinver Gestion			
BESTINVER BOLSA, F.I.	902.941	4,51%	4,51%
BESTINFOND F.I.	754.072	3,77%	3,77%
BESTINVER GLOBAL, FP	180.246	0,90%	0,90%
BESTINVER MIXTO, F.I.	151.901	0,76%	0,76%
SOIXA SICAV	147.354	0,74%	0,74%
BESTINVER AHORRO, F.P.	138.335	0,69%	0,69%
BESTINVER BESTVALUE SICAV	128.079	0,64%	0,64%
TEXRENTA INVERSIONES SICAV	40.305	0,20%	0,20%
BESTINVER VALUE INVESTOR SICAV	36.255	0,18%	0,18%
DIVALSA DE INVERSIONES SICAV, SA	6.807	0,03%	0,03%
BESTINVER EMPLEO FP	6.423	0,03%	0,03%
LINKER INVERSIONES, SICAV, SA	4.021	0,02%	0,02%
Total participação detida / imputável	2.496.739	12,48%	12,48%
The Goldman Sachs Group, Inc			
Directamente	21.285	0,11%	0,11%
Goldman., Sachs &Co	402.000	2,01%	2,01%
Total participação detida / imputável	423.285	2,12%	2,12%
Norges Bank			
Directamente	887.114	4,44%	4,44%

(*) *ATPS II- SGPS, SA.* is withheld in 50% by António Carlos Vaz Pinto de Sousa, and in 50% by António Alberto Guerra Leal Teixeira.

On 31/12/2010 Ibersol, SGPS, SA., held 2.000.000 own shares, corresponding to 10% of the share capital, with a global value of purchasing of 11.179.643,00 euros.

During the financial year of 2010 the company made no transactions of it's own shares.

III.3. Identification of the shareholders that detain special rights and a description of those rights.

At Ibersol, SGPS, SA, there are no shareholders or shareholder categories that hold special rights.

III.4. Possible restrictions on share-transfer, i.e. consent clauses for their disposal or restrictions on share-ownership.

At Ibersol, SGPS, SA., there are no restrictions of any kind on share transfer or ownership.

III.5. Shareholder agreements which the company may be aware of and that may restrict the transfer of securities or voting rights.

The company is unaware of the existence of any shareholder agreement that may lead to restrictions in the matter of transfer of securities or voting rights.

III. 6. Rules applicable to the amendment of the articles of association;

At Ibersol, SGPS, SA., there are no special rules concerning the amendment of its statutes. The general system resulting from the Commercial Companies Code shall be applicable.

III.7. Control mechanisms for a possible employee´s-shareholder system in as much as the voting rights are not directly exercised by them.

At Ibersol, SGPS, SA., there are no mechanisms for employee participation in its capital.

III.8. Description concerning the evolution of the issuer´s share price and taking the following into account:

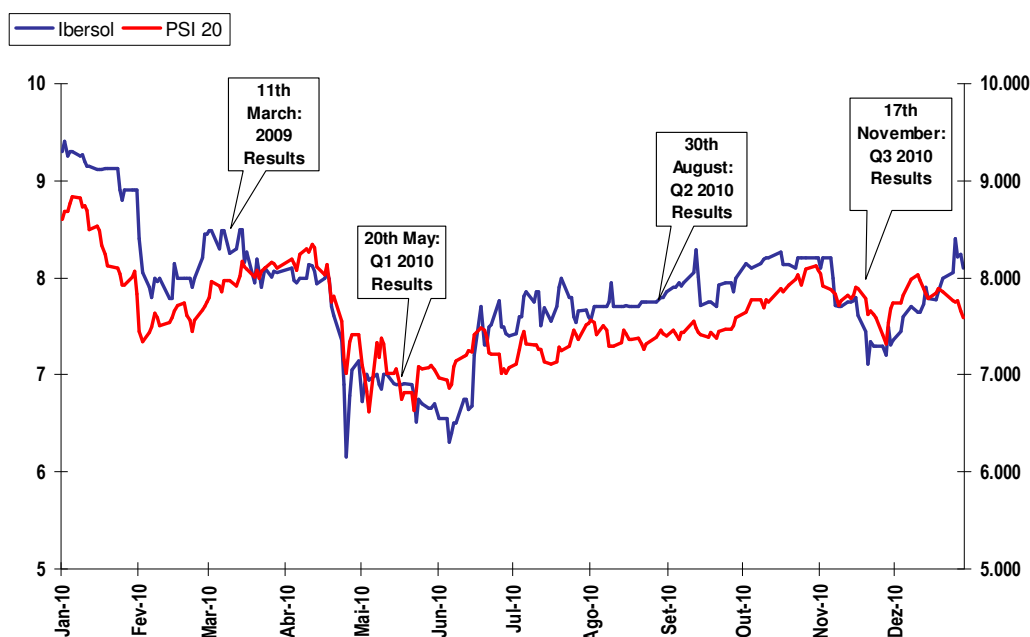
- a) The issuance of shares or other securities that entitle the subscription or acquisition of shares;
- b) The outcome announcement;
- c) The dividend payment for each share category including the net value per share.

In the year 2010, the shares of Ibersol SGPS, SA., registered a devaluation of 12,1% face to a devaluation of PSI 20 of 10,3%. The maximum value of €9,49 per share was attained on 6 January, and the minimum value of €5,51 per share was attained on 28 April. The highest number of shares traded in one session was on 17 December, when 427.261 shares were negotiated.

2.584.958 Ibersol shares were traded during the year, corresponding to a value of 19.939.732 Euros. The average volume was 10.953 shares per day and the average price was €7.82 per share.

The stock market capitalization on 31 December 2010 was 162 million Euros.

The below graph indicates the evolution of the company´s share quotation, identifying the most relevant occurrences during the year:



During the year 2010 there was no emission of shares or of other securities. The dividends for financial year 2009 were paid as from 28 April. A gross value of €0.055 per share was paid, which in net terms represented a value of €0.044 per share.

III.9. Description of the dividend distribution policy adopted by the company, including the dividend value per share distributed during the last three periods.

The dividends policy is the responsibility of the Board of Directors and depends on various factors, including the Ibersol results, investment plans, financing needs and business evolution prospects. If no abnormal circumstances occur the policy of previous years distribution policy of 0,055€ per share will be maintained.

The dividend history for the past three years is set out below:

Year	2007	2008	2009	2010 (*)
Dividends per share (euros)	0,055	0,055	0,055	0,055
Dividends (000 euros)	990,18	990,00	990,00	990,00
Dividend Yield (%)	0,5%	0,8%	0,7%	0,7%
Pay out ratio	9,6%	9,0%	8,0%	6,8%

(*) proposal presented to the 2011 General Meeting of Shareholders assuming that the number of own shares existing in 31/12/2010 still stands.

III.10. A description of the main characteristics of the share and stock option plans adopted or valid for the financial year in question, the reason

for adopting the mentioned scheme and details of the category and number of persons included in the scheme, share-assignment conditions, non-transfer of share clauses, criteria on share-pricing and the exercising option price, the period during which the options may be exercised, the characteristics of the shares to be distributed, the existence of incentives to purchase and/or exercise options, and the responsibilities of the Board of Directors for executing and/or changing the plan.

Details shall also include the following:

- a) The number of shares required for the share allotment and the number of shares required for the exercise of the exercisable options at the start and end of the year in question;
- b) The number of allotted, exercisable and extinct shares during the year;
- c) The general meetings' appraisal of the plans adopted or in force during the period in question.

No plans to attribute shares and stock acquisition options are in effect.

III.11. A description of the main business data and transactions carried out between the company and the members of the Management and Supervisory Bodies, the owners of qualified holdings or parent companies, affiliates or group companies in an amount that is economically significant for any of the parties involved, except for those businesses or transactions that are cumulatively considered within the bounds of normal market conditions for similar transactions and are part of the company's current business.

There are no business dealings or operations that are significant in economic terms for any of the intervening parties.

III.12. Description of the key elements of business and operations between the Company and holders of qualifying holdings or entities with whom they are in any relationship, in accordance with article 20 of the Securities Code outside of normal market conditions.

There were no such businesses or operations.

III. 13 Description of the procedures and criteria for intervention by the supervisory body for the purpose of preliminary assessment of the business to be held between the company and holders of qualifying holdings or entities with whom they are in any relationship, in accordance with article 20 of the Securities Code.

The Supervisory Board approved the criteria for its intervention for the purpose of preliminary assessment of the business to be held between the company and holders of qualifying holdings or entities with whom they are related in terms of Clauses 20 of the Securities Code, and set as a qualifying criteria a transaction value equal or superior to five percent of consolidated net assets of Ibersol SGPS, SA. "

III. 14. Description of statistical information (number, mean and maximum value) relating to the business subject to the prior intervention of the supervisory board.

It was not reported to the Audit Committee any transaction or business of the indicated type.

III. 15. Indicating the release on the website of the company, annual reports on the activities of the General Council and Supervisory Commission for financial issues, the Audit Committee and the Supervisory Board, including information on any pains faced together with the documents of accountability.

This Report of the Audit Committee is available on the company website on the internet.

III.16 Reference to an Investor Assistance Unit or a similar service, describing:

- a) the role of the office;**
- b) type of information made available;**
- c) access means to the Office;**
- d) the company's website;**
- e) the market liaison officer's credentials.**

In the strict observance of the legal and regulatory provisions, the company as a rule to immediately inform its shareholders and the capital markets in general of relevant facts of its activity, with the purpose to avoid time lapses between the occurrence and disclosure of those facts; this commitment with the market has been reiterated over the course of time and its persistent practice over the years confirmed.

This disclosure is achieved by publication on the Securities Commission's website (www.cmvm.pt), on the company's website (www.ibersol.pt) and additionally by means of electronic information disclosure by the market management body.

The company's website contains the communiqués issued, the institutional presentation, the annual reports and accounts, and the communication of results. The information on annual reports and accounts and results is updated quarterly.

In order to enable more interaction between shareholders and investors the page also includes a chapter devoted to investors, which contains:

- Identification of the person in charge of investor relations and the address to contact same;
- Annual, Half-yearly and Quarterly Reports and Consolidated Accounts, for the last two years;
- Annual Events Calendar;
- The summons for the Annual General Meeting;
- The proposals to present in the Annual General Meeting.

Contact with the Office is through the capital market representative, António Carlos Vaz Pinto de Sousa (Telephone: +351 22 6089708; Fax: +351 22 6089757; Email: psousa@ibersol.pt, Address: Praça do Bom Sucesso, 105/159 – 9th floor, 4150–146 Porto.

Ibersol SGPS maintains permanent relations with analysts and investors, supplying them with up-to-date information. It also provides explanations about relevant occurrences in company life, disclosed in the format imposed by law, whenever so requested.

The documents on the annual, half-yearly and quarterly accounts statements, as well as the half-yearly updates of the institutional presentations, are sent by email to all shareholders, investors, analysts, financial bodies and journalists who, with proper credentials, have requested the same.

The company considers that it thus assures a permanent contact with the market, respecting the principle of shareholder equality and preventing asymmetries in investors' access to information.

Regarding the information conveyed to the market, the following communiqués were published during the year 2010:

Privileged Information

11/03/2010	Presentation of results of financial year 2009
29/03/2010	Resolutions taken in the General Meeting.
01/04/2010	2010 financial calendar

Rendering of Accounts

12/03/2010	2009 Report and Individual and Consolidated Accounts to approve in Gen. Meeting
29/03/2010	Extract of GM. minutes and approval of 2009 Report and Accounts
20/05/2010	Quarterly information – 1 st quarter 2010
30/08/2010	Report and Individual and Consolidated Accounts - 1 st half-year 2010
17/11/2010	Quarterly information – 3 rd quarter 2010

Information on Corporate Governance

30/03/2010	Corporate Governance Report – financial year 2009
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Dividends

01/04/2010	Payment of year 2009 dividends
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Qualifying Holdings

16/03/ 2010	Reduction of qualifying holding Millenium BCP
30/06/2010	Qualifying holding ATPS II, SGPS, SA.
21/10/2010	Qualifying holding Norges Bankl
23/12/2010	Reduction of qualifying holding Santander

Transaction of Own Shares

29/03/2010 GM deliberation to authorize acquisition of own shares

Summons

26/02/2010 Annual General Assembly

Annual Summary of Disclosed Information

02/04/2010 2010 Information Summary

III.17. Indication of the annual compensation paid to the auditor and to other individuals or groups that belong to the same network supported by the company and/or by any group that bears with it a control or group relationship and the percentage of the total amount paid for the following services:

- a) Statutory account review services;**
- b) Other audit reliability services;**
- c) Tax consulting services;**
- c) Other non-statutory auditing services.**

A description of the auditor's independency safeguarding measures is required, should the auditor provide any of the services described in subparagraphs c) and d). For this purpose, the concept of network is the one stated in the European Commission Recommendation nº C (2002) 1873, 16 May.

The company's auditor is PriceWaterhouseCoopers, which in 2010 invoiced the company and its subsidiaries and associates included in the consolidation perimeter the total value of 250.607,00 euros, for:

- Auditing and legal certification services	155.515 € (62%)
- Services rendered in the SNC conversion	67.000 € (27%)
- Other Consultancy services	28.092€ (11%)

The external auditor shall examine, within its competence, the implementation of policies and systems of remuneration, the efficiency and functioning of internal control mechanisms and reports any deficiencies to the Statutory Audit Committee.

Regarding compliance with the independence rules established with respect to the External Auditor, the Statutory Audit Committee monitored the rendering of non-auditing services with the purpose to ensure that no conflict of interest situations existed. By the External Auditor it was developed in Ibersol Group a training program over the appliance of the System Accounting Standards and rendered support to the conversion to this new accounting system.

III.18 Reference to the rotation period of the External Auditor

The rotation period will be of two terms of office, each one of four years

(Contains 3 Annexes)

Porto, 11 March 2011

The Board of Directors

António Carlos Vaz Pinto de Sousa

António Alberto Guerra Leal Teixeira

Juan Carlos Vázquez-Dodero

ANNEX I

REMUNERATION COMMITTEE REMUNERATION COMMITTEE'S STATEMENT UPON THE STATUTORY BODIES REMUNERATION POLICY OF IBERSOL, SGPS, S.A. TO BE SUBMITTED TO THE ANNUAL GENERAL MEETING 11th APRIL 2011

1. According to the competence that is committed to this Committee by the Shareholders General Meeting of Ibersol SGPS, SA., under the article 26.º n.º 2 of the Association Articles, this Committee has the responsibility to determine the statutory bodies member's remunerations.

2. Under the applicable statutory terms, the Remuneration Committee was nominated by the 22nd April 2009 by the Shareholders General Meeting, being composed by three members, who are independent members from the management and supervisory company's bodies.

3. Complying with II.1.5.2 Recommendation of Corporate Governance Code of CMVM, the Remuneration Committee submits to the appreciation of the General Meeting the following statement, regarding the guide lines observed by this Committee over the remunerations of the Supervisory Bodies and the Board of the General Meeting, according to the resolution issued in 2009 :

a) The Board of the General Meeting's remuneration for 2010 was settled in an annual fixed amount issued twelve months a year.

b) The Shareholder's Company ATPS-SGPS, SA, has rendered management services to the Group, having received from the affiliated company Ibersol, Restauração, SA., for the rendered services, the amount of 737.594,00€ in 2010. Among the ATPS - Sociedade Gestora de Participações Sociais, SA. obligations and under the contract terms with Ibersol, Restauração, SA. it is included the obligation of assuring that the Company's Board of Director's members, António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira perform their functions without any further costs for the company. The Company does not allow, directly, any payment to its executive board of Director's members. Being ATPS – Sociedade Gestora de Participações Sociais, SA. held, in equal shares, by the board of directors members António Carlos Vaz Pinto de Sousa e António Alberto Guerra Leal Teixeira, from the mentioned amount of 737.594,00€ in 2010, it will correspond to each one of those board of director's members the amount of 368.797,00€. The non executive member of the board obtained an annual remuneration of 6.000€. So, it is not possible to issue a declaration over the remuneration policy of the Company's Board of director's members, namely with the information referred to in 2nd article number 3 of 28/2009 Law.

c) The Statutory Audit Committee's remuneration for 2010 was settled in an annual fixed amount, issued twelve months a year.

The general principles observed are mainly the legal ones, attending the activities effectively performed by the mentioned members, regarding the company's economic performance and the conditions that are generally attended in equal positions. The functions in analyses were considered taking in order each one of those members and its effective activities, having for evaluative parameter the degree of responsibility which they are assigned to.

So, the functions consideration is meant in a wide sense, attending to distinct factors, such as the level of the committed responsibility, expended time, and the value increased to the group by its institutional performance,

The company's dimension and the level of complexity related to the nominated functions, is, also, a relevant criteria. The consideration of all mentioned factors and the evaluation of each one of them, allows us to assure, not only the statutory body member's benefits, but also, namely, the company's benefit.

The remuneration policy submitted to the shareholders complies with the criteria above mentioned, consisting in an annual gross fixed amount issued monthly to the mentioned members until the year-ends results. In the settlement of the remunerations, the general principles above described were attended: functions performed by them, company's performance and comparative criteria to equal level functions.

Oporto, 10th March 2011.

Remuneration Committee,

Vítor Pratas Sevilhano, Dr.
Amândio Mendonça da Fonseca, Dr.
Don Alfonso Munk Pacin.

ANNEX II

**BOARD OF DIRECTOR'S STATEMENT
UPON THE REMUNERATION POLICY OF IBERSOL, SGPS, S.A.
DIRECTORS**

1. According to the competence established under article 11^o of IBERSOL, SGPS, SA. Association Articles, the Board of Directors has the responsibility to determine the general remuneration policy and incentives for the Company's Directors positions and also, for all the administrative and technician personnel.
2. Under the terms of number 3 of the article 248^o-B Securities Code, Directors are, besides Management and Supervisory Bodies members, those who have regular access to privileged information and take part in the company's decisions upon management and negotiation strategy.
3. According to CMVM Recommendations upon publicly listed companies' corporate governance, and to promote transparency, in order to comply with Recommendations of Corporate Governance, the Board of Directors submits to this General Meeting this statement with the guidelines observed to determine the mentioned remunerations, as follows:
 - a) The remuneration policy adopted for Ibersol's Directors matches with the policy determined to generality of the Company's employees.
 - b) However, the Company's Directors remuneration contains a fix remuneration and, an eventual performance bonus.
 - c) The evaluation of the performance quality and the performance bonus are established according determined criteria previously defined by the Board of Directors.
 - d) Therefore, behaviour factors of each Director, namely, specific competencies to the function, its level of responsibility, ability to adjust to company's management and procedures, autonomy level of individual performance, will be attended to determine an eventual performance bonus, being also considered the technical and/or the financial-economic performance in the Directors' business sector, as well as the financial/economic performance of IBERSOL.

Oporto, 10th March 2011.

Board of Directors.

ANNEX III

IBERSOL S.G.P.S., S.A.

**Registered Office: Edifício Península, Praça do Bom Sucesso, 105/159, 9º,
Porto**

Share Capital : 20.000.000 €

Porto Commercial Registry and Fiscal Number 501669477

Publicly Listed Company

POSTAL VOTE

INSTRUCTIONS AND FORM

1. Under the terms of the 20th Association Article, number 1, the Shareholder's General Meeting is composed only by Shareholders with voting rights, who own shares or subscription titles that replace them, and until five working days prior to the general meeting date, prove nearby the company, it's ownership under the quoted article of association.
2. According to the 22nd Association Article, number 3, the voting right in the general meeting of Ibersol SGPS, SA. can be exercised by postal vote, and for this purpose it can be used the postal vote formulary in www.ibersol.pt
3. Postal votes shall only be considered valid if received in the registered office of the Company, seated at : - " Edifício Peninsula, Praça do Bom Sucesso, nº 105 a 159, 9º andar, 4150-146 Porto, Portugal ", by means of a registered letter with confirmation of receipt, addressed to the Chairman of the Board of Shareholders' General Meeting, with at least three days notice before the General Meeting's date, also keeping the obligation of proving the quality of shareholder, in accordance to number one of the 20th article of the Company's Association Articles;
4. The postal vote declaration shall be signed by the shareholder or by his legal representative, and if the shareholder is a singular person, he must attach to the vote declaration an authentic copy of his Identity Card, if the shareholder is a corporate person, it's signature must be recognized as dully authorized and mandated for the purpose, in terms of the Association Article 22nd, number 5 ;
5. Postal vote declarations shall be considered only as valid, if it complies, clear and expressly, the following conditions:
 - a) Mention of the point or points of the agenda that the declaration referrers to;
 - b) Mention the concrete proposal which the declaration is referred to, also mentioning the respective proponent or proponents;
 - c) Mention the precise and unconditional voting sense to each proposal, mentioning as well that the vote will stand even if the proposal should be amended by it's proponent;

6. Nevertheless the stated in alinea b) of the previous number, a shareholder is allowed to send a vote declaration referring to a precise proposal, stating that he votes against all the other proposals in the same point of the agenda, without further specification;
7. The postal vote declaration which does not mention other proposals beyond the ones that it refers to, will be understood as an abstention vote concerning the other proposals;
8. The issued postal votes will be understood as negative votes concerning proposals presented after the issuance of the postal vote;
9. It is a competence of the Chairman of the Board of the Shareholders' General Meeting, or his/her substitute, to verify the conformity of the postal vote declarations, and it will be understood as non issued votes those declarations not accepted;
10. It competes to the Company to assure the confidentiality of the issued postal votes until the voting moment;

FORM

To the Chairman of the Board of the Shareholder's General Meeting
of *IBERSOL, SGPS, SA.*

(postal vote)

Annual Shareholder's General Meeting of 11th April 2011
Edifício Península, Praça do Bom Sucesso, n.º 105 a 159 – 9º andar,
4150-146 PORTO
PORTUGAL

EXERCISE OF POSTAL VOTE

Shareholder's name: _____

Full Address: _____

Fiscal number: _____

Number of shares: _____

Custodian Bank(s): _____

Agenda :

Point 1. To resolve upon the Management Report, Balance Sheet and Accounts for the year 2010;

Proposer: _____

In favour	Abstention	Against
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

yes

no

Point 2. To resolve upon the consolidated Management Report, Balance Sheet and Accounts for the year 2010;

Proposer: _____

In favour

Abstention

Against

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

Yes

no

Point 3. To resolve upon the proposal of distribution of year-end results 2010;

Proposer: _____

In favour

Abstention

Against

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

yes

no

Point 4. To resolve upon a general evaluation of the company's management and supervision;

Proposer: _____

In favour

Abstention

Against

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

Yes	no
<input type="checkbox"/>	<input type="checkbox"/>

Point 5. To resolve upon the purchase and sale of own shares up to the legal limit of 10%;

Proposer: _____

In favour	Abstention	Against
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

yes	no
<input type="checkbox"/>	<input type="checkbox"/>

Point 6. To resolve upon the purchase and/or share-holding of representative shares of the company's capital share, by it's affiliated companies, under the 325th B article of the Companies Code;

Proposer: _____

In favour	Abstention	Against
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Proposals presented by other proposers:

Vote against?

The above expressed vote stands in case that amendments are made to the proposal by it's proposer:

yes	no
<input type="checkbox"/>	<input type="checkbox"/>

Point 7. To consider the Remuneration Committee's and Board of Director's statements concerning the remuneration policy applicable to the management and supervision bodies and to other directors of the company;

Proposer: _____

In favour	Abstention	Against
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(Shareholder's signature)

Attach: authentic copy of the Identity Card (if singular person) / recognition of the signature(s) as dully authorized and mandated representative for the purpose (if corporate person);