

STCP

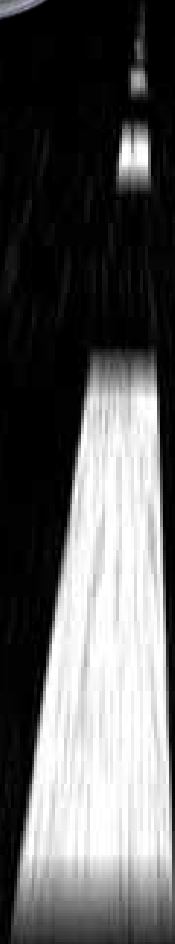


Management and Sustainability Report

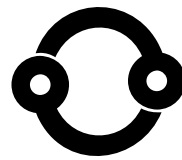
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STCP



Management and Sustainability Report

2010

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"... the team spirit of work, resilience, mutual assistance, energy and creativity, as the basic pillars underlying the overcoming of new obstacles."

1. CHAIRWOMAN'S STATEMENT

We all know that 2011 is - and will continue to be - a difficult year, requiring rigorous compliance with the austerity plan demanded not only by the situation of the country, but also, at the same time, with the duty to strengthen our entrepreneurial capacity through the dedication and skills of those who find in difficulties and crisis the opportunity to build the future by treading new paths.

Specifically, STCP and its employees face the important challenge of overcoming the obstacles of 2011, with losses and sacrifices that we will face with the spirit of those who wish to conquer a better future, not only for the company and all of us, but also for the country.

When natural disasters, losses and personal suffering or difficult circumstances affect people, the overcoming of material loss, personal anguish and apparently lost expectations of life, require standing up, fighting against adversity and finding the courage to search for positive solutions. It is common, in these situations, for divergences and animosities to be brushed aside in an effort towards the formation of a common front of combat, and thus the prospect of victory over the difficulties to be reinforced.

It is certain - and discouraging - that in our country and with an undesirable frequency, we come across examples which contradict this natural union, with easy opportunism and an almost macabre taste in contributing to the further deterioration of problems. It is equally depressing to find the current applicability of the objectively critical vision that Eça de Queirós so wisely recorded about his fellow citizens.

It is our responsibility to be different and to act differently.



We would like 2011 to mark the progression of the process of contracting the public service provided and start-up measures towards the company's economic and financial re-equilibrium as the highest incentive in the pursuit of a path which is difficult to follow, but feasible based on combined effort.

We have faith in the experience accumulated by this company over the most difficult times of its 140 years of history, which will certainly help us to maintain our team spirit in work, resilience, mutual assistance, energy and creativity, as the basic pillars underlying the overcoming of new obstacles.

Likewise, we can count on our customers, whose confidence in us and support were reflected in 2010 in such an evident manner, in the customer satisfaction survey undertaken. By using STCP more and by assessing the company's evolution so positively, they express recognition of the effort which has been developed to ensure the growing improvement of the quality of the service provided and create, undoubtedly, the best stimulus for us to overcome our current challenges.

We aim to manage the restrictions arising from the austerity measures, while safeguarding a suitable level of offer.

And, above all, we count on the strength of our many employees who, day by day, build a constantly ambitious company of increasing quality, because they will constitute the main engine of the success we achieve.

We wish to contribute with the maximum of courage, capacity and dedication towards victory in this common battle.

28 February 2011



CONFETARIA MÓNACO



2. The Year of 2010

2.1 Profile of the Year

In 2010, STCP:

- Served a population of approximately 900 thousand people, resident in 52 parishes of 6 municipalities of Greater Porto: Matosinhos, Maia, Valongo, Gondomar, Vila Nova de Gaia and Porto
- Provided bus operational performance consisting of 85 lines
72 Daytime and Night Network Lines
13 Late Night Network Lines
- Operated 546 Km including 2720 bus stops and shelters
543 Kilometres of bus network
9 Kilometres of tram network
- Operated a fleet of 489 Buses and 5 Trams
- Ran 30 million kilometres
- With an average number of 1,512 employees, of which 981 were public service drivers, STCP carried approximately 370 thousand passengers per workday, generating a turnover of 52.7 million euros
- Increased season ticket holders by 4 thousand (+3%), from 144 thousand in 2009 to 148 thousand in 2010
- Provided 109 million journeys, 1% more than in 2009
- Made investments of 12 million euros
- Had an operating Loss of 9.3 million euros
- Achieved savings amounting to 270 thousand euros of CO² emissions.

2.2 Calendar of 2010

Date	Event
13 January	Porto Tram City Tour awarded in the 5th edition of "Tourism of Portugal Awards", Excellent Tourist Projects
12 February	In collaboration with ARS Norte, STCP enabled the vaccination against Swine Flu (H1N1) of its employees
1 March	Beginning of the campaign to disclose the new number SMSBUS 68998
13 April	STCP was awarded the Transport Accessibility Prize, attributed by the Mobility and Land Transport Institute (IMTT), with the candidacy "Easy Access Network"
19 April	Start-up of the 907 line service with Vila d' Este connection, in Gaia, to Porto, over Arrábida Bridge
1 May	Creation of a new fixed telephone service line, for customer support, 226 158 158
15 May	Historic Tram Parade
28 June	Implementation of the 208 line which permitted access to Aldoar Health Centre
8 July	Award giving ceremony of the Competition of Architecture for the Requalification of the Tram Museum
15 July	Signing Protocol of Co-financing contracts for the creation of a Museum of the Former Centre of Massarelos
26 July	Award giving ceremony of the Prizes for Support to Mobility and Inclusion of the House-owners Association of Vila d'Este Urbanisation to STCP, for the significant advantages of the mobility enhancement arising from Line 907
25 August	STCP completed 140 years of the first Public Transport concession
1 September	Start-up of operation of 20 new articulated diesel-run buses
19 September	Signing by STCP of the UITP Sustainable Development Charter, in its Full Charter version, thus attributing a greater level of responsibility and requirement to the company
24 September	Award giving ceremony of the 2006-2008 STCP Merit Awards to 29 drivers, under the scope of the European Mobility Week
15 December	STCP and Multimédia Outdoors Portugal (MOP) signed the Concession Contract for Advertising on the Exterior of Buses for 3 years, resulting from an International Public Tender
16 December	Initiative "A Tram Called... Christmas" until 8 January 2011. The journeys included entertainment by the "Electro-magnetic Band"

2.3 Evolution of Activity

Demand and Supply	UNIT	2007	2008	2009	2010	10 / 09
Passengers	10 ³	109.102	111.254	108.243	109.220	0,9%
Passengers km	10 ³	432.875	441.425	410.404	388.665	-5,3%
Average Journey per Passenger	km	3,97	3,97	3,79	3,56	-6,1%
Vehicles km	10 ³	29.715	29.535	28.877	29.848	3,4%
Places km	10 ³	2.601.111	2.569.839	2.517.243	2.607.242	3,6%
Average Commercial Speed of Buses	km/h	16,0	16,2	16,2	16,1	-0,7%
Bus Occupancy Rate	%	16,6%	17,2%	16,3%	14,9%	-8,6%
Operating income without compensatory indemnities (CI)	m€	51.823	53.844	52.828	53.733	1,7%
Compensatory indemnities (CI)	m€	16.897	17.812	19.156	18.975	-0,9%
Operating costs	m€	83.523	85.788	87.887	81.963	-6,7%
Coverage rate	%	62,0%	62,8%	60,1%	65,6%	9,1%
Operating income without CI per passenger	€	0,475	0,484	0,488	0,492	0,8%
Operating income with CI per passenger		0,630	0,644	0,665	0,666	0,1%
Operating cost per passenger	€	0,766	0,771	0,812	0,750	-7,6%
Operating income without CI per km travelled	€	1,74	1,82	1,83	1,80	-1,6%
Operating income with CI per km travelled		2,31	2,43	2,49	2,44	-2,3%
Operating cost per km travelled	€	2,81	2,90	3,04	2,75	-9,8%
Operating income without CI per passenger km	€	0,12	0,12	0,13	0,14	7,4%
Operating income with CI per passenger km	€	0,16	0,16	0,18	0,19	6,7%
Operating cost per passenger km	€	0,19	0,19	0,21	0,21	-1,5%
Operating income without CI per place km	€	0,020	0,021	0,021	0,021	-1,8%
Operating income with CI per place km	€	0,026	0,028	0,029	0,028	-2,5%
Operating cost per place km	€	0,032	0,033	0,035	0,031	-10,0%

Demand

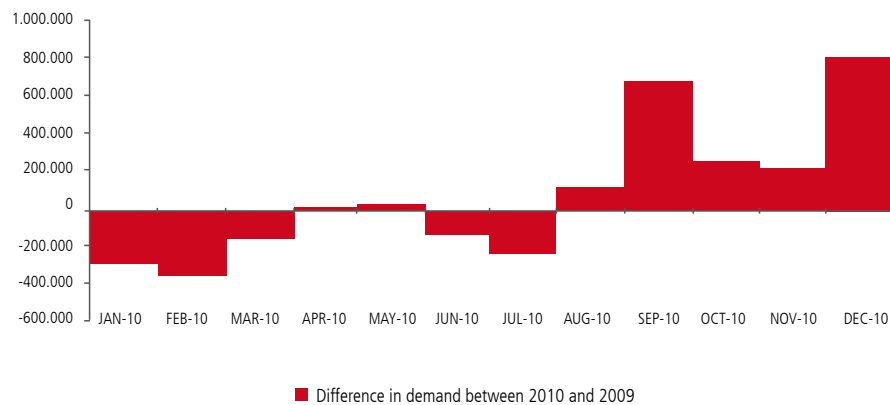
Demand 2010

In 2010, there was an increase in demand compared to the previous year of approximately 1%, with a total of 109 million passengers. This recovery took place over almost the entire second semester of the year, during which there was a 3.5% increase, equivalent to an increase of over 1.8 million entries.

The 10 November should be pointed out as the day when the maximum number of validations per day was reached since the introduction of the New Network, with 425 thousand passengers.

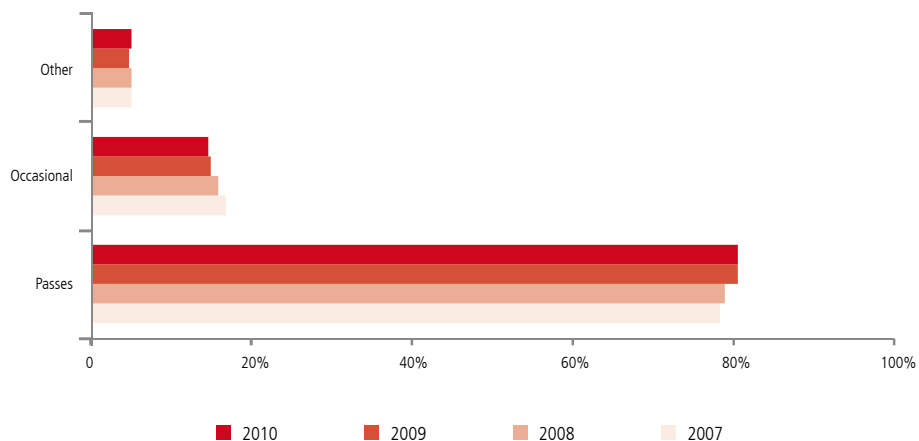
The tram mode recorded an increase in demand of approximately 30% relative to 2009, representing a record number of passengers since the opening of the Carmo-Batalha 22 line, in September 2007.

Evolution of Monthly Demand Relative to 2009

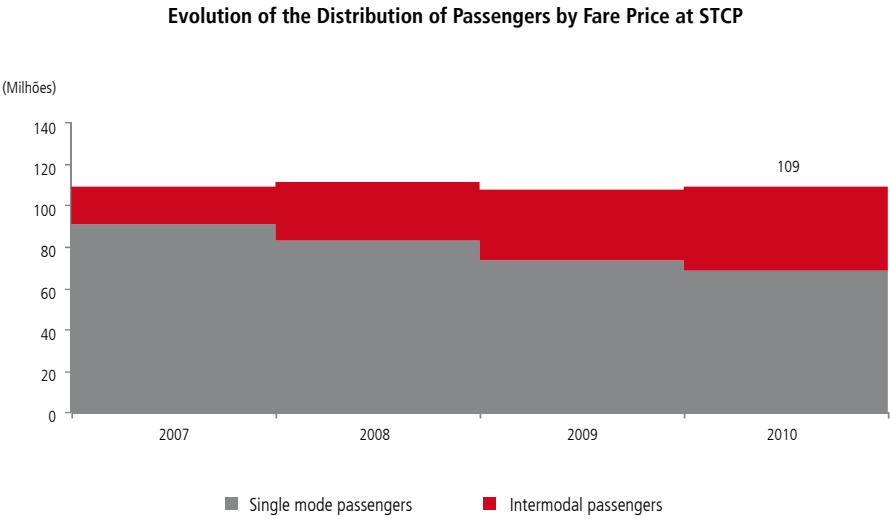


In view of this evolution over the last months of the year, it is expected that the trend will continue and that 2011 will be a year of increased demand for STCP.

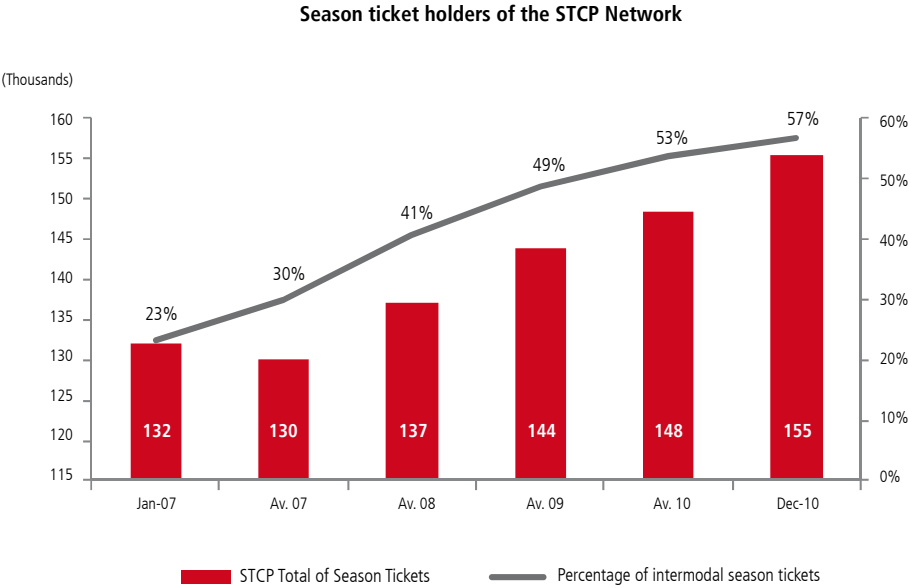
Structure of the Demand by Type of Ticket



The ticket structure has continued to be very similar over the years - approximately 80% of the passengers are season ticket customers.

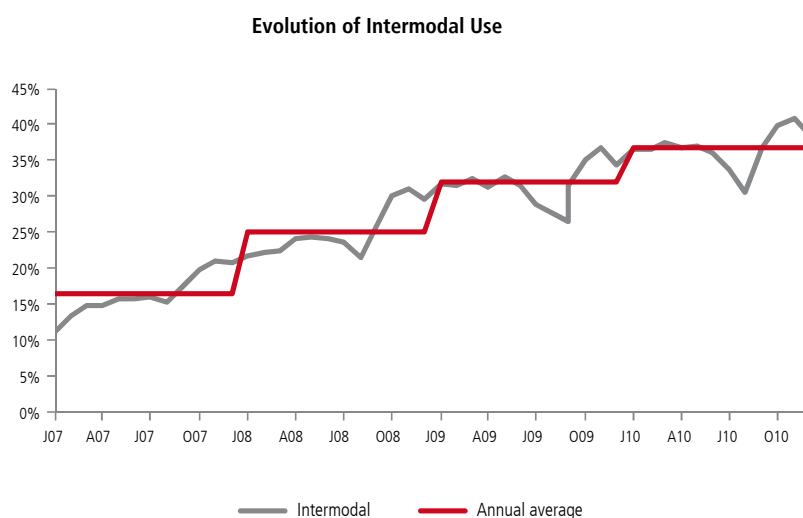


In spite of the above, there is a strong transfer of customers to the Andante fare system, namely for the monthly tickets arising from the creation of the special fare system for students.



There is greater customer loyalty in public transport - the number of these customers has increased from 132 thousand/month in 2007 to 162 thousand/month in November 2010.

One can therefore say that the number of STCP's "customers" has increased very significantly since 2007. We consider that, with the introduction of the inter-modal system and adaptation of the STCP network to the new mode of transport, people have started to use a real inter-modal system with use distributed between the different modes available.

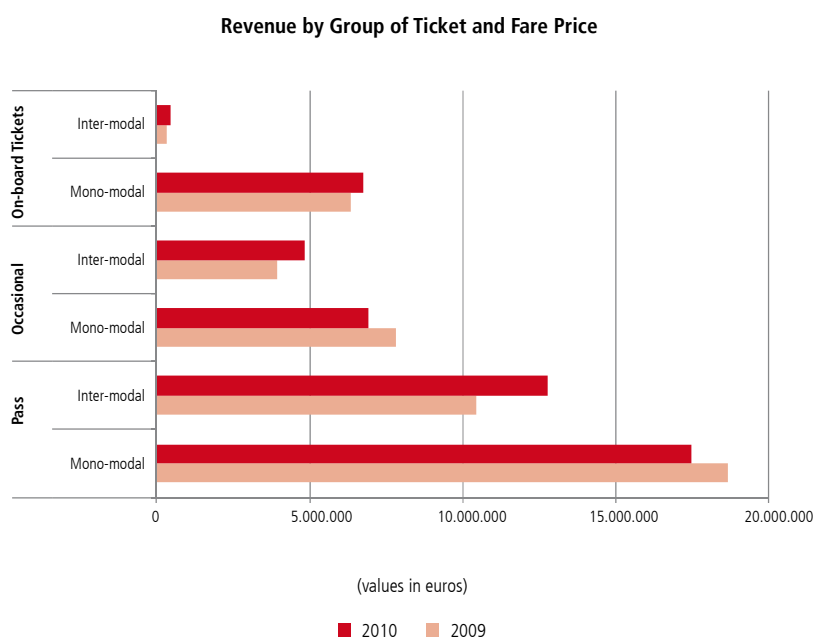


This trend of growth of season ticket customers and inter-modal tickets noted herein reflects, once again, the strategy followed by the company as a dynamic engine in the construction of a real transport system for the Metropolitan Area of Porto with the consequent benefits for the customers.

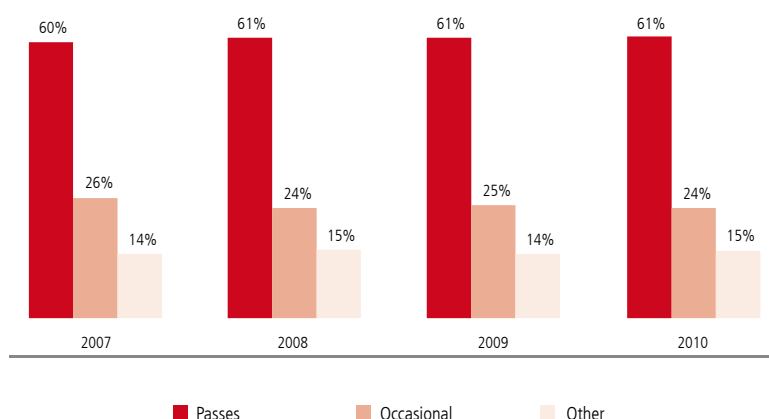
Revenue of the Transport Service

The revenue from the provision of transport services in 2010, of approximately 49.2 million euros was 3.4% higher than that recorded for 2009, as a result of the increased demand. As of 1 July there was a 1.2% increase in fare prices, which covered the increased rate of VAT from 5% to 6%, and hence this was not reflected in effective increased revenue for the company.

As with the behaviour of demand, the revenue from inter-modal tickets has increased its weight in total revenue, having grown from 31% in 2009 to 37% in 2010.



Distribution of the Revenue by Ticket



Sales Network

In 2010, STCP offered its customers 784 locations to load the different transport tickets, of which 495 are payshop agents, corresponding to 63% of the total sales points.

In addition to this network are all the STCP buses where it is also possible to buy the on board ticket and Andante daily ticket.

The Sales Network structure remained similar to that of the previous year with the exception of STCP's own sales offices, which were reduced to 3, with the closing of the Campo 24 de Agosto shop at the end of 2009.

Inspection of Transport Tickets

In 2010 the rate of inspection of journeys was 2.9% and the rate of inspection of passengers was 1.0%, values similar to those observed in 2009.

There was a significant increase in the number of infringements detected, of approximately 2,800, from 3,164 to 5,956, the result of more efficient work of the inspection teams.

In 2010, an international public tender was launched, which resulted in the change of the company awarded the service.

Social Service

STCP maintained its promotion of social inclusion by ensuring mobility to zones and at time-tables to meet citizens' needs directly dependent on public transport.

Z Lines

The Z Lines, so-called because they ensure a response to specific needs of local mobility, aiming at reducing the isolation of various less favoured areas and/or with road networks of difficult access, recorded an increase in demand in 2010, in spite of the total value transported being merely 856 thousand passengers.

Note should be made of the alteration of the operation in 2010 of the ZM line, Zone of Massarelos, from a private operator to a specific operation, where there was also an increase in demand.

Late Night Network

The 13 lines providing the late night service, between 1 am and 6 am every day of the year, all departing from Downtown Porto - Avenida dos Aliados - every hour, recorded an increased demand of 17%. STCP transported 507 thousand passengers, at a daily average of 1,400, and continued to be the only public transport operator for Greater Porto ensuring this mobility.



Cost of the STCP Social Service

STCP - Social Service	2007	2008	2009	2010
Km Social Service (10³) [1]	8.514	8.610	8.398	9.911
% Km Social Service	29%	29%	29%	23%
Social Passes Sold (10³) [2]	539	503	471	459
% Fare Price Deficit	14%	13%	12%	12%
Cost km Social Service (m€)	17.284	17.616	18.091	20.388
IFare Price Deficit (m€)	6.345	6.225	5.909	5.904
Social Service Costs (m€)	23.629	23.841	24.000	26.292

Years from 2007 to 2009 in POC. 2010 in SNC.

[1] Considering only the late night network, night service, Saturday, Sunday and public holiday service and Z lines.

[2] Considering only the price differential for normal single mode season tickets and single mode season tickets for senior citizens, retired persons, pensioners, students and minors.

Supply

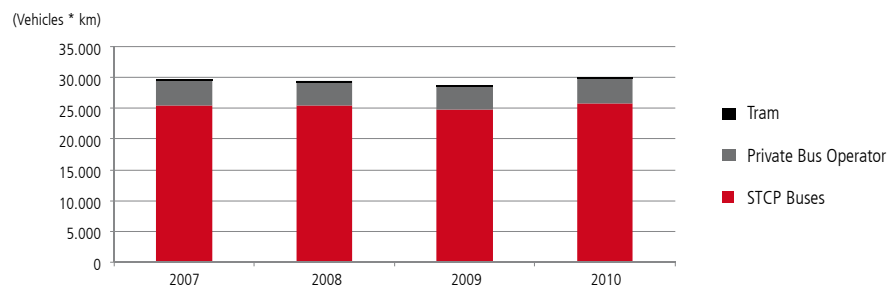
Kilometres Travelled and Places Km

30 million kilometres were travelled in 2010, recording an increase of 3.4% relative to 2009, the year when the offer was penalised due to the strike period which occurred during the second semester of the year.

Comparing this figure with 2008, a more stable base, the total offer increased by 1.1%. Contributing to the increased number of kilometres travelled was the new offer of the 907 line, to Vila D'Este.

Note should be made of the 19% increase in tram production, arising from the increased offer in the summer period and improvement in the rate of compliance of the service, although this mode is residual, representing only 0.4% of the total offer of the company in 2010.

Evolution of Vehicles km



The increase in the offer of places was greater than that of the kilometres travelled, by 3.6%, due to the entry into operation of a new fleet of articulated buses, in September, with a total capacity of 145 places each.

Of the total kilometres travelled, 13.5% refers to production outsourced to private operators.

Overall occupancy rate

The overall occupancy rate was 14.9% in 2010, that is, 1.4 pp less than in 2009.

This variation is explained, on the one hand, by the decrease in the average journey per passenger made by STCP customers, as a consequence of greater use of the integrated transport system, and on the other hand, by the increased average capacity of the fleet, as a result of the operationalisation of articulated vehicles, with a larger number of places.



Commercial Speed

The average commercial speed of the STCP network decreased by 0.6% in relation to the previous year. The decrease is explained partly by the quantity and duration of the detours in the road network implying alterations of the routes of the service network, and by greater congestion of Downtown Porto, especially during the night service, as a consequence of the revitalisation of the night life.

Commercial Speed	2007	2008	2009	2010
Buses	16,0	16,2	16,2	16,1
Trams	7,9	7,4	7,5	7,4

Rate of compliance of journeys produced by STCP's own bus fleet

During 2010, 2.3 million journeys were made.

The rate of compliance of journeys, measured by the ratio of journeys made / scheduled journeys, reached the value of 98.8%. Approximately 45% of the journeys that were not made were affected by factors beyond the control of the company, namely traffic congestion, incorrect parking or road disruptions.

In 2010, the STCP network was affected by 278 traffic detours, due to works on public roads. Although there were less detours in relation to 2009 (-2%), the period of duration of each detour was higher in terms of average number of days (21 days in 2010 and 19 days in 2009).

Accident rate

In 2010, there was a decrease in both the number of accidents (-4.3%) and accident rate, per million kilometres. The accident rate fell from 42.8 in 2009 to 29.5 in 2010, corresponding to a reduction of approximately 8%.

This reduction is the result, above all, of the improved performance of the vehicle crew, arising from awareness raising actions on defensive driving.

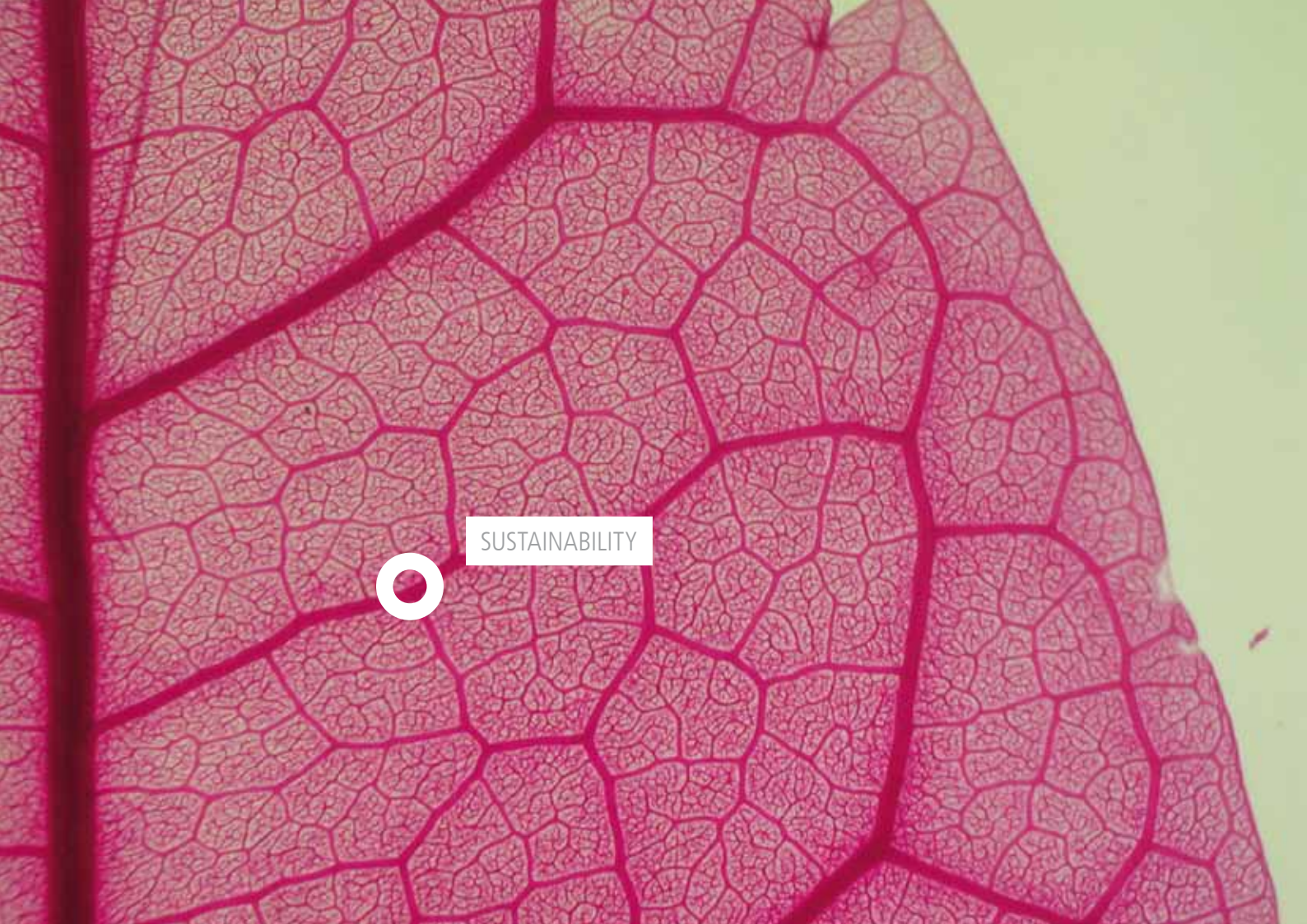
Free Road Operation

The protocol established between STCP and Porto City Hall, whose objective is the combat of situations of incorrect parking which are harmful to Public Transport operations, has been maintained.

In 2010 there were 83 removals of badly parked vehicles and 2,527 fines recorded, 47% relative to parking on a continuous yellow line and 35% at bus stops.

Bus Lanes

In 2010 the 24,7 Km stretch of bus lanes ran 100 meters longer in comparison with 2009, representing 4.5% of the total bus network length.



SUSTAINABILITY



ACCESSIBILITY

Faculdade de Direito

Orleão UP

3 Report from the Perspective of Sustainable Development

The objective of the report from the perspective of sustainable development is to measure, disclose and render the accounts, showing STCP's financial performance and also in economic, environmental and social areas.

According to the World Commission on Environment and Development (Our Common Future, Oxford: Oxford University Press, 1987, p.43), sustainable development is *"meeting present needs without compromising the capacity of future generations to meet their own needs"*.

3.1 Adherence of STCP to the UITP Sustainable Development Charter, as Full Signatory

In September, STCP signed the UITP Sustainable Development Charter (*Union Internationale de Transports Publics*), as Full Signatory, thus making a commitment to a higher level and taking on a more demanding task as well.

Adherence to the UITP Sustainable Development Charter implies that the signatories undertake a commitment to follow a policy promoting the application of practices that are effective, ethical and economically healthy in the exercise of their commercial activities.

The strategic objectives of the subscribers should be guided by social, economic and environmental principles providing the basis for Sustainable Development.

STCP, by adhering to the UITP Sustainable Development Charter, is now part of the group of companies that are currently concerned with the future of the society in which they operate.



3.2 Integrated Management System - Quality, Environment and Security and Health

The audit carried out by APCER (Portuguese Certification Association) in November 2010, confirmed that the conditions were met for the maintenance of the certifications of the integrated management system in the areas of Quality (NP EN ISO 9001:2008), Environment (NP EN ISO 14001:2004) and Security and Health (OHSAS 18001:2007).

2010 was marked by the emphasis given to the assessment of the work of the service providers active at the company's premises, in order to target the full integration of their procedures with the practices followed internally.

Quality Management System

During 2010, the Recording and Handling of Customers' Complaints and Suggestions was integrated in a computer platform aiming at improving a prompt answer to the customer.

This platform is integrated with the new Quality Portal, which now includes the Management of Audits, and the Recording and Handling of Occurrences and Actions.

In 2011, the management of the automatic preparation and distribution of the Integrated Management System documentation will be implemented. The experience obtained over these last three years has leveraged the review of the company's table of processes, enabling the design of a model which is more adapted to the reality of the activity developed, with the consequent adjustment of the main management indicators. Its effective implementation will take place in 2011.

The results obtained by the Customer Satisfaction Survey (described in point 3.3.1 of this report) have demonstrated that the company's choice of certification in 2008 was recognised by the customers.

System for the Management of Security and Health

The aspects related to the Management of Security and Health are developed further in point 3.4.2..

Environmental Management System

The aspects related to the Environmental Management System are developed further in point 3.6.2..

3.3 Responsibility towards Customers

Responsibility towards Customers is assessed through the level of quality of the services provided by the company, expressed essentially by the:

- Adequacy of the time-tables and frequencies, in compliance with the programmed service
- Clarity and timely provision of the information to the public (especially of occasional alterations to the normal service)
- Dynamic attitude contributing to inter-modality
- Quality of the bus fleet

- Guaranteed accessibility to citizens with special needs
- Adequacy of the initial and ongoing training of the public service staff
- Geographic coverage and easy access to the sales network
- Care and communication with Customers, especially regarding the handling of suggestions and complaints
- Permanent capacity of innovation and development of new and better practices and solutions.

Also contributing in a positive manner to this quality were the form and level of cooperation of the company with stakeholders, other companies and entities, through the series of partnerships establishing an extra measure of support to the populations served.

3.3.1 Customer Satisfaction

Assessment of Customer Satisfaction

In 2010, STCP carried out its annual customer satisfaction survey, a Study of Image and Customer Satisfaction, made by an external entity.

STCP was positively ranked by the passengers in overall ratings measured: the customers of STCP are, in general, satisfied with the service provided by the company and more satisfied than in 2007. 73% of the customers showed satisfaction levels between 50 and 80, out of a maximum of 100, and 11% are extremely satisfied with the company (satisfaction scores above 80).

Regarding customer profile, it was concluded that, concerning 2007, there are more male customers, however female customers continue to hold the strongest position in demand. There are also more customers with higher education, with this segment reaching 25% of the company's customers.

STCP scored highest in loyalty and image ratings.

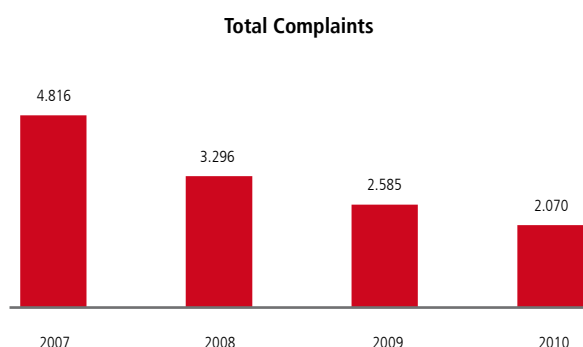
The following are of particular note in terms of the greatest evolutions in the indicators: intention to continue as a customer of STCP, the improvement in waiting times, STCP's concern with its customers and the availability of seated places.

Absolute highest scores were achieved in information disclosed to the public, especially through the internet and the information at bus stops, as well as the drivers' positive and careful behaviour towards passengers and sales network, the easy acquisition of transport tickets, the safety, cleanliness and hygiene of the vehicles.

The improvements highlighted in this study reflect the different measures taken by STCP, such as the fleet renewal, training of drivers, improved information and also the Certification in Quality, Environment and Security and Health.

Complaints Handling

The complaints presented by STCP's customers continue a downward trend, with a total of 2,070 complaints, corresponding to a 20% drop in relation to the previous year.



Complaints related to time-tables accounted approximately 50% of the total. Complaints were mainly received by the Blue Line (44%) and by the (24%). Ombudsman 293 suggestions were also received, many of which requesting new lines along routes already under concession to other operators.

Alteration of Service

In 2010, there were three situations of alterations of routes which had great impact on the satisfaction of our customers:

Implementation of the 907 Line – Linking Boavista to Vila D’Este, a very old desire of the customers of this locality, requested in 2006 but possible only in 2010 with the attribution of the concession by IMTT.

Implementation of the 208 Line – A line which resulted from the division of the 501 Line, with its terminus at Aldoar, serving the new Health Centre of Aldoar and also maintaining the service to Ramalde Health Centre, passing by the respective Parish Council buildings.

Extension of the 801 Line to Cordoaria – Alteration of the Porto terminus to enable the connection of a Gondomar line to Santo António Hospital, a new reference hospital of this municipality.



In terms of time-tables and stops, a number of adjustments were made to improve boarding and alighting process, and school schedules, some resulting from customers' suggestions.

Note should also be made of the adjustments derived from alterations to buildings in Downtown Porto, which led to changes of terminus for some lines, in particular, the:

304 Line – Alteration of the terminus to Trindade;

501 Line – Alteration of the intermediate route following the implementation of the new 208 Line;

600 Line – Alteration of the Sá da Bandeira terminus to Avenida dos Aliados.

3.3.2 Communication

Spider Maps - Bus Network Maps mounted on the surface of several bus shelters

In September the first spider map was tested at the interface of São João Hospital, that is a bus network map which was mounted on the surface of several bus shelters (hub.). It aims at enabling passengers who are not familiar with the public transports of the area, to select the line that will take them to the intended destination. They will be able afterwards to search for the stop in order to continue with their journey.

These new maps are intended to provide an immediate and clear view of all the lines available from the reference point, which is placed in the centre of the drawing of the network, on a larger scale.

Other reference marks are also portrayed, such as public buildings, so that the customer is easily able to locate the stop which should be used, identified on the list of destinations which completes the spider map. These new bus "zone" maps complement the current maps at the stop and the network maps.

In order to raise the interest of the customers in this new information, the decision was taken to print the maps in large format, placing them at three locations along the interface of São João Hospital.

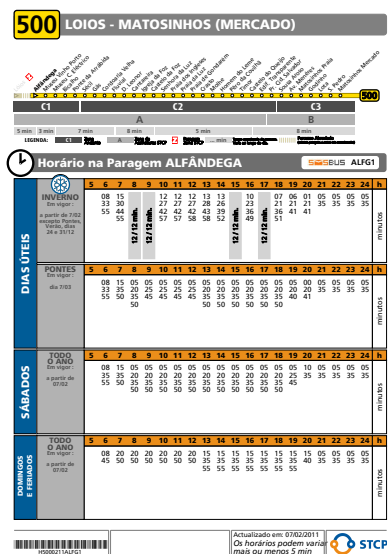
The project is currently entering into a phase of assessment by customers, who are invited to give their opinion on the maps. In the future, the map diagrams will be placed at the main transport interfaces, but may also be provided at other locations, such as schools and hotels.

STCP time-tables with more information: Multi Time-table project

In the summer of 2010, STCP displayed, at all its approximately 2,700 stops, the time-tables to be followed throughout the year for each line, in order to meet passengers' needs.

The information continues to be organised by type of day (business days, Saturdays and Sundays) but now presents a table for each period of the year (Summer I, Summer II, Winter, School Holidays and "Bridges").

The permanent availability of the time-tables will certainly allow customers to improve the organisation of their journeys.





Guide for a Seamless Journey with STCP

Following some suggestions received from customers as well as internal information, STCP decided to carry out a campaign, beginning in August, to remind customers of various behavioural rules which should be followed in buses, composed of very simple and easily understandable graphic messages.

Six messages were selected in 2010, highlighting some of these rules:

- The need to indicate to the driver the intention of using that bus by making the stop sign
- The need to queue up correctly
- The need to occupy the back seats of the bus as it receives passengers.

These messages are placed inside the buses on posters and also on the information displays. These posters will be followed by others, reminding customers of the most basic rules for a seamless journey.

“Fresher kit”

This initiative of the three public operators, STCP, CP-Porto and Metro do Porto, together with TIP - Transportes Intermodais do Porto, was repeated in 2010, covering a total of 15,000 new students of all higher education institutions of Porto municipality, public and private.

The pack included the offer of 1 Andante blue card loaded with one Andante 24 Z3 ticket and a booklet with information about accessible public transport connections to the Universities and Polytechnics, as well as to places of Interest in the city.



Publicising of Line Alterations

The implementation of two new lines and the extension of the 801 Line to Santo António Hospital required a differentiated effort of information and promotion.

The start-up of operation of the 907 Line, in April, justified a major information campaign that, in addition to the actual resources of STCP - stops, buses and internet - also included a media campaign, using the radio and press, direct marketing, with postal distribution of leaflets along the route of the line, in the municipality of Vila Nova de Gaia, as well as one day of offer of a free service for customers to try it out.

This dissemination continued active during the entire year, through the full decoration of the rear end of 20 buses which circulated initially in the area of influence of the line and subsequently along the entire network.

On 28 June, the new 208 Line began operating from Sá da Bandeira to Aldoar. Line 501 has been enhanced by this one which improved the accessibility of users of Aldoar Health Centre. The information campaign was based on STCP's own resources and segmented along the 208 and 501 Lines.

The extension of the 801 Line to Santo António Hospital was disseminated with the support of the Parish Councils most interested in this new connection, Rio Tinto and Baguim, which carried out the local distribution of leaflets. These were the first produced using the new application for the automatic production of leaflets, and which will lead to a new series of detailed information on the lines' routes and time-tables.

Likewise, a notice was displayed at all the line stops, as well as at those which are connected to it in Gondomar municipality, for the purpose of disseminating to all citizens of Gondomar the new accessibility of its reference hospital.

Inside the buses, electronic displays and posters were used to publicise the new destination of the 801 Line.



New Fleet Publicity Campaign

In 2010, STCP introduced into the public service 20 new diesel-run articulated buses. The ceremony presenting the new vehicles took place at Francos Bus Depot, on 26 August, and was attended by stakeholders, local governors and the media.

With the objective of disseminating the investment made in the comfort and quality of the service as well as promoting the image of public transport, a campaign was carried out based on STCP's own resources: full rear ends of vehicles, posters and leaflets distributed in buses.

Ongoing Daily Contact

Call-Center

The Blue Line has considerably increased the level of support provided to customers, responding to approximately 68 thousand requests for information, which corresponds to an increase of 58% towards 2009, almost all of which are telephone contacts and the rest (2%) via email.

During the month of April, a new telephone answering service number was created for the fixed network, so that customers can have yet another fare price option, enabling them to choose the most economic contact.

Lost and Found

Considered by the customers as a high quality service, the percentage of items lost and found in buses and trams which are returned directly to customers improved in 2010 to 98%. Out of a total of 3,034 cases, it was possible to directly return 2,987 items, with the remainder being sent on to the Public Security Police.

68998

O NOVO NÚMERO SMSBUS PARA SABER QUANDO CHEGA O SEU AUTOCARRO.

O NÚMERO MUDOU. O SERVIÇO CONTINUA IGUAL.

Vai continuar a receber os horários da sua linha STCP da mesma maneira: rápida e eficaz. Em poucos segundos, receberá a resposta no seu telemóvel. A mesma informação. O mesmo preço.

SMSBUS 68998 Horários em tempo real.

Para saber os horários e autocarros a passar na paragem:

1. Escrever SMS com código da paragem;
2. Enviar SMS para 68998;
3. Em poucos segundos recebe a resposta no seu telemóvel.

Para saber os horários e autocarros de uma linha a passar na paragem:

1. Escrever SMS com código da paragem (sempre 4 dígitos) e 99 da linha;
2. Enviar SMS para 68998;
3. Em poucos segundos recebe a resposta no seu telemóvel.

STCP inspirada em si

Linha Azul, 200 200 790

New SMSBUS number

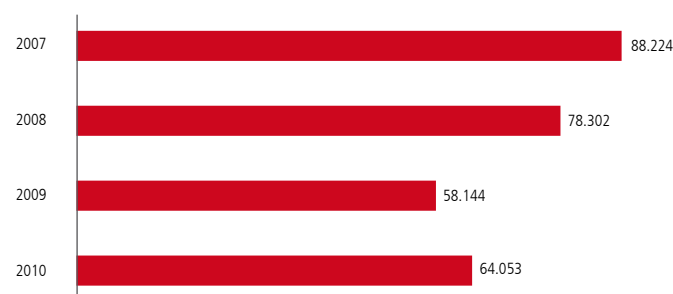
On 8 March, the SMSBUS number changed to 68998, and now sends information on the conditions of the service and an application form, free of charge, for all new customers. This change was imposed through legislative means on all services of value added via SMS and implied a high investment in the adaptation of the service support system and communication of the new form of access.

The campaign had a second phase to convey the price increase to 25 euro cents which occurred at the end of the month of July, so as to reflect the increase of VAT since the previous price of 20 euro cents, was set up in November 2005.

In spite of the alteration of the SMSBUS number and price increase, customers continue to show interest in the utility of this service.

In 2010 the number of SMSBUS messages reached about 770 thousand, corresponding to an increase of 10% relative to 2009.

SMSBUS Requests - Monthly Average



3.4 Social Responsibility towards Employees

With an average permanent staff of 1,512 employees, as at 31 December 2010, STCP provides 1,496 direct jobs, representing an increase of 6 employees relative to 2009 (1,490 as at 31 December 2009). The company contracted 81 new employees, 75 of which are public service drivers, and 3 employees returned to their jobs. In total, 78 employees left the company, 54 of whom due to retirement.

Permanent staff 31 December	2007	2008	2009	2010	10/09
Total (1)	1.623	1.521	1.490	1.496	0,40%
Vehicle Crew (2)	1.061	1.008	984	988	0,41%
(2) / (1)	65,4%	66,3%	66,0%	66,0%	

Absenteeism	2007	2008	2009	2010	10/09pp
Total	7,1%	7,8%	8,3%	7,2%	-1,09
Vehicle Crew	8,3%	9,0%	9,1%	7,5%	-1,70

Supplementary Work	2007	2008	2009	2010	10/09
Total	103.124	116.874	132.041	131.290	-0,6%
Vehicle Crew	84.557	98.857	120.225	120.959	0,6%

Most employees (92%) are bound to the company through open-ended contracts. The average age stands at 47.8 year, due to the important weight of employees who have worked at the company for many years, where approximately 41% belong to an age group equal to or less than 45 years old. The average seniority of the employees is 21.7 years. Women represent approximately 6.4% of the labour-force and hold positions in the senior management, both technical and administrative and, more recently, also bus and tram driving positions.

STCP implements a human resources policy based on equal opportunities, respect for human rights and non-discrimination, promoting the valorisation of its human capital and implementing systems to ensure the well-being of its employees and award the merit of their performance.

STCP also observes the principles and good rules of procedure in interpersonal relations within the company, expressed in the **Code of Ethics and Conduct**, published at the end of 2008. The company defends the practice of clear, objective and transparent action, having approved the **"Plan for the Prevention of Risks of Corruption and Related Infringements"** at the end of 2009, in conformity with the guidelines issued by the Transport Ministry and, especially, by the Council of Prevention of Corruption.

Evolution of the Productivity Indicators

Productivity	2007	2008	2009	2010
Vehicle Km (10 ³) / Average Permanent Staff	18,1	18,6	19,2	19,7
Place Km (10 ³) / Average Permanent Staff	1.581,2	1.615,2	1.675,9	1.725,2
Passenger (10 ³) / Average Permanent Staff	66,3	69,9	72,1	72,2
Passenger Km (10 ³) / Average Permanent Staff	263,1	277,5	273,2	257,1
Network Extension (Km) / Average Permanent Staff	0,3	0,3	0,4	0,4

3.4.1 Professional Development

Training

During the year, a total of 20,518 hours of training were provided, corresponding to an increase of 31% in relation to the previous year. The training involved a total of 783 employees, of which 572 were vehicle crew. 16,000 hours of training were offered to the vehicle crew.

The company maintained an active attitude of supporting its employees, creating conditions for their attendance at the "New Opportunities" programme. During 2010, 56 employees received their respective certification, 10 for the 9th year and 46 for the 12th year.

The training plan includes not only subjects of technical nature but also actions directed towards behavioural aspects, namely for public service drivers in terms of attitude and relations with customers.

Subsidised Training: Candidacy to the Human Potential Operating Programme (POPH)

A training project submitted to POPH by the company was approved, presented in point 3.2 Training for Innovation and Management, which complied with the required conditions, with actions that are diversified and aimed at different company positions, in particular the operation area, lasting a minimum of 14 hours.

Approximately 9,800 hours were provided under this programme, distributed over the courses "Competences related to Integration and Attitudes of Relations", "Customer Service and Conflict Management", "Basic Life Support", "Internal Audits", "Reception and Organisational Integration" and "Performance Evaluation Competences".

Training of New Drivers

The recruitment policy was essentially aimed at the position of public service driver and gave priority to candidates with experience in the driving of heavy passenger vehicles. The training programme applied to new drivers included a training course in economic and defensive driving, aiming at promoting and shaping driving attitudes compatible with an attitude of eco-efficient driving.

Pedagogical Training of Trainers

In order to ensure the specific skills for the undertaking of some training actions to be carried out internally, pedagogical training to trainers was offered to 14 employees, who successfully completed the course.

Other training

Other training actions were also carried out for the revalidation of the security agent card, awareness-raising for the activities of drivers/inspectors in situation of theft/stealing with assault/threats/aggression, for computer use (in the context of the new ERP Primavera system), recognition of employee skills in the area of maintenance and simulation of emergency situations to test the existing emergency plans.



Awards

2006-2008 STCP Merit Award

This award was created in 2007, with this one being its third edition. During the last two editions, 73 public service drivers were awarded. This award was created for the purpose of distinguishing public service drivers who, due to their good performance, contribute to the quality of the service provided by the company to their customers and who, through their example, stimulate the improved performance of the rest of the drivers.

Integrated in the European Mobility Week, the company held the award giving ceremony of the 2006-2008 STCP Merit Award, where 29 drivers were distinguished for the quality of their professional performance over these last three years, with the attribution of an award of the total value equivalent to 750 euros.

Effective Driving Bonus

This bonus was created in 2008 for drivers who carry out the expected total time of effective driving in public service. The award consists of the attribution of a value of 40 euros for each month when the public service driver carries out the planned effective driving, with a quarterly supplementary bonus of 100 euros for those who receive the monthly bonus in each of the months of the respective quarter of the calendar year.

With an initial validity period, on a trial basis, which ended at the end of the 1st quarter of 2009, the validity period was renewed for each of the two subsequent semesters, as a result of the productivity gains achieved in the previous periods.

In 2010, the average number of drivers who received the monthly bonus was 569, over half of the permanent staff of the category, with approximately 284 drivers also receiving the quarterly bonus.

Employee Performance Evaluation

The professional evolution of the employees in their respective career is regulated in the Professional Evolution System (SEP), based on the employee performance evaluation, carried out annually with direct intervention by the framework hierarchical structure. The assessment covers qualitative aspects of individual performance, some of them refer to subjective assessment and part of them correspond to objective quantification parameters.

In 2010, 174 employees were promoted as a result of their performance assessment, under SEP, reported in 2009.

Party for 25 YEARS AT STCP

Every year, the seniority of 25 years at the company is commemorated for employees reaching this number of years in that year, with a ceremony awarding a silver STCP emblem and a gift, in recognition of these years of loyalty to STCP.

In 2010, the party took place on 17 December, distinguishing 14 employees. For the first time, the homage was also open to employees with 40 or more years seniority, which involved 31 employees.

Opportunity for Young People

The policy of cooperation with education establishments was continued, offering internships in various areas. This practice of welcoming interns allows students the possibility of their first contact with the world of employment and the company also benefits from new knowledge conveyed at schools.

In total, during the year 24 students were taken in, from various areas of training and levels of education, 15 of which for the Tram Museum School Workshop Project.

Participation in Working Parties and Technical Seminars

STCP co-hosted the 8th UITP Training Programme

A module of the 8th Training Programme of the UITP (international Public Transport Union) was held in Porto, between 7 and 10 March, organised jointly by STCP and Metro do Porto.

Portuguese Technical Committee for the Standardisation of Transport, Logistics and Services (CT 148)

The representative of STCP was appointed to chair this Committee, for the three-year period 2010- 2013. A technical body of the Portuguese Quality Institute (IPQ), the objective of CT148 is the preparation of Portuguese standards and the issue of normative opinions in the area of transport of passengers and goods, logistics and car parks.

Portuguese Technical Committee for the Standardisation of Electrical and Electronic Applications in the Railway Area

STCP maintained regular participation in this committee.

STCP also participated in various technical seminars related to the company's activity.

3.4.2 Social Benefits and Employee Health and Safety

Promotion of conciliation between professional and private life

STCP has an active policy of conciliation between professional and private life, adopting specific measures through the logistic and financial support provided to the Cultural and Sports Centre of STCP Employees which, amongst various activities carried out regularly during the year, promotes the Christmas party for the children of all employees and, during the bathing season and school holidays, provides a beach period with entertainment and sports activities also for the children of employees, as well as various other activities and the obtaining of special prices for a variety of services and products.

STCP also ensures medical assistance, as a supplement to the portion not subsidised by Social Security to employees, as well as curative medical assistance through its own clinic.

The company provides a canteen at its Franco premises, with a meals service at production cost, and all the premises also have vending machines selling food and drink.

Employees with children attending infant care facilities receive a fixed value contribution from the company. On death of any employee, the family benefits from financial assistance, that is a funeral allowance.

Pensions Fund

The company ensures that retired workers receive a supplementary pension, to ensure a minimum subsistence income. This supplement is calculated based on a fixed formula, provided that the sum of the pension attributed by Social Security plus this supplement does not exceed € 650, a value established since 2007.

The pension supplement is calculated on the date of the attribution of the pension by Social Security, and the sum of this complement can never exceed the value of the employee's remuneration at the time of his/her change of status upon retirement. The costs related to these supplements are covered by a Pensions Fund constituted in 2002, for the sole situation of coverage of this type of liability between transport companies of the public sector.

The value of the Pensions Fund as at 31 December 2010 is € 3,267,798 according to the actuarial report of BPI Pensões, with the value of the fund before the reinforcement having been € 2,906,494. Hence, this STCP Pensions Fund was reinforced at the end of 2010 to the value of € 235,371, as indicated in the Actuarial Report and in compliance with numbers 14 and 16 of Regulatory Standard number 298/91, of 13 November, of the Insurance Institute of Portugal, covering the financing deficit of the said fund.

Employee Safety and Health

In order to ensure the improvement of aspects related to the Safety, Hygiene and Health at Work, in November a survey was promoted on this subject. In addition to complying with the legal requirements, it also sought to survey the perception of the employees on the actions developed in the context of Safety, for the detection of gaps and implementation of improvements.

Work Accident Indicators for 2010

Frequency Rate (FR)	=	$\frac{(\text{No. work accidents with leave} / \text{No. hours effectively worked}) \times 1.000.000}{1}$	=	49,8
Gravity Index (GI)	=	$\frac{(\text{No. days lost} / \text{No. hours effectively worked}) \times 1.000.000}{1}$	=	1.565,8
Incidence Rate (IR)	=	$(\text{No. Total Accidents} / \text{Total No. Workers}) \times 1.000$	=	100,5

On 12 February, at Francos premises, the vaccination for the prevention of Swine Flu was given, with the collaboration of the Regional Health Administration of the North, to all employees of the company who were interested.

In order to test the STCP's response capacity in emergency situations, in November a simulation exercise was carried out based on a bomb threat in the head office, with a view to simplifying the evacuation capacity.

3.4.3 Internal Communication and Relationship towards Stakeholders

Internal communication is processed, in general, through the Intranet with the disclosure of daily current information, accessible to all employees.

Complementary to the internal communication, STCP publishes an Information Leaflet on a monthly basis which summarises the main events and relevant news of the company in the period of interest to the employees.

A newsletter, ITINERARIUM STCP, is published on a quarterly basis, launched in the beginning of 2008, whose contents are not only intended to employees but also to customers and other stakeholders. In October, a new Network Manual was distributed to all STCP employees, not only for the purpose of providing the operational staff involved directly in the network's operation with updated and essential information, but also permitting all other STCP employees, not directly involved with operations, to have the means to allow them, also, to act as agents of information of the company and attract new customers.

STCP maintains open cooperation with the Workers Committee and Unions, as important social stakeholders. Over the year and as usual, regular meetings were held with the organisations representing the employees for dealing with of common interest. In 2010 it was not yet possible to obtain a majority adherence to a Single Company Agreement, in view of the lack of success of the negotiations with the three Unions which did not subscribe to the new Agreement in 2005.

82% of the employees are union members, and all STCP employees are covered by company agreements.

3.5 Responsibility towards the Community

3.5.1 Promotion of Mobility

STCP has Promoted Mobility for 140 years

It is with the same enthusiastic and innovative spirit that has guided STCP since its earliest of days that STCP intends to celebrate the 140 years of the history of an institution that has marked, from its very beginning and over all this time, the life of the city and region.

This path has been characterised by the continuous affirmation of the company's dignity, which has become a reference of the geographical area it covers, respecting and honoring its historical past, with a view to ensuring the future evolution of the service it provides to the community, continuously aimed at increasing quality.

In 2010, STCP completed 140 years after having obtained its First Public Transport Concession in Porto

It was on 25 August 1870, through decree published in *Diário do Governo*, that authorisation was granted to Baron Trovisqueira (an influential returned "Brazilian", born and resident in Vila Nova de Famalicão) to establish, at his own cost, a railway to transport passengers and goods, served by carriages along a railway line, pulled by horses.

According to the project presented to the Government by Baron Trovisqueira, the line would start at Porta Nobre (Miragaia) and follow on through Massarelos to Foz and Matosinhos. The works began in July 1871 and, in May 1872, the Horsecar line started up operations. The inauguration of such an important public service revolutionised the entire city of Porto and its peripheral zones, and was the first Horsecar line set up in the country.

Called "Companhia Carril Americano do Porto à Foz e Matosinhos", it extended along the coastal line until Leça and requested, in March 1873, the construction of branch lines starting on the Northern side of Largo dos Mártires da Pátria.

The cost of the journey was 120 reis from Rua dos Ingleses to Matosinhos, 40 reis from Cordoaria (Mártires da Liberdade) to Massarelos and 80 reis from Cordoaria to Senhora da Luz (Foz). The Horsecar left every half hour from 6.00 am until 8.00 pm and the beginning of the journey was signalled by the sound of a cornet.

On 27 March 1873, a new concession was requested for the installation of the Horsecar along various roads of the city, with "Companhia Carris de Ferro do Porto" having been established at this time.

The two companies operated in different places: Companhia Carril Americano do Porto à Foz e Matosinhos (known to the population as the Downtown Company) established the connections between the city centre and other downtown areas, and Companhia Carris de Ferro do Porto (Uptown Company) connected the outskirt districts of the city and Pinheiro station at Campanhã.

On 18 March 1893, the two companies merged into a single company and adopted the name of the one which owned most share capital, Companhia Carris de Ferro do Porto, thus leading, after the redemption of the concession by Porto Municipality and the transformation of Porto Collective Transport Service into a public limited liability company in 1994, into the current Sociedade de Transportes Colectivos do Porto, SA.



3.5.2 Fleet

Acquisition of new buses

In 2010, STCP acquired 35 new high-capacity and diesel-run buses, representing a total investment of 11.6 million euros, to enable writing off the oldest vehicles of the fleet. 20 of the buses are articulated, Volvo brand, complying with the EURO V environmental standards, having started up operations in September, and the remaining 15 double-decker buses, MAN brand, started operations on 28 February 2011.

The 20 articulated diesel-run buses enable a reduction of carbon monoxide of over 90%, demonstrating the company's concern for the environment in obtaining an environmentally-friendly fleet. The objective of improving the quality of the service provided, always considering the passenger's comfort, safety and accessibility were other factors of importance in the acquisition of the vehicles.

The new buses are operating on lines with highest demand at peak times of the day, travelling on roads with a large number of vehicles, and line of high frequency where it is difficult to introduce more buses, thus enabling improved quality through the introduction of buses with greater capacity.

The articulated vehicles are suited to lines with many boardings along the route and with passengers alighting very close to their terminus.

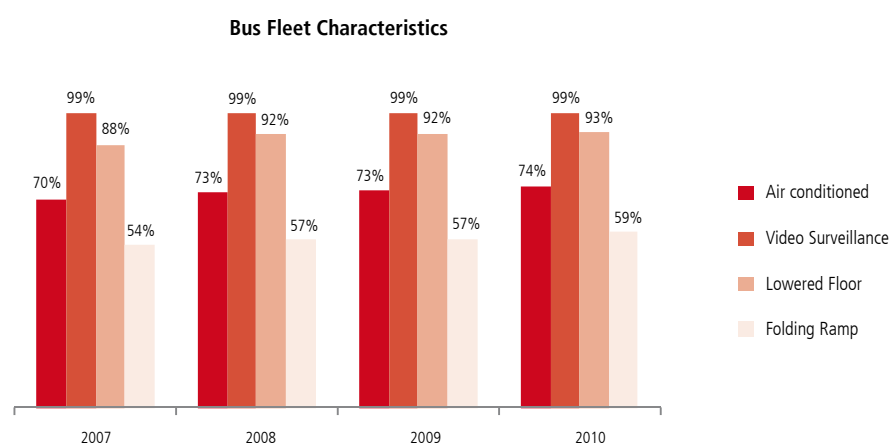
The vehicles have the capacity to transport 48 seated passengers, 96 standing up as well as a wheelchair.

Low-floor buses are equipped with ramps for customers with reduced mobility and are part of a cycle of renewal of STCP's fleet.

Fleet Features

STCP's fleet running at the end of 2010 was composed of 494 vehicles, 489 buses and 5 trams. The average age of the fleet stands at 9 years for buses and 73 for trams.

COMPOSITION OF THE BUS FLEET	2007	2008	2009	2010	Weight 2010
Diesel Vehicles	238	218	217	234	48%
Standard	233	213	212	209	43%
Articulated	0	0	0	20	4%
Minis	5	5	5	5	1%
Natural Gas Vehicles	255	255	255	255	52%
Standard	225	225	225	225	46%
Articulated	30	30	30	30	6%
Bus Fleet	493	473	472	489	100%



The immobilisation rate of the bus fleet was 7.9%, having increased by 1.2 percentage points compared with the previous year.

The breakdown rate of the bus fleet per 10,000 Km was 11.9%, representing a slight increase of 1.1% relative to 2009.

Easy Access Network

This network, created in 2007, is characterised by its geographical coverage of the 6 municipalities. Lines of high demand were included, serving the main health facilities, education establishments, transport facilities, shopping centres, beaches, amongst others.

Specific maps of this Network have been published, composed of 33 totally accessible lines (low floor buses equipped with ramp) and 25 lines with low floor buses.

The Easy Access Network has external signs, placed on the front, sides and rear ends of the buses to enable their easy identification.



Inside, the reserved places are identified with a specific fabric and its own signs.

In 2010, with the reception of over 20 articulated buses with automatic ramps, STCP expanded the Easy Access Network.

Transport Accessibility Award, attributed by IMTT

STCP was distinguished in 2010 for the integrated work which has been developed over various years under its strategy to endow the network with effective accessibility, when it received the 1st Transport Accessibility Award, attributed by the Mobility and Land Transport Institute (IMTT), for its “Easy Access Network” candidacy.

3.5.3 Major Actions and Campaigns

For events justifying this, always defined over space and time, STCP has permitted the free use of some of its lines.

The most important actions and campaigns developed over the year aimed at promoting mobility are the following:

Queima das Fitas Celebrations

The partnership between Porto Academic Federation and STCP was renewed this year with the provision of a special service free of charge during the “Queima das Fitas” week which ensured direct connections to the area where these celebrations took place (Queimódromo). The main objective of this partnership is to encourage students to use a safer solution - Public Transport - during the week of the Queima das Fitas festivities, thus ensuring greater mobility.

14 May - Visit of the Pope

STCP, in cooperation with Porto City Hall, reinforced its service on the day of the visit of Pope Benedict XVI to the city and provided shuttle services so as to ensure access to the location. A special transport ticket was also provided for that day priced at € 2.5, which allowed travel over the entire Andante network.

Festivities at Serralves

STCP supported the event by creating a special shuttle service between Casa da Música and Serralves, as a supplement to the normal operation of the 203 Line with a special rental service with a direct connection between Serralves and the event's car park.

This initiative was reflected in an increase of approximately 7,500 validations, during the weekend of the event, on the lines operating in the area in question.

Porto Bike Tour

In view of the success of previous years, STCP continued its usual collaboration in the 4th edition of the event, which took place on 25 July 2010, when it transported all the participants and guests between Matosinhos and Ponte da Arrábida.

Academic Choirs Entertain Bus Journeys

In an action included in the support given by STCP to the publicising of the XIV FETUF - Academic Choir Festival, the Feminine Academic Choir of the ISCAP promoted musical entertainment, on 17 March, along the 300 and 301 Lines, as well as at some points along their route, which pass by emblematic places of the city of Porto such as Campo 24 de Agosto, Praça D. João I, Carmo, Cordoaria and Carvalhido.

On 22 September, five academic choirs of Porto University entertained the passengers of various lines of STCP. This initiative was included in the **European Mobility Week**, which, every year, disseminates and promotes sustainable mobility in the context of the Eurocities network.

New Era Beach Party

STCP organised special transport services, from 24 to 25 July 2010, as a shuttle scheme, along the route between Casa da Música and/or Avenida dos Aliados and Leça da Palmeira, aiming at transporting the participants at the beach where the festival was held.





IV University Rugby World Championship

Porto was the stage of the IV World Rugby Championship, considered the most important international event of University Rugby of the world.

STCP was the official transporter of the event and provided the inherent support, not only in terms of mobility, but also in the dissemination actions through the placement of posters inside the buses.

Three types of shuttle were provided aimed not only at transporting the teams between the hotel and Bessa Stadium, but also providing two-way transport between the hotel and university facilities where the opening ceremony was held, as well as transport for the teams between the hotel and airport on their arrival and departure.

Ambinergia

Like 2009, STCP attended at this event, due to its characteristics of being a cutting edge company in terms of technology and the use of the most environmentally-friendly new forms of energy. This time STCP was represented by the hydrogen fuel cell bus - H2BUS, under the scope of the CUTE project in which STCP collaborated, in the area of alternative energy.

Autoclássico

From 2 to 5 October 2010, Exponor hosted the eighth edition of the AutoClássico. STCP was represented by the MyBus - a 1951 double decker AEC bus, with its lower floor reconverted to promote the provision of information to the public.

The opportunity was used to disseminate the company's most recent projects: the GoBus, Spider Map, Guide for a Good Journey, and the promoters provided all the information requested by the visitors both regarding time-tables and in view of their surprise and enthusiasm shown due to being able to visit such a charismatic bus.

Junior University

STCP has supported the Junior University project since 2005 - the largest national programme for young people in elementary and secondary education with the main purpose of encouraging their eagerness for knowledge in areas as diversified as Science, Engineering, Languages, Art and Sports.

The support offered by STCP was reflected essentially in assistance for the acquisition of adequate tickets, discounted prices and the publicising of the project. The tickets supplied, as it had already occurred in 2009, were inter-modal ones, so as promote knowledge on the advantages of this fare price mode.

Marés Vivas (live tides) Festival

STCP enhanced some lines and publicised the transport services for the event.

Schools Project

The company has provided various schools with the possibility of making study visits which took place inside the city of Porto using normal public service transport, and were accompanied directly by the company.

“Viagens na Minha Terra” (travels in my land) television programme

In 2010, the set of 37 weekly episodes came to an end, in Porto Canal, of the series called “Viagens na Minha Terra” (travels in my land), portraying the history of public transport in Porto and the contribution of STCP to the growth of this city and neighbouring cities.

This programme was the result of a protocol between the two entities, signed on 7 October 2009, creating a partnership for the design, production and emission of this series of episodes.

Partnership with Antena 1

STCP signed a partnership with Antena 1, the RTP group, for the publicising of the alteration of STCP bus routes in its morning programming, aimed at people who work at night or start the day very early. Broadcast from Monday to Friday, between 5 am and 7 am, the programme presents traffic news as well as information on alterations to or novelties in the usual routes of people using public transport.

Campaign in partnership with the PSP “SAFE JOURNEY”

Together with the Public Security Police (PSP), on 20 December, STCP launched the initiative “Safe Journey”, an action taken for the purpose of raising awareness amongst passengers on the adoption of preventative behaviour in terms of safety.

STCP launches an awareness-raising campaign against incorrect parking

During the last two and a half years, 890 journeys were unable to be made by STCP trams due to incorrect parking on public roads. In view of this problem, which affects daily operations, the company has launched an awareness-raising campaign aimed at car drivers who park their vehicles incorrectly on top of the tram line.

The campaign received the support of Porto Local Government, the Regional Directorate for Education of the North (DREN), Porto City Hall (CMP), the Public Security Police (PSP), Porto Municipal Police, the Association of Merchants of Porto and the Sports Institute of Portugal.

In various street actions over the year, children of the schools EB 2,3 of Miragaia, EB 2,3 Ramalho Ortigão, EB 2,3 Gomes Teixeira and EB 2,3 Dr. Augusto Pires de Lima, “acted out” plays, simulating the role of the police inspection agents. Information leaflets were distributed and appeals were made to the car drivers’ civism.

Tram Museum School Workshop Project

This project, created under the cooperation protocol with the Group of Schools of Viso and Vocational Training Centre for the Wood and Furniture Industries, has enabled the opening of the company workshops for the training of young students. During the academic year of 2010/2011 there are 15 2nd-year students and 15 1st-year students of the education and training of young people in the “Finishing Carpentry” course, level II.



The ultimate objective is to convey knowledge on the art of carpentry specifically aimed at the reconstruction of old trams, due to the risk of loss of this important “know-how”, as STCP is the only entity in the northern area of the country with an extremely rich collection of vehicles, both in the Museum as well as the old vehicles which are still used in the public transport service and tourist service.

3.5.4 Promotion of Cultural and Tourist Products

Tram Museum

The Tram Museum, established by Sociedade de Transportes Colectivos do Porto, S.A., was created in 1992 as a company museum with the mission to preserve, collect and publicise a collection dedicated to the tram transport of the city of Porto.

Integrated in the Portuguese Museum Network since 2001, the Tram Museum has always been a structure dedicated to the history and memories of trams in their great diversity of links with the history and memories of the city of Porto, in particular, and Greater Porto in general, and with the stories and memories of their inhabitants, being a centre of attraction for a large number of visitors.

During 2010, the Museum was visited by approximately 34 thousand people, representing of 9% drop towards 2009. Students on school visits are the most representative public of the Tram Museum with a total of 17 thousand students, corresponding to a decrease of approximately 6% relative to 2009.

In spite of the lower number of visitors, ticket revenue increased by approximately 8% in relation to the previous year, representing about 29% of the Museum’s total revenue.

The most tourist aspect of the Museum’s activity - the service related to the hiring of historical trams for city tours - recorded, during 2010, a decrease of 5% in the number of contracts signed, having reached a total of 191.



A number of events were held at the Museum and/or were organised by the Museum, in particular the Annual Parade of Historic Trams which took place in the month of May and was considered a major event in the city.

International Museum Day “A TRAM CALLED.. MUSEUMS”

The Tram Museum joined the commemorations of the International Museum Night and Day with a broad and very diversified programme on 15 and 18 May.

The “Parade of Historical Trams” was held on 15 May, which began in front of the Museum, with a total of ten vehicles from the Museum collection, moving along the entire length of the Marginal.

This year a group of vehicles were selected which were representative of the history and memorial legacy of the collective transports of the city of Porto, from the beginning of the 20th century until the 1930's.

Included in the commemorations of the International Museum Day of 2010, dedicated to the topic “Museums and Social Harmony”, the Museum presented, in the context of the Annual Parade of Historic Trams, “The tram called... Museums!” project. This is a regular service tram, decorated under the theme of the 31 museums of the city of Porto, which started its journey right at the front of the parade.

“A TRAM CALLED... CHRISTMAS”

Held from 16 December 2010 to 8 January 2011, this initiative consisted of journeys made by tram with on-board entertainment provided by the “Electro-Magnetic Band”, a group interpreting a series of performances – music, theatre and dance - inspired by the characteristic sounds of trams.

STCP designed a specific ticket for this occasion which enables travel on the entire bus and tram network as well as a visit to the Tram Museum for the price of € 2.00.

STCP joined the Commemorations of the 100th Anniversary of the Republic

Through the Tram Museum, STCP joined the Commemorations of the 100th Anniversary of the Republic, when journeys on board tram number 100 were promoted.

These journeys were open to the entire population through the acquisition of a ticket designed especially for the effect and sold on board.



3.5.5 Development of New Projects

Building of the Former Thermoelectric Plant of Massarelos

Project for the requalification of the Building

In January 2010, STCP, with the technical advice of the Architects Association - Regional Section of the North, launched an international architectural competition for the requalification of the Massarelos building which had formerly been a Thermoelectric Plant, the Tram Museum and Workshops for the maintenance of the public service trams, with the objective of integrating all the aspects of interpretation, maintenance and operation of the network of historic trams of the city of Porto in a single museological and museographic programme, capable of providing the building with the conditions of access and comfort enabling the development of products and the holding of special events of major attraction potential for the sectors of cultural tourism and business tourism.

Award Giving Ceremony for the Prizes of the Competition

49 national and international architectural designers presented their projects with the Selection Panel having chosen the proposal of a young German architect, Thomas Kröger, whose project valorises the existing architectural elements, and "surgically" introduces new elements "in constructive dialogue with the spatial configuration and the original structure", and received the first prize of the value of 12,500 euros. Under the competition, a further 7 participation awards were attributed, of the total value of 22,500 euros, to those classified in the 2nd to 8th places. The second prize was awarded to Gabinete de Arquitectura Pedra Líquida, Lda. which presented a project coordinated by the Architect Nuno Grande and the third prize to the two Architects Pedro Tiago Pimentel and Camilo Rebelo. Honourable mentions were also made of the following architectural designers/ offices: SJGS Arquitectos, Lda. (Porto), Pedro Santos Arquitectura (Pombal), Aurora Herrera Gomez (Spain), Cláudio Vilarinho (Porto), José Fructuoso Sempere (Spain).

The award giving ceremony of the prizes was held at the Tram Museum on 8 July 2010.



Signing of the Contract for the Execution of the Project for the Requalification Works of Massarelos Building

On 15 September 2010, STCP, SA and the Architect Thomas Kröger signed the contract for the acquisition of services for the development and conclusion of the project for the requalification of the building of the former Thermoelectric Plant of Massarelos. The contract establishes the development of the project for the execution and technical assistance of the construction work and includes the phases of the preliminary study, draft project and final project which should be concluded within the period of 240 days.

Museum creation: signing of co-financing contracts

STCP, SA signed, at Serralves Foundation, a co-financing contract relative to the candidacy for the museum creation of the former machine room of Massarelos Thermoelectric Plant, opportunely presented at the "Cultural Heritage" competition launched in 2009 by CCDRN under ON.2 – The New North (2007/2013 Regional Operational Programme of the North).

The project, which provides for the restoration of the machinery and equipment currently in the "machine room" of the former Thermoelectric Plant of Massarelos with a view to their inclusion in a museum under the project for the requalification of the building, establishes a total investment of 2.1 million euros, of which 1 million euros are in eligible investment, object of a financial contribution from FEDER of the value of 700 thousand euros.

TICE.mobility Project

STCP was present as a partner of this project under a hearing called by the Innovation Agency, the entity managing the selection process.

This project is a major project of the National Strategic Reference Framework (QREN), which involves various partners, such as STCP, OPT, INEGI and FEUP, amongst others. For STCP, its participation in the development of a System Supporting Multi-modal Mobility, follows naturally from all its past initiatives, such as the PIP and SMSBus.

Civitas-Elan Project

This project, led by Porto City Hall, includes the active collaboration of STCP in an initiative which has ambitious and innovative measures to improve the mobility of the area of Asprela.

Project for the Construction of Bus Stops with Audio Information

The STCP and ACAPO approved the laboratory prototype of a bus stop with audio information, with the intention being, in the close future, to advance towards the implementation of various bus stops of this type.

Renewable Energy

An analysis was made of the energy potential of Via Norte Collection Station, through solar panels and wind-powered generators. The studies carried out present conclusions on the existence of potential to produce more energy than STCP's energy needs at this station. At the moment, the project is being reformulated, with STCP searching for a partnership to enable the maximum use of this opportunity.

3.6 Environmental Responsibility

In 2010, continued efforts were made in the context of environmental initiatives, where the following points should be highlighted:

- Preparation of the Supplier Manual which explains the Principles of ISO 14001 and the environmental objectives of STCP;
- Review of the identification and assessment matrices of environmental aspects with the involvement of the people responsible for these areas;
- Sending of an environmental awareness-raising letter to all suppliers with information on the environmental aspects of influence relative to their contractual intervention;
- The new vehicles acquired by STCP have diesel engines which comply with EURO V and EEV standards, the most demanding from the environmental point of view in force in the European Union.
-

Pollutant Atmospheric Emissions

CO2 Emissions	2007	2008	2009	2010
Diesel consumption (litres)	6.944.829	5.647.060	5.793.505	6.154.613
Natural gas consumption (m3)	9.138.591	10.461.226	9.875.031	10.184.235
CO2 Emissions (t) - diesel	18.251	14.840	15.225	16.174
CO2 Emissions (t) - natural gas	17.976	20.577	19.424	20.032
Total CO2 emissions	36.227	35.418	34.650	36.207
CO2 Emissions / Km travelled (Kg)	1,427	1,395	1,399	1,407

Fixed Sources

Regular monitoring was continued of the gas emissions of fixed sources at the different premises of the company, in accordance with Decree-Law number 78/2004. Since all the monitoring showed values below the legal limit, a request was made at the CCDR-N for exemption from monitoring for three years.

Energy

There was a slight increase in the values of the specific consumption of diesel and natural gas, and a reduction in the consumption of electrical energy used in traction.

Energy Consumption	2007	2008	2009	2010
Tram Electricity				
Kwh	220.478	253.089	286.732	297.652
Kwh/100km	246	295	297	271
Tpe	47	54	62	64
Fixed Installed Electricity				
Kwh	4.839.465	5.020.939	4.800.421	4.940.201
Tpe	1.040	1.080	1.032	1.062
Diesel				
Litres	6.944.829	5.647.060	5.793.505	6.154.613
Litres/100km	52,68	52,04	52,27	52,78
Tpe	5.941	4.831	4.953	5.262
Natural Gas				
Cubic meters	9.138.591	10.461.226	9.875.031	10.184.235
m ³ /100km	68,47	68,35	68,35	68,61
Tpe	8.270	9.467	8.937	9.217
Total Tpe	15.299	15.432	14.984	15.605

Tpe - ton petroleum equivalent

Water

For the washing of vehicles and in the sanitary facilities, STCP mainly uses water collected from licensed underground water catchments. Water from the public supply is used only in the canteen and for personal hygiene.

Water	2007	2008	2009	2010	10 / 09
Public supply water consumption (m3)	10.355	14.407	9.454	13.042	38%
Captured water consumption (m3) (*)	n.d.	22.457	29.814	26.532	-11%
Total water consumption (m3)	10.355	36.864	39.268	39.574	0,8%

(*) recorded as of June 2008

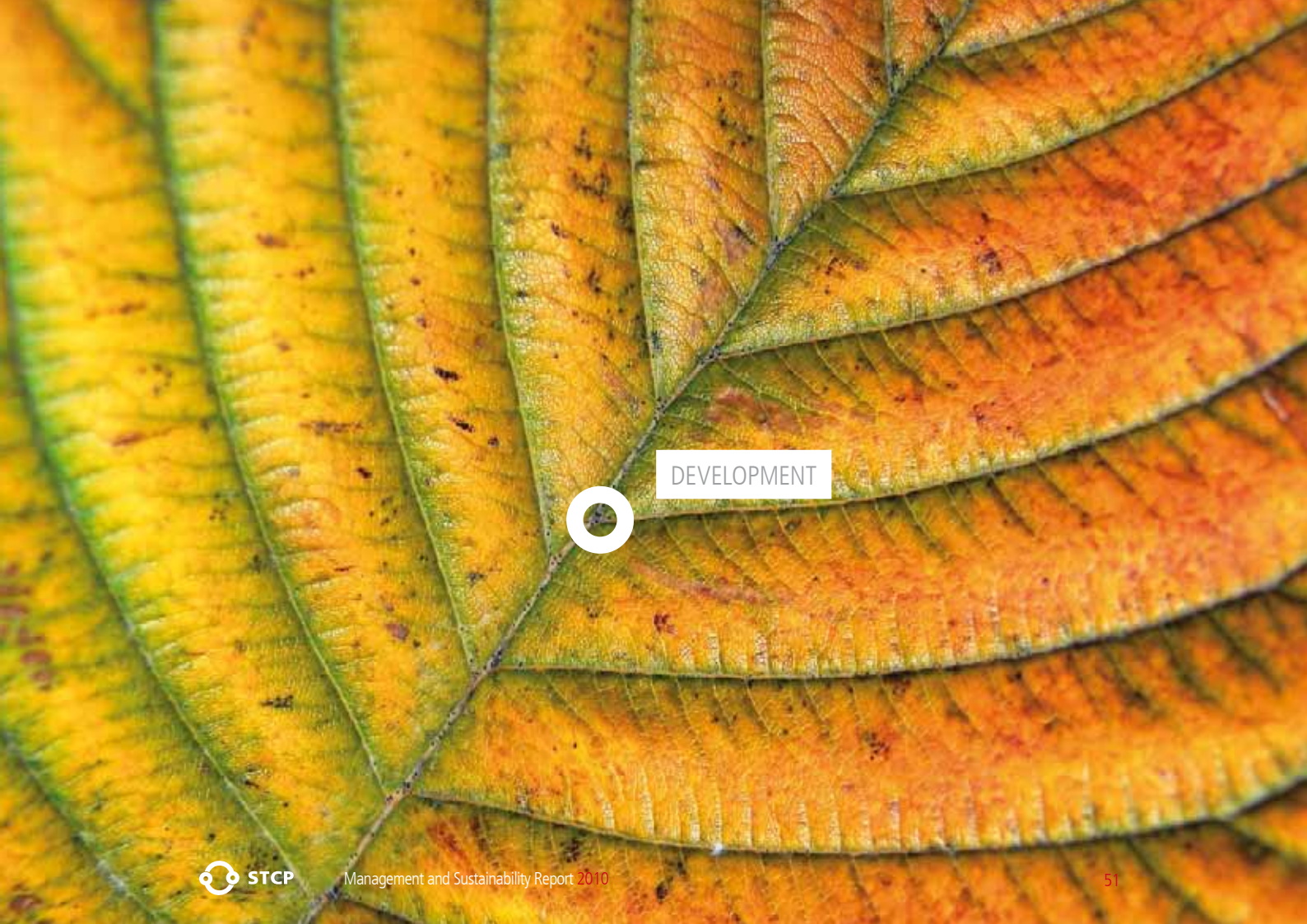
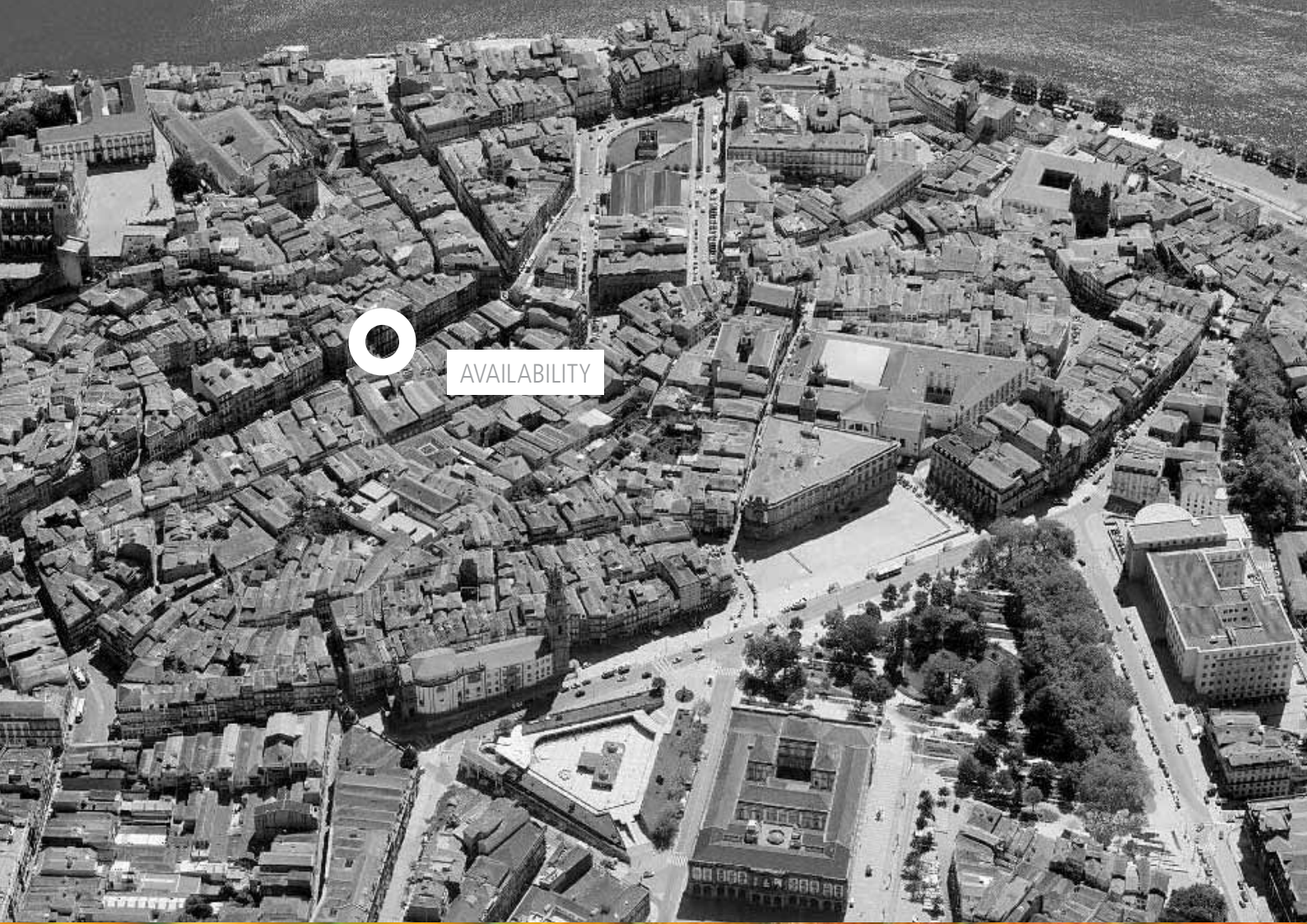
There has been an increase in the consumption of water from the public supply as a result of its increased use by an external company.

The consumption of water collected from underground catchments, has fallen due to the adoption of best practices.

Most significant waste

Hazardous Industrial Waste	2007	2008	2009	2010
Used oils (litres)	14.600	19.400	14.500	18.200
Used batteries (units)	280	291	238	185
Fluorescent lamps (Kg)	333	358	287	253
Non-Hazardous Industrial Waste	2007	2008	2009	2010
Wood (Kg)	16.245	27.730	19.940	9.960
Miscellaneous Waste (Kg)	14.555	14.360	10.520	14.160
Metallic Waste (Kg)	157.910	484.050	103.920	202.740
Other Waste	2007	2008	2009	2010
Paper and Cardboard (Kg)	22.740	25.611	16.046	12.600
Demolition and Construction Waste (Kg)	41.800	284.000	77.024	67.580
Hospital Waste - Gr. III and IV	71,5	n.d.	72,3	71,8

In July 2010, STCP was submitted to an audit by IGAOT (General Inspection of the Environment and Land Planning). The conclusions of the Report of this audit comprise evidence of STCP's legal compliance on matters of environmental legislation.



4 Corporate Governance

In compliance with the stipulations in Resolution of the Council of Ministers number 49/2007, of 28 March, which define the Principles of Good Governance (PGG), and in the provisions of article 13-A of Decree-Law number 300/2007, of 23 August, this chapter presents all the relevant information relative to the corporate governance of STCP during 2010.

For 2009, STCP complied with the provisions in article 13-B of the above Decree-Law, through Notice number 22134/2010 published in Diário da República, 2nd series, of 2 November 2010.

4.1 Mission, Values and Policy

Sociedade de Transportes Colectivos do Porto, S.A. is a public limited liability company of exclusively public capital, as established in Decree-Law 202/94, of 23 July.

According to its articles of association, its main objective is the delivery of public road transport of passengers in the urban area of Greater Porto. Furthermore, the company may operate surface passenger collective transport and other activities that are complementary or subsidiary to its principal object.

STCP is dedicated to developing its activity, as the main public service operator of the Metropolitan Area of Porto, in a socially responsible manner, collaborating actively towards the sustainable development of the region and populations served and ensuring the largest share of the social service provision of its activity in its area of action.

4.1.1 Mission

For the 2009-2011 mandate, it is confirmed that the Mission of STCP is to “provide an urban public transport service for passengers in the Metropolitan Area of Porto, in concerted coordination with the other road, railway and light rail operators, contributing to the effective mobility of people, providing a competitive alternative to private individual transport and generating, through its activity, social and environmental benefits in an economically efficient manner and aimed at the continuous improvement of its performance.”

4.1.2 Overview

The company's Overview is expressed as “being recognised as a reference company amongst those presenting the best practices of the passenger public transport sector, at a national and European level.”

4.1.3 Policy

As defined in the Policy on Quality, Environment and Security and Health, STCP aims to:

- Stand out as the agent discouraging the use of individual transport through the promotion of urban public transport for passengers that is of quality, safe, modern and eco-efficient.
- Meet the physical and social mobility needs of its customers, through suitable offer in terms of the transport network, its accessibility, time-tables and products, within the limits permitted by the concessions, and by the rational use of human and material resources.
- Promote ongoing communication and cooperation with external entities, namely central and local government institutions, corporate associations, local government and the public in general.
- Ensure the professional, health and social development of its workers, namely by creating the appropriate conditions for the exercise of their activities, preventing all and any injury or damage to their health.
- Minimise the environmental impact of its supporting activity, providing the premises and equipment with technologically efficient solutions, which promote the progressive reduction of pollution and the consumption of energy and natural resources.
- Develop all its activities, products and services under an integrated management system, in the areas of quality, environment and safety and health at work, with the involvement of all its employees, suppliers, outsourcing agents, local authorities and customers.
- Seek continuous improvement and observe the requirements established in its Integrated Management System, including not only those applicable legally and statutorily but also those of voluntary adherence, regularly assessing its performance through internal audits and culminating with the annual review of the system.

4.1.4 Objectives and Achievement Levels

The guiding principles and strategic guidelines for the mandate of 2009-2011 are:

Guiding principles of the management of STCP:

1. Implementation of a professionalised management philosophy, based on appropriate competence and the increase of the productive capacity in accordance with the highest quality standards, towards compliance with its mission;
2. Adoption of the best management practices, according to the principles of sound governance of public companies;
3. Development of an organisational culture aimed at excellent performance, through the use of a set of reference corporate practices, which enable the company to achieve success along the path towards corporate sustainability, fundamentally based on a new management philosophy covering economic, environmental, social and ethical aspects.

The main objectives for 2009-2011 are:

- Focus of the service on the customer and improvement of the respective level of quality.
- Contribute to the sustained increase of public transport passengers in the Metropolitan Area of Porto.
- Contribute to enhancing the creation of an efficient and effective Transport System in the Metropolitan Area of Porto, in cooperation with the other agents involved, public and private, namely in the coordination of networks, time-tables, tickets, information provided to the public and sales network.
- Pursuit of innovative actions which contribute to environmental sustainability, namely to reduce the level of pollutant emissions.
- Contain the deterioration of the operating deficit, namely through cost control and the strengthening of economic streamlining, aimed at reducing the financial weight of this company of the State Corporate Sector, through the company's improved performance.
- Preserve the social component of public transport.
- Promote a climate of social peace in the company, stimulating increased productivity through the sharing of objectives and responsibilities with the employees.
- Formalise the proposal for the contracting of the public service to be provided by STCP.
- Participate actively in the definition of the financing model of the system and appropriate market regulation.
- Formalise the proposal for the company's economic equilibrium.

The above led to the establishment of the following management objectives and respective quantified targets, with the Management Contracts for the three-year period of 2009-2011 having been signed in June between each member of the Board of Directors and the shareholder State, represented by the Secretaries of State for the Treasury, Finance and Transport.

The objectives established for 2010 showed an execution rate of 108%.

Indicators	Unit	Weight	Objectivo 2010	2010	degree of compliance
1 Turnover	10 ^{^3} €	8%	Min. 50.000	52.745	105%
2 EBITDA Margin	%	12%	Max. -38%	-32%	117%
3 Operating Costs	10 ^{^3} €	10%	Max. 84.800	81.963	103%
4 Return on Capital Employed	%	7%	Max. -37%	-22%	139%
5 Occupancy Rate	%	10%	Min. 15%	15%	98%
6 Weight of Inter-modal Tickets	%	10%	Min. 30%	38%	126%
7 Pollutant Emissions	(g CO ₂ /P. Km)	10%	Max. 86	93	92%
8 Supply Quality Index	%	15%	Min. 105%	109%	104%
8.1. Service Quality	%	60%	Min. 105%	114%	109%
8.2 Fleet Quality	%	40%	Min. 104%	102%	98%
9 Efficiency Indicator	%	12%	Min. 68%	66%	96%
10 Comp. Rate of Investments Plan	%	3%	Min. 95%	98%	103%
11 Average Payment Period	days	3%	Máx. 65	54	116%
% Total Compliance		100%			108%

Of the eleven indicators in the management contract, four did not achieve their defined objectives. The results are due to:

Occupancy rate (Passengers x Km / Places x Km), 98.1% for 2010.

Decreased Passengers x Km due to the reduction of the average journey by passenger, as a consequence of the greater use of the integrated transport system, as well as the increased average capacity of the fleet derived from the acquisition of articulated vehicles with higher capacity.

Pollutant Emissions (CO₂ Emissions / Passengers x Km), 91.8% for 2010.

Increased number of kilometres travelled, due to the introduction of a new public service line, and reduction of the Passengers x Km, noted above.

Fleet Quality Index 98,2% for 2010.

This index aggregates the number of breakdowns per place x km and the percentage of the fleet with air conditioning, lowered floor and ramp.

Slight increase in the number of breakdowns per place x km and delay in the operationalisation of the new articulated and double-decker vehicles, due to reasons of delivery by the supplier and delay in the homologation of the vehicles, respectively.

Efficiency Indicator (direct staff costs / total staff cost), 96.4% for 2010.

This index was lower than that defined due to the suspension of the plan to dismiss staff not allocated directly to the production of the service.

4.2 Internal and External Regulations

Since STCP is a **public limited liability company**, it is ruled by the provisions in its articles of association, approved by Decree-Law 202/94, of 23 July, amended by Declaration 101/94. Decree-Law 379/98, of 27 November, completes and clarifies the articles of association with respect to the lines operated by STCP, in trolley-car mode and tram, on the date of its transformation into a public limited liability company, as well as by the rules of the Commercial Companies Code.

Since **the company's only shareholder is the State**, it is also subject, where applicable, to the system established for companies of the State Corporate Sector, defined in Decree-Law 558/99, of 17 December, with the amendments made by Decree-Law 300/2007, of 23 August.

STCP complies with the provisions established in Order 14.277/2008 of 23 May, relative to special information duties, reporting regularly to the Directorate General for Treasury and Finance and General Inspection of Finance, through the System for the Collection of Economic and Financial System (SIRIEF), on the annual and multi-annual activities plans, the annual budgets, including estimated financial operations with the State, the annual and multi-annual investment plans and respective financing sources, the quarterly reports on budget execution accompanied by the reports of the supervisory body, and the copies of the minutes of the General Meetings (GM).

Particular note should be made, in terms of the legislative framework for companies of the State Corporate Sector, of the following legal instruments: Council of Ministers Regulation 49/2007, of 28 March, Principles of Good Governance and Decree-Law 71/2007, of 27 March, Status of the Public Manager.

As a **company of the passenger public road transport sector**, STCP is subject, essentially, to the observance of the provisions in the following diplomas:

Decree 37 272, of 31 December 1948, Regulation of Vehicle Transport and subsequent amendments;

Decree-Law 3/2001 of 10 January, Legal system of access to the passenger road transport activity through means of vehicles with over nine places;

Decree-Law 114/94, of 3 May, Traffic Regulations and subsequent amendments;

Law 28/2006, of 4 July, Penalty system applicable to infringements occurred in public passenger transport.

The following is also covered by various diplomas on **specific systems**:

Decree-Law 18/2008, of 29 January, Public Procurement Code, for the acquisition of products, services and contract works, with the amendments made in the meantime;

On labour matters, the Company is ruled, basically, by the Company Agreements granted with the different unions, by the Orders issued by the Board of Directors and by the Notices issued by the people responsible for different areas of the Company. Subsidiarily, the rules in the Labour Code, Law 7/2009, of 12 February and respective regulations are also applicable in these matters.

For everything else, the Company undertakes to comply with the legislation and regulation in force.

The Company observes its Manual on Quality, Environment and Security and Health, with the respective matrix of processes and corresponding procedures and internal procedures. It is also ruled by the Code of Ethics and Conduct and by the Plan for the Prevention of Risks of Corruption and Related Offences.

4.3 Information on relevant transactions with related entities

Acquisition of Products and Services to Related Entities		
(Values in euros including VAT)		
Entity	Description	Value (*)
TIP - Transportes Intermodais do Porto, ACE		2.171.537,39
	PAYSHOP single mode fare price sales commission	658.331,69
	Single mode fare price validation fee	505.772,44
	STCP inter-modal fare price sales commission	484.318,39
	Euro / Andante Tour / Andante Gold ticket acquisition	434.394,99
	Debit of staff costs related to the sales points and blue line	88.719,88
OPT - Optimização e Planeamento de Transportes, S.A.		168.541,16
	Software maintenance	100.884,36
	Software production and alteration	67.656,80

Sale of products and services to related entities

(Values in euros including VAT)

Entity	Description	Value (€)
Metro do Porto, S.A.		341.190,76
	Rental of fractions at Torre das Antas	196.519,67
	Management of the alternative transport Line Maia/Trofa	72.407,89
	Debit of remuneration of governing bodies	53.223,62
	Provision of administrative services	19.039,58
TIP - Transportes Intermodais do Porto, ACE		41.979.703,45
	Revenue from STCP mono-modal fare prices	25.257.525,78
	STCP inter-modal revenue	16.343.269,87
	Provision of services to confirm inter-modal revenue	91.308,00
	Rental of fractions at Torre das Antas	84.277,20
	Contribution to the operating costs of the Logistics Centre and Contact Centre	19.602,00
	Debit of remuneration of governing bodies	41.997,09
	Share of the revenue and sales commission of Euro tickets	18.825,70
	Assignment of personnel	28.547,94
	Inter-modal fare price sales commission at STCP points	94.349,87
Transpublicidade - Publicidade em Transportes, S.A.		339.075,58
	Provision of advertising services in buses and trams	339.075,58
STCP Serviços - Transportes Urbanos, Consultoria e Partic. Unipessoais, Lda		246.427,85
	Maintenance, diesel and cleaning of buses on the PORTO VINTAGE circuit	182.758,58
	Rental of fractions at Torre das Antas and Massarelos	18.017,46
	Provision of legal, administrative and computer services	10.845,00
	Share of Porto Tram City Tour, Vip Passport and Vintage City Tour tickets	27.576,81
	Hire of Light Vehicle	7.230,00

4.4 Information on other transactions

4.4.1 Procedures adopted on matters of acquisition of products and services

Products and services are acquired through the consultation of at least three suppliers, and exceptionally in the case of specific technical issues, whenever duly founded, there may be direct procurement.

In accordance with the procedures in force in the company, whenever determined so by the law, public tenders are launched which the Board of Directors decides upon, approves the terms of reference and appoints a selection panel.

The acquisition of investment goods, after market consultation, necessarily require authorisation by a member of the Board of Directors, provided that the investments are included in the annual budget, or deliberated by the Board of Directors when this is not the case.

The procedures in force at the company relative to the acquisition of products and services are regulated in its matrix of processes integrated in the Manual on Quality, Environment and Security and Health.

4.4.2 Transactions outside market conditions

There are no situations in this context.

4.4.3 List of suppliers representing over 5% of the external supplies and services

5% ESS 2010 = 32,611,139.44 * 5%

1.630.556,97€

Name	City	Address	Value (*)
MAN VEICULOS INDUSTRIAIS (PT) SOC.UNIP., LDA	ALGÉS	ALAMEDA FERNÃO LOPES, 16 9º PISO	14.687.570,97
PETRÓLEOS DE PORTUGAL - PETROGAL, S.A.	LISBOA	RUA TOMÁS DA FONSECA, TORRE C	6.765.688,00
GALP GÁS NATURAL, S.A.	LISBOA	RUA TOMÁS DA FONSECA, TORRE C	4.948.046,00
BANCO BPI, S.A.	PORTO	RUA TENENTE VALADIM	1.818.553,85
VALPI BUS - ALBERTO PINTO E FILHOS, TRANSP. RODOVIÁRIOS S.A.	PAREDES	AV. JOAQUIM RIBEIRO DA MOTA, 256	3.126.998,00
EMPRESA DE TRANSPORTES GONDOMARENSE, LDA	FÂNZERES	RUA MONTEZELO, 815	3.151.870,00
TIP - TRANSPORTES INTERMODAIS DO PORTO, ACE	PORTO	AVª FERNÃO MAGALHÃES, 1862 9º PISO	2.176.451,00
Total			36.675.177,82

(*) Values in euros including VAT

4.4.4 Public Contracting

In 2010 four public tenders were launched and awarded, using the Vortal platform:

- Tender for the Design of the Project for the Requalification of the Building of the Tram Museum, on 5 January 2010
- International Public Tender for the Provision of Cleaning Services for Premises and Vehicles, on 20 May 2010
- International Public Tender for the Provision of Surveillance and Transport Ticket Inspection Services, on 10 August 2010
- International Public Tender for the Concession of Advertising on the Exterior of Buses, on 27 September 2010

4.5 Governance Model and Identification of the Governing Bodies

The Portuguese State is the single shareholder of STCP.

The power to supervise the Company belongs to the Ministry of Finance and Public Administration (financial supervision) and to the Ministry of Public Works, Transport and Communication (transport supervision).

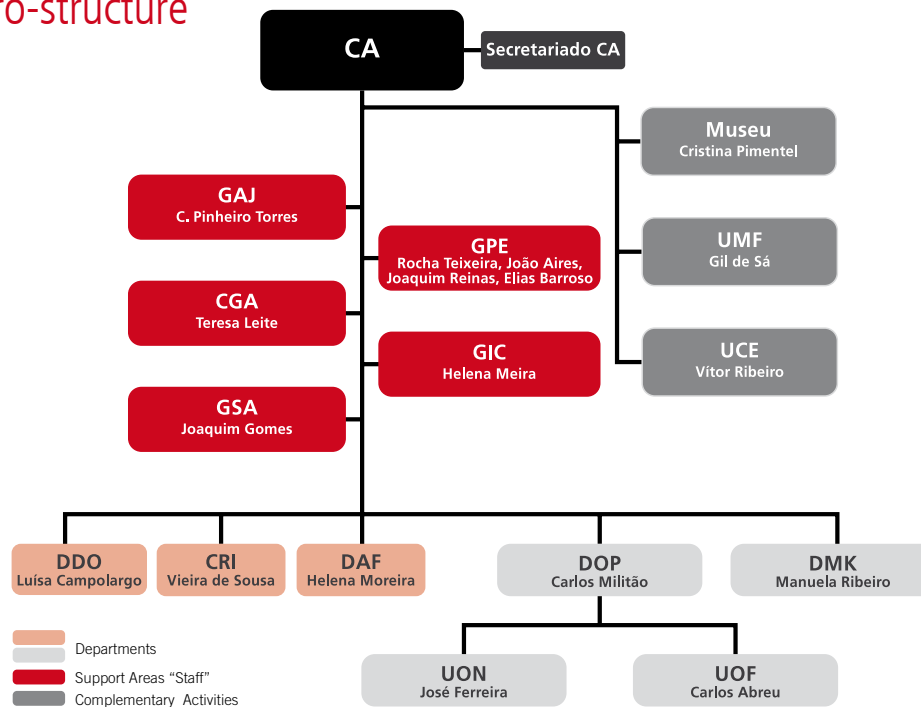
Governing Bodies

Board of the General Meeting of Shareholders			
Chairman	Rui de Carvalho Araújo Moreira	06-04-2009	3 years
Deputy Chairwoman	Maria Teresa Vasconcelos Abreu Flor Morais	06-04-2009	3 years
Secretário	Carlos Maria Rocha Pinheiro Torres	06-04-2009	3 years
Board of Directors			
Chairwoman	Fernanda Pereira Noronha Meneses Mendes Gomes	06-04-2009	3 years
Member	Jorge Rui Guimarães Freire de Sousa	06-04-2009	3 years
Member	Rui André Albuquerque Neiva da Costa Saraiva	06-04-2009	3 years
Member	António Paulo da Costa Moreira de Sá	06-04-2009	3 years
Member	Sandra Raquel de Vasconcelos Lameiras	06-04-2009	3 years
Supervisory Board			
Chairman	Pedro Romano Martinez	06-04-2009	3 anos
Permanent Member	Ana Alexandra Filipe Freitas	06-04-2009	3 anos
Permanent Member	Maria Manuela Marques Lima	06-04-2009	3 anos
Alternate Member	Dino Jorge Ramos Santos	06-04-2009	3 anos
Statutory Auditor			
António Magalhães & Carlos Santos, Sociedade de Revisores Oficiais de Contas Representada por Carlos Alberto Freitas dos Santos, ROC nº 177		09-09-2009	3 anos

All the members of the company's Board of Directors have executive positions and none earn any supplementary remuneration for positions held in the participated companies.

The Remuneration Committee is composed of Sara Alexandra Duarte Ambrósio from DGTF, who chairs, and by the members, Rita Maria Pereira da Silva, of the General Tax Inspection (IGF), and Cristina Freire, of DGTF.

Macro-structure



4.5.1 Positions and Responsibilities

General Meeting

The duties of the company's General Meeting are defined in Article 8 of the Articles of Association of Sociedade de Transportes Colectivos do Porto, SA:

- 1 - The General Meeting deliberates on all matters for which law or present Articles of Association attribute it competence.
- 2 - It is the responsibility of the General Meeting, in particular, to:
 - a) Deliberate on the management report and accounts for the year, as well as on the proposed appropriation of profit or loss and proceed with the general assessment of the company's management and supervision.
 - b) Elect and exonerate the members of the General Meeting, Board of Directors and Supervisory Board;
 - c) Deliberate on any amendments to the articles of association and share capital increases;
 - d) Deliberate on the remunerations of the governing bodies, and may, for the effect, appoint a remuneration setting committee;
 - e) Deliberate on any projects to expand the lines operated by the company;
 - f) Authorise the acquisition and disposal of immovable assets, as well as the undertaking of investments, when, in each case, the value exceeds that corresponding to 10% of the share capital of the company;
 - g) Authorise the acquisition and disposal of shareholdings, in this last case only when the value exceeds that corresponding to 10% of the share capital of STCP, S.A.;
 - h) Deliberate on the emission of bonds.

Board of Directors

The Board of Directors is responsible for the management of the company under the terms of Article 11 of the articles of association of the company.

1 - The Board of Directors is responsible for:

- a) The management of corporate business and practice of all acts relative to the corporate object that do not fall under the competence attributed to other governing bodies of the company;*
- b) The preparation of the annual report;*
- c) The acquisition, disposal or encumbrance of movable and immovable assets and shareholdings, without prejudice to the provisions in sub-paragraphs f) and g) of number 2 of article 8,*
- d) The representation of the company in and out of court, as plaintiff or defendant, holding powers to waive, come to terms and confess in any pleas, as well as sign arbitration agreements;*
- e) The establishment of the technical and administrative organisation of the company and its internal operating rules;*
- f) The appointment of attorneys empowered as deemed suitable;*
- g) The exercise of all other duties attributed by the law or by the General Meeting.*

2 - The Board of Directors may, within its legal limits, delegate some of its duties to one or more of its members.

Regarding the specific duties of each member:

Chairwoman– Fernanda Pereira Noronha Meneses Mendes Gomes

Performs executive functions, being responsible for directing the activity of the Board of Directors and for disciplinary powers. The chairperson is also responsible for the direct coordination of the Communication and Institutional Relationship Office and the Legal Advisory Office.

The chairwoman holds the following positions in the participated companies:

TIP - Transportes Intermodais do Porto, ACE: Chairperson of the Board of Directors
Metro do Porto, SA: Non-executive Member of the Board of Directors
AUTOLOC –Aluguer de Autocarros, ACE: Member of the Board of Directors

Member – Jorge Rui Guimarães Freire de Sousa

Performs executive functions, replacing the Chairperson of the Board of Directors when necessary and responsible for the direct coordination of the Operations Department and the Organisational Development Department.

The chairman holds the following positions in the participated companies:

STCP Serviços – Transportes Urbanos, Consultoria e Participações, Unipessoal, Lda: Manager
TIP - Transportes Intermodais do Porto, ACE: Deputy Chairperson of the Board of the General Meeting of TIP.

Member – Rui André Albuquerque Neiva da Costa Saraiva

Performs executive functions, being responsible for the direct coordination of the Administrative and Financial Department, the Project and Strategy Office and STCP Services.

This member holds the following positions in the participated companies:

TRANSPUBLICIDADE – Publicidade em Transportes, SA: Member of the Board of Directors

AUTOLOC –Aluguer de Autocarros, ACE: Member of the Board of Directors

Member – António Paulo da Costa Moreira de Sá

Performs executive functions, being responsible for the direct coordination of the Marketing Department, Fleet Maintenance Unit and Management and Audit Control Office.

This member holds the following positions in the participated companies:

TRANSPUBLICIDADE – Publicidade em Transportes, SA: Chairwoman of the Board of the General Meeting

AUTOLOC –Aluguer de Autocarros, ACE: Member of the Board of Directors

Vogal – Sandra Raquel de Vasconcelos Lameiras

Performs executive functions, being responsible for the direct coordination of the Safety and Environment Department, Information Technology and Communications Office, Tram Unit and Museum.

This member holds the following position in the participated company:

OPT – Optimização e Planeamento de Transportes, SA: Member of the Board of Directors

Supervisory Board

Under the terms of Article 14 of the Articles of Association:

1 – The supervision of the company is the responsibility of a Supervisory Board, composed of a chairperson, two permanent members and one alternate, and a statutory auditor or chartered accountants company, who/which are is not a member of the supervisory board.

2 – The Supervisory Board and the Statutory Auditor or Chartered Accountants Company are empowered and entrusted with the duties attributed by the Commercial Companies Code.







4.5.2 Curricula Vitae of the Members of the Board of Directors

Chairwoman | Fernanda Pereira Noronha Meneses Mendes Gomes

Date of Birth:

28 January 1941

Academic Qualifications:

Licentiate degree in Law from the Law School of Coimbra University in July 1963.

Post-graduation in Political-Economic Science from the same Law School in 1964.

Certificate of professional capacity for national passenger road transport in 2002

Professional Activity:

Since April 2006 - STCP, SA - Chairwoman of the Board of Directors

Metro do Porto, SA – Secretary-General since April 2004 – with the position currently suspended

Metro do Porto, SA - Consultant - April 2003 to March 2004

STCP, SA - Member of the Board of Directors - October 1994 to March 2003

COELIMA, SA - Non-executive Member of the Board of Directors from 1993 to 1994

NORCRÉDITO, SA – Chairperson of the Board of Directors - September 1991 to January 1993

PARVIR, SA – Chairperson of the Board of Directors - December 1990 to August 1991

SOCIFA Investimento, SA – Member – February 1990 to July 1991

Crédito Predial Português – Director - March 1976 to December 1989

Banco da Agricultura - Management Committee - March to December 1975

Banco Borges & Irmão - Technician - August 1967 to March 1976

Research Office of the Tourism Commissariat – Technician - March 1966 to July 1967

Member | Jorge Rui Guimarães Freire de Sousa

Date of Birth:

7 January 1956

Academic Qualifications:

Licentiate degree in Electrotechnical Engineering from Porto University (1978).

Masters in Operating Research and Systems Engineering from Instituto Superior Técnico (1989).

Doctorate in Engineering Science from the School of Engineering of Porto University (1996).

Professional Activity:

Since April 2006, Member of the Board of Directors of Sociedade de Transportes Colectivos do Porto, S.A.

Assistant Professor at FEUP, since 1996, with a definitive appointment since 2001. Has lectured courses in the areas of Operational Research, Statistics, Industrial and Transport Management and developing research, especially in the area of Support to Decision-making Applied to Planning and Transport System Management. Author or co-author of over fifty papers and articles in Conference Minutes, books and scientific journals. Co-author of the Proposal for the

creation of the Doctoral Area in Transport at FEUP, approved by the Plenary of the Scientific Council in May 2005. Researcher at INEGI since 1987, where he has participated in R&D projects, both as a collaborator and coordinator, namely in the area of Transport, and carrying out various Overall Diagnostics Studies and Strategic Analysis of companies. Professor in the subject of Business Models and Contracts of the Post-Graduation Course on Complex Transport Infrastructure Systems of MIT Portugal Programmes, editions of 2008 and 2009. Responsible for the organisation and lecturing of Specialisation and Short Duration Courses, in the areas of Project Planning and Control and Support to Decision-making in various companies and professional associations. In the context of the Service of Continuous Education and Development of FEUP, he was coordinator and trainer of Courses on the Management of Passenger Road Transport Operations. He has participated in various Organising Committees and Congress Programme Committees, both national and international in the areas of Operational Research and Transport. Member of the Board of the Portuguese Association of Operational Research and of the Mechanical Engineering Institute (FEUP Centre) 2005-2006. One of the founding members of the Working Group on Decision Support Systems of EURO (European Association of Operational Research Societies) in 1999, and a member of the EURO Working Group on Transportation since 1989, and member of the EURO Working Group on Multiple Criteria Decision Aiding since 2002. Director of Sociedade de Transportes Colectivos do Porto, SA., 1998-2002. Coordinator of the Management and Industrial Engineering Section and of the Mechanical Engineering and Industrial Management Department of the Engineering School of Porto University, 1997- 1998 and 2003-2005. Also in the area of university management activities, Member elected by FEUP Scientific Council, Member of the Department Council – DEMEGI and Member of the Scientific Committee of the Master's in Transport. Lecturer at FEUP, 1987-1996. Scholarship received from INIC, 1986-87. Collaborator of two research offices, where he participated in electrical installation projects in the civil engineering and water supply sectors (1980-85). Started his professional activity in industry, in the area of Electrical Machine Maintenance (1978-79).

Member | Rui André Albuquerque Neiva da Costa Saraiva

Date of Birth:

4 July 1974

Academic Qualifications:

Conclusion in 1999 of the Business Administration and Management Course, at the School of Economics and Business Science at Universidade Católica Portuguesa, in the Regional Centre of Porto.

Professional Activity:

Member of the Board of Directors of STCP since April 2006, having directly coordinated the areas of Marketing, Internal Audits, Environment and Safety, and currently coordinating the Administrative and Financial areas, the Project and Strategy area and new businesses such as Advertising and Tourism;

Member of the Board of Directors of Transpublicidade, SA since April 2006, a company which manages the business

of advertising in transport, through the shareholding owned by STCP, SA.

Attended, between October 2006 and May 2007, the Seminar 'Economics and Finance of Decentralisation' which was held at Porto Commercial Association and is organised by the Economics School of Universidade Católica Portuguesa; Published and presented a dissertation in 2005, at the 1st National Congress of Economists, organised by the Economists' Association in October 2005, which was held at Edifício da Alfândega, in the city of Porto. The Dissertation addressed the issue of Management in Portugal, under the title 'Management and Portugal – Proposals for a Common Law Marriage'.

From 2002 to 2006 – Held various positions at Unicer – Bebidas de Portugal, S.A., from Customer Manager, to Co-ordinator of the Development Area, and, finally, was responsible for the National Coordination of the Programme of Excellence;

From 2001 to 2002 - Held positions as Sales Director at the company 'Imediata Webssentials – Soluções Integradas de Comunicação, S.A., a company of the Grupo Imediata, SGPS, SA, a business unit of Grupo Amorim, included in Amorim Desenvolvimento, SGPS, SA;

From 1999 to 2001 – Held various positions in the company 'Amadeu Monjardino, Herdeiros, Lda' – a company of Grupo Monjardino, from Sales Delegate to Assistant of the Marketing Department, and finally, Head of the Retail Department – Supply Stations. Also responsible for the design, preparation and presentation of the Internet project for the different companies of the Group. Participated in the group responsible for the design and implementation of the 'Azoria' Fleet card.

Received a Certificate of Merit awarded by Universidade Católica Portuguesa in 1998, for his participation in extra-curricular activities of academic nature.

Performed duties in 1998 at 'Finibanco, S.A.', under the PEJENE programme (Internship Programme for Young University Students at Companies, promoted by the Youth Foundation, having been involved in the retail bank area aimed at SMEs, and also performed duties at the foreign trading room, intervening in foreign exchange trading, which are important operations for the development of import and export operations of goods.

Permanent member since 2000 of the Economists' Association, integrated in the Management College.

Permanent member since 2000 of the Chartered Accountants' Association (former Chamber of Chartered Accountants).

Member | António Paulo da Costa Moreira de Sá

Date of Birth:

19 July 1974

Academic Qualifications:

Economics School of Porto University - Licentiate degree in Economics

Professional Activity:

Since April 2006 – Member of the Board of Directors of STCP, SA

From May 2001 to April 2006 – Metro do Porto, SA – Adviser to the Management, Strategic Planning and Management Planning and Control

From March 2000 to April 2001 - STCP, SA – Management Planning and Control.

From June 1998 to March 2000 – EFACEC Capital, SGPS, SA – Adviser to the Management; Strategic Planning; Coordination of the Annual Report; Involvement in the Company's restructuring project.

From April 1997 to May 1998 – EFACEC Motores Eléctricos, SA - Credit analysis; Treasury and financing operations.

Member | Sandra Raquel de Vasconcelos Lameiras

Date of Birth:

29 July 1974

Academic Qualifications:

Licentiate degree in Civil Engineering from the School of Engineering of Porto University (1998).

Master's in Environmental Technology from Minho University (2002).

Professional Activity:

Member of the Board of Directors of Sociedade de Transportes Colectivos do Porto, SA. since April 2009.

Head of the Local Government Office of Porto (2008/2009).

Managing partner of the company Diverespaço, actividades lúdicas e pedagógicas, unipessoal Lda. (1997/2009)

Councillor of the City Hall of Maia (2005/2008)

Consultant/Trainer in Environmental Management and Quality Management in various companies of the Transport, Textile, and Metal Metalwork and Mechanical Engineering sectors of the Northern Region (2003/2006)

Trainer of the Environmental Management Course, level V, at AIMinho (2005), at the Association of the Higher Education School of Biotechnology of Universidade Católica Portuguesa (AESBUC) (2003) and at the Postgraduate course in Environmental Management in the Welding and Quality Institute (2003/2004)

Adviser in the area of water resources, treatment of liquid and gas effluents to the Office of the Mayor of the City Hall of Matosinhos (2000/2002)

Designer at the company Goulds Pumps-Industrial Products, of the multinational group ITT (1998/2000)

4.6 Remuneration of the members of the governing bodies

4.6.1 Remunerative Status

Established by Minutes number 1 of 29 June 2009 of the Remuneration Committee of STCP.

In view of the provisions determined in Law 12-A/2010, of 30 June, all the members of the Board of Directors were applied a 5% cut in their remuneration as of the month of June inclusively and, at the beginning of January 2011, a new 10% reduction based on Law 55-A/2010, of 31 December.

Also in January 2011, based on the provisions in Article 19 of the same Law, the company applied a reduction in the remuneration of all employees who receive monthly gross remunerations above € 1,500 euros.

Board of the General Meeting

Chairwoman – Attendance voucher of the value of € 615.98 euros (six hundred and fifteen euros and ninety-eight euro cents).

Deputy Chairman – Attendance voucher of the value of € 466.56 euros (four hundred and sixty-six euros and fifty-six euro cents).

Secretary – Attendance voucher of the value of € 344.14 euros (three hundred and forty-four euros and fourteen euro cents).

Board of Directors

Chairperson:

Fixed Remuneration: gross monthly remuneration of € 6,923.26, paid 14 times a year;

Annual Variable Remuneration: attribution of an annual variable component, established at a maximum of 35% of the respective fixed component of the remuneration, depending on compliance with the annual objectives defined in the Management Contract.

Members:

Fixed Remuneration: gross monthly remuneration of € 6,028.52, paid 14 times a year;

Annual Variable Remuneration: attribution of an annual variable component, established at a maximum of 35% of the respective fixed component of the remuneration, depending on compliance with the annual objectives defined in the Management Contract.

The members of the Board of Directors also benefit from the following items or remunerative benefits:

- a) Social benefits applied to all employees of the Company;

b) Vehicle: attribution, for personal use, of a company vehicle up to the lease limit of 1,000 monthly euros for the Chairperson and 900 euros for the other members. The maximum limit for monthly average monthly fuel costs was established by the Board of Directors at 250 euros, taking into account the needs and practice in force at the Company;

c) Mobile Telephone: use of a mobile telephone service, whose maximum limit for monthly average costs was established by the Board of Directors at 150 euros, taking into account the needs and practice in force at the Company.

Any use of the Company's credit card is destined, exclusively, to pay for expenses, duly confirmed, inherent to the performance of the respective duties at the service of the Company.

Supervisory Board

Chairperson:

Gross monthly remuneration corresponding to 20% of the gross monthly remuneration attributed to the Chairperson of the Board of Directors, paid 14 times a year.

Members:

Gross monthly remuneration corresponding to 15% of the gross monthly remuneration attributed to the Chairperson of the Board of Directors, paid 14 times a year.

For the members of the Supervisory Board, the established gross remuneration has been applied since 21 April 2008, with the remuneration of € 5,675.94 euros having been considered the base of incidence until 6 April 2009.

Statutory Auditor

Through unanimous deliberation in writing taken by the shareholder State on 9 September 2009, under proposal of the Supervisory Board, Sociedade António Magalhães e Carlos Santos, S.R.O.C., represented by Dr. Carlos Alberto Freitas dos Santos, was elected as the Statutory Auditor of STCP, S.A. for the three-year period 2009/2011.

The remuneration of the Statutory Auditor was established at fifteen thousand and six hundred euros of fees, payable in monthly twelfths of one thousand and three hundred euros, with the respective contract having been formalised.

4.6.2 Remuneration and Other Benefits

Board of Directors

Values in €	Chairperson	Deputy Chairperson	Secretary
	Rui Carvalho Araújo Moreira	Maria Teresa Vasconcelos Abreu Flor de Morais	Carlos Maria Pinheiro Torres
2010	616	467	334

Board of Directors

Values in €	Chairperson of the Board of Directors	Executive Member	Executive Member	Executive Member	Executive Member	Total
	Fernanda Pereira Noronha Meneses Mendes Gomes	Jorge Rui Guimarães Freire de Sousa	Rui André Albuquerque Neiva da Costa Saraiva	António Paulo da Costa Moreira de Sá	Sandra Raquel de Vasconcelos Lameiras	
1. Remuneration						
1.1. Fixed/base remuneration a)	96.926	84.399	84.399	84.399	84.399	434.523
1.2 Reduction arising from Law 12-A (30/06/2010)	2.769	2.731	2.731	2.731	2.731	13.695
1.3. Effective fixed/base remuneration (1.1-1.2)	94.156	81.668	81.668	81.668	81.668	420.828
1.4 Attendance voucher						
1.6 Accumulated management positions						
1.7 Variable remuneration						
1.8 IHT (exemption of work hours allowance)						
2. Other benefits and compensations						
2.1 Costs related to use of telephones	235	683	1.535	1.643	1.031	5.127
2.2 Acquisition value/lease of company vehicles	10.052 (2)	8.582 (2)	40.000 (3)	40.000 (3)	8.240 (2)	
2.3 Value of fuel use by the company vehicle	1.725	2.670	2.870	1.415	1.811	10.491
2.4 Travel allowance						
2.5 Meals allowance						
2.6 Other (identify in detail)						
3. Costs related to social benefits						
3.1 Agreed system	14.966	7.413	14.966	14.966	14.966	67.278
3.2 Health insurance						
3.3 Life insurance						
3.4 Other (personal accident insurance)	204	176	176	176	176	907
4. Automobile fleet						
4.1 Brand	MERCEDES	LEXUS	SAAB	SAAB	MERCEDES	
4.2 Model	E-CLASS CDI	IS 220D 2.4 FDR	SS 07 VECTOR TID	SS 07 VECTOR TID	C-CLASS 220 CDI	
4.3 Number plate	54-IE-71	17-IN-77	18-DI-59	18-DI-58	33-IR-57	
4.4 Value of the vehicle	57.982,39 (1)	42.351,42 (1)			45.353,61 (1)	
4.5 Number of instalments b)	48 meses	48 meses			48 meses	
4.6 Acquisition value/lease of company vehicles	10.052 (2)	8.582 (2)	40.000 (3)	40.000 (3)	8.240 (2)	
4.7 Vehicle acquisition year (4)	2009	2009	2007	2007	2010	
4.8 Value of fuel use by the company vehicle	1.725	2.670	2.870	1.415	1.811	10.491
5. Additional Information						
5.1 Choice of Original Salary (y/n)	Não	Não	Não	Não	Não	
5.2 Agreed system						
5.2.1 Social Security (y/n)	Sim	Não	Sim	Sim	Sim	
5.2.1 Other (y/n)	Não	Sim (CGA)	Não	Não	Não	
5.3 Vehicle acquisition year (4)	2009	2009	2007	2007	2010	
5.4 Remunerated positions outside the group	Não	Não	Não	Não	Não	
5.5 Other (identify in detail)						

(1) Value presented in the order note: Price with discount + options. VAT not included.

(2) Value of the leases paid in 2010 relative to the long duration leasing contract. VAT not included.

(3) Acquisition value - cash payment. Includes VAT.

(4) There is no option allowing for the acquisition of the company vehicle.

a) Corresponds to the gross annual remuneration received, arising from the fixed remunerative status or place of origin in the event of the authorisation of this option.

b) If the vehicle has been acquired through long duration or other leasing, renting contracts, etc., the number of contracted instalments should be recorded.

Supervisory Board

Values in €		2010
Chairperson	Pedro Romano Martinez	19.385
Permanent Member	Ana Alexandra Filipe Freitas	14.539
Permanent Member	Maria Manuela Marques Lima	14.539
Alternate Member	Dino Jorge Ramos Santos	0

Statutory Auditor

Values in €		2010
ROC António Magalhães e Carlos Santos, SROC, representada por Carlos Santos, ROC nº 177		15.600

The Statutory Auditor also receives the annual value of € 4,654 for the review of the consolidated accounts.

4.6.2.1 Fidelity Insurance

Full Name	Position	Insurance Company	Policy Number	Beneficiary	Coverage	Insured Capital
Fernanda Pereira Noronha Meneses Mendes Gomes	Chairperson of the Board of Directors of STCP	AXA Portugal	008410087531	STCP - Sociedade de Transportes Colectivos do Porto, SA	Guarantee of the Activity of Director of STCP - Sociedade de Transportes Colectivos do Porto	250.000 €
Jorge Rui Guimarães Freire de Sousa	Member of the Board of Directors of STCP	AXA Portugal	008410087532	STCP - Sociedade de Transportes Colectivos do Porto, SA	Guarantee of the Activity of Director of STCP - Sociedade de Transportes Colectivos do Porto	250.000 €
Rui André Albuquerque Neiva da Costa Saraiva	Member of the Board of Directors of STCP	AXA Portugal	008410087533	STCP - Sociedade de Transportes Colectivos do Porto, SA	Guarantee of the Activity of Director of STCP - Sociedade de Transportes Colectivos do Porto	250.000 €
António Paulo da Costa Moreira de Sá	Member of the Board of Directors of STCP	AXA Portugal	008410087527	STCP - Sociedade de Transportes Colectivos do Porto, SA	Guarantee of the Activity of Director of STCP - Sociedade de Transportes Colectivos do Porto	250.000 €
Sandra Raquel de Vasconcelos Lameiras	Member of the Board of Directors of STCP	AXA Portugal	008410087530	STCP - Sociedade de Transportes Colectivos do Porto, SA	Guarantee of the Activity of Director of STCP - Sociedade de Transportes Colectivos do Porto	250.000 €

In compliance with article 396 of the Commercial Companies Code and Order of SETF 960/09 of 24 September 2009.

In compliance with the Joint Order of SET and SETF, relative to the General Meeting of STCP of 2010, established in point 2, sub-paragraph b).

Policies taken out and paid individually by each of the abovementioned Directors.

1.250.000 €

4.7 Sustainability analysis in the economic, social and environmental areas

Most of the information referred to in the present point is explained in the management and sustainability report, namely in point **2.3 Evolution of Activity, Chapter 3 Activities Report from the Perspective of Sustainable Development** and in **Chapter 5 Management Report**, so these topics will only be addressed briefly at this point, or reference made to the above.

Strategies adopted and Levels of achievement of the established targets

These matters are addressed specifically in point **4.1.4 Objectives and levels of achievement**.

Policies pursued with a view to ensuring economic, financial, social and environmental efficiency and safeguarding quality standards

The company pursues an analytic economic policy to demand, transport production, the market it serves, the adapting of its network and human resources, with the objective of providing the best service, based on principles of economic, financial, social and environmental rationality and in a manner ensuring the safeguarding of quality standards.

These matters are addressed specifically in **Chapter 3 Activities Report from the Perspective of Sustainable Development** and in **Chapter 5 Management Report**.

Identification of the main risks for the activity and for the future of the company

- Nonexistence of Public Service contracting
- Nonexistence of a solution for economic-financial re-equilibrium
- Instability of the financial markets,
 - Aggravation of debt financing costs
 - Reduction of the available liquidity

STCP is exposed to the constraints inherent to its activity:

- Passenger road public transport in the urban area of Greater Porto
- Social fare prices determined and imposed by the Regulator
- Accessory compensation of the Transport Ministry materialised in the attribution of an annual sum which would be used to remunerate the exercise of the public service impositions.

Form of compliance with the principles inherent to appropriate corporate management

Management guided by the principles of **Social Responsibility, Sustainable Development, Public Service and the meeting of collective needs has been pursued at STCP**, as is clearly reflected in its Management Reports, prepared since 2006 in a perspective of sustainable development, in the areas of economic rationality, internal and external social responsibility and environmental responsibility, following the guidelines of the structure established in the GRI.

Social Responsibility

- Guaranteed promotion of equal opportunities, respect for human rights and non-discrimination: points **3.4 Social Responsibility to Employees** and **3.5 Responsibility to the Community**.
- Suitable management of the company's human capital, promoting the individual valorisation of the resources, institution of systems which ensure the wellbeing of employees and award their merit: point **3.4 Social Responsibility to Employees**.
- Adoption of environmentally correct practices: points **3.5.2 Fleet** and **3.6 Environmental Responsibility**.

Sustainable Development

- Creation of value for the shareholder: points **2.3 Evolution of Activity, Chapter 3 Activities Report from the Perspective of Sustainable Development** and in **Chapter 5 Management Report**.
- Promotion of environmental protection in points **3.5.2 Fleet** and **3.6 Environmental Responsibility**.
- Contribution towards social inclusion (employability), point **3.4 Social Responsibility to Employees**.

Public service and the meeting of collective needs

These matters are addressed specifically in points **2.3 Evolution of Activity** and **Chapter 3 Activities Report from the Perspective of Sustainable Development**

Ways in which the company's competitiveness has been safeguarded - research, innovation, development, integration of new technologies in the productive process. Points **3.3 Social Responsibility to Customers** and **3.5. Development of new products**

Action Plans for the future

These matters are addressed specifically in **Chapter 6 Outlook for 2011**.

4.8 Assessment of compliance with Principles of Good Governance

STCP, a company 100% owned by the Portuguese State, developed its activity over 2010 with strict observance for the **principles of good governance of the company**, in compliance with the applicable legislation in force, and, in particular, the provisions in Resolution of the Council of Ministers 49/2007, as evident in the reports of the Inspectorate-General of Public Works, Transport and Communications (IGOPTC) of Technical Audits number 642/09 – Compliance with the principles of good governance, the information duties arising from the legal system applicable to the State Corporate Sector and rules of the Status of Public Manager (EGP), and number 700/10 – Verification of Compliance with the Legal Framework of the State Corporate Sector.

The 2010 Annual Report portrays, in a clear and exhaustive manner, the form of STCP's compliance with its social responsibility, sustainable development and achievement of public service, as well as its effort towards innovation and development of new technologies to support its activity, namely in **Chapter 3 Activities Report from the Perspective of Sustainable Development**.

The most significant elements of the compliance with its mission, widely disclosed relative to all interested parties, are also described in this chapter.

In accordance with the usual practice of the company, the Activities Plan and Budgets for the year under analysis and the Investment Plan were developed under the planned and established strategic objectives, taking into account the available resources and funding sources.

The figure of the STCP Ombudsman Office has been instituted since May 2004, of free and non-charged access to all citizens using this resource.

Every year the Report of the Supervisory Board includes the Management Performance Evaluation, also subject to nominal assessment by the Transport Ministry, through the results of the Management Contract of the term of office.

4.9 Code of Ethics and Conduct

STCP has had its own Code of Ethics and Conduct since the end of 2008, which is available both on the company's Internet site for the consultation of all interested parties, as well as on its Intranet for the consultation of its employees.

This Code is a fundamental instrument in the normative definition which must be observed by the entire structure of the Company's organisation, at its different levels, and at the same time constitutes the standard level before suppliers and service providers in their relations with STCP.

4.10 Plan for the Prevention of Risks of Corruption and Related Infringements

STCP, aware that corruption is a serious obstacle to the normal functioning of institutions and one which currently constitutes a major concern, not only of the different States, but also of international organisations of global and regional scope, shown as a threat to Sovereign States, as well as an obstacle to the normal functioning of markets, complied with the recommendation of the Council for the Prevention of Corruption, by preparing its Plan for the Prevention of Risks of Corruption and Related Infringements, dated December 2009.

STCP's Plan for the Prevention of Risks of Corruption and Related Infringements was sent to the Council for the Prevention of Corruption, as well as to the Ministry of Public Works, Transport and Communications, which supervises the company.

This same plan was disclosed to all the company's employees through its publication on the company's Intranet.

4.11 Control System

Information on the existence of a control system compatible with the size and complexity of the company, so as to protect its investments and assets, which should cover all relevant risks to the company (Point 19, Council of Ministers Resolution 49/2007, of 28 March) In December 2008, the company received the certification of its Integrated Management System for Quality, Environment and Safety and Health at Work (SIG-QAS).

The company has an internal control system suited to its size and complexity: every year, overall and departmental objectives are established which are assessed on a monthly basis in the monthly management information, being the object of reflection by the Board of Directors and senior people in charge at the Company. Every quarter, a report is prepared on the control of the implementation of the objectives and overall and sector budgets.

STCP's Governance structure, with its various levels of successive inspection, efficiently ensures the function of the company's supervision, defined in point 16 of the rule in question. Evidence of this is the existence of an internal structural body which ensures the audit functions, reinforced annually by the external monitoring inspection made to the certification obtained in Quality, Environment and Safety and Health at Work.

The inspection duties, duly separated from the executive management duties, are carried out by the Supervisory Board, which follows the company's activity and issues the respective control and supervision reports.

The management position is supervised by the Transport Ministry, as well as by the Supervisory Board and a Statutory Auditor which, amongst its many attributions, may attend the meetings of the Board of Directors.

4.12 Prevention of Conflicts of Interest

Identification of the adopted mechanisms with a view to the prevention of conflicts of interest (Point 22, Council of Ministers Regulation 49/2007, of 28 March).

None of the members of the governing bodies are in situations of conflict of interest, nor have any shareholdings in the company, nor relevant relations with suppliers, clients, financial institutions or other business partners which might lead to conflicts of interest.

4.13 Disclosure of information

Established in Council of Ministers Regulation 49/2007, of 28 March

Information on the company's portal

Information on the Company's Website	Disclosure			Observations
	Y	N	NA	
Company's website	X			see the Annual Report at www.dgtf.pt , connections available in the menu
Background, Vision, Mission and Strategy	X			
Organisational chart	X			
Governing Bodies and Governance Model				the company publishes its plan for the prevention of risks of corruption and related offences
Identification - Governing Bodies	X			
Identification - areas of responsibility of the Board of Directors	X			
Identification - company committees			X	
Identification - risk control systems	X			
Remuneration of governing bodies	X			
External and internal regulations	X			
Transactions outside market conditions	X			
Relevant transactions with related parties	X			
Analysis of Economic, Social and Environmental Sustainability	X			
Code of Ethics	X			see the Annual Report at www.dgtf.pt , connections available in the menu see the Annual Report at www.dgtf.pt , connections available in the menu see the Annual Report at www.dgtf.pt , connections available in the menu see the Annual Report at www.dgtf.pt , connections available in the menu
Annual Report	X			
Ombudsman Office	X			

Information on the State Corporate Sector (SEE) website

Information on the State Corporate Sector (SEE) website	Disclosure			Observations
	Y	N	NA	
Updated articles of association (PDF)	X			history available on the company's website
Background, Vision, Mission and Strategy	X			
Company Summary File	X			
Company Identification				
Mission, objectives, policies, public service obligations and financing model	X			
Governance Model / identification of Governing Bodies				
Governance Model (identification of Governing Bodies)	X			
Fixed remunerative status	X			
Remunerations and other benefits	X			
Regulations and Transactions				
External and internal regulations	X			
Relevant transactions with related parties	X			
Other transactions	X			
Analysis of Economic, Social and Environmental Sustainability	X			
Assessment of compliance with the Principles of Good Governance	X			
Code of Ethics	X			
Historic and current financial information	X			
State Financial Effort	X			

According to the 2009 Report of the Directorate General for Treasury and Finance (DGTF), STCP achieved 100% compliance with the Principles of Good Governance. The report may be consulted at www.dgtf.pt.

4.14 Most relevant decisions of the Board of Directors

Pursuant to sub-paragraph i) of article 13-A of Decree-Law 300/2007 of 23 August, it is disclosed that during 2010 the Board of Directors held periodic and regular meetings over 52 sessions, with the most relevant decisions being noted below:

Minutes Nr. Point Nr.	Topic	Brief description of the content of the deliberation	Date
Minutes 2/10 point 2	ALTERATION OF THE ZR LINE	Approval of the extension of the ZR Line	12.01.2010
Minutes 2/10 point 5.1	ELECTRICAL POWER SUPPLY CONTRACT	Approval of the award of the medium voltage electrical power supply to the best proposal, by EDP Corporate, with a significant price reduction	12.01.2010
Minutes 3/10 point 2.2	CONTRACTING OF DRIVERS	Approval of the recruitment of sixty public service drivers to cover the deficit in relation to the offer	19.01.2010
Minutes 3/10 point 9	REGULATION FOR SUPPLIERS	Approval of the Regulation for Suppliers with the definition of the minimum criteria, in legal terms and relative to good practices, for the service providers and suppliers of goods to STCP, SA, in the context of the conditions of safety and health at work	19.01.2010
Minutes 8/10 point 2	APPROVAL OF THE 2009 ANNUAL REPORT	Approval of the documents corresponding to the Management Report, which includes Sustainability, relative to the financial year of two thousand and nine. Suggested to the Line Ministries as at 31 March for the holding of the general meeting of STCP, with the agenda presented in the attached Notice of Meeting	23.02.2010
Minutes 8/10 point 9	AWARENESS-RASING CAMPAIGN ON INCORRECT PARKING	Approval of the proposal to carry out an awareness-raising campaign on incorrect parking on the tram line, through a joint action of STCP with the Municipal Police of Porto and the collaboration of the Miragaia and Ramalho Ortigão EB 23 schools, with the support of the Local Government of Porto	23.02.2010
Minutes 8/10 point 11	SIG/QAS CERTIFICATION PROCESS REVIEW OF THE MANAGEMENT SYSTEM	Approval of the Annual Review of the Integrated Management System for the Environment, Quality and Safety and Health at Work, with the taking of decisions for the improved effectiveness of the management systems of Safety and Health at Work and respective processes, as well as measures for the improvement of the product in relation to customer requirements, resource needs, with the alterations of policy on the environment, safety and health at work, consistently with the assumed commitment to continuous improvement	23.02.2010
Minutes 11/10 point 2.1	CREATION OF THE 208 LINE ALTERATION OF THE 501 LINE	Approval of the creation of the 208 Line with terminus at Aldoar to serve the Health Centre and alteration of the route of the 501 Line, which continues to ensure the connection to Matosinhos, shortening the route as well as of the total travel time	16.03.2010
Minutes 13/10 point 3.3	EXTENSION OF THE GONDOMAR LINE TO SANTO ANTÓNIO HOSPITAL	Approval of the alteration of the 801 Line (Sá da Bandeira <-> S. Pedro da Cova) extension of the route for access to the emergency and appointment units, thus responding to the alterations of mobility of the parishes of Gondomar Municipality due to the transfer of the hospital support of São João Hospital to Santo António Hospital	30.03.2010
Minutes 15/10 point 3.2	CUSTOMER SUPPORT - BLUE LINE	Approval of the allocation of a fixed number, complementing the Blue Line, for customer service at the same time as the expansion of the operating schedule to Saturday	13.04.2010
Minutes 17/10 point 7	ROAD SAFETY CAMPAIGN - "QUEIMA DAS FITAS DO PORTO 2010"	In response to the request made by Porto Local Government, approval of the undersigning of a protocol with the different participant entities and protocol with Porto Civil Government and with DIGITAL- FRAME, producer of the advertising spot on road safety and publicising of STCP with the promotion	27.04.2010
Minutes 18/10 point 3.1	INTERNATIONAL PUBLIC TENDER FOR SURVEILLANCE AND TRANSPORT TICKET INSPECTION	Approval of the terms of reference for the tender - programme and specifications - and appointment of the of Selection Panel for the analysis of the proposals submitted under the public tender	4.05.2010
Minutes 18/10 point 4	SPECIAL SERVICES ON THE DAY OF THE POPE'S VISIT	Approval of the proposal relative to the special services to be provided by the company on the day of the pope's visit to Porto, namely the increased frequency of lines to the city centre and shuttle services	4.05.2010
Minutes 19/10 point 9	PARTNERSHIP IN THE SERRALVES FESTIVITIES EVENT	Approval of the creation of a shuttle service between Casa da Música and Serralves, strengthening of the service of the 203 Line, rental for the provision of transport service with between the Queimódromo and Serralves, publicising of the event inside the buses and on two or more rear ends of buses dedicated to	11.05.2010
Minutes 20/10 point 3.1	INTERNATIONAL PUBLIC TENDER FOR THE CLEANING OF PREMISES AND VEHICLES	Approval, following the presentation of the final report of analysis of the proposals by the tender Selection Panel, award of the provision of cleaning services for premises and vehicles, laundry service and placement of information in vehicles, to the company CLIMEX, Controlo de Ambiente, SA	19.05.2010
Minutes 24/10 point 3	REQUALIFICATION OF THE BUILDING OF PORTO TRAM MUSEUM	Deliberation of the approval of awards, in accordance with the final report of analysis of the proposals by the Selection Panel of the international public tender for the design of the project for the requalification of the building of the Tram Museum	15.06.2010
Minutes 24/10 point 7	ON.2 NEW NORTH - APPROVAL OF CANDIDACY	Recording of the confirmation, through Letter of the ON.2 - New North Steering Committee, of the approval of the candidacy to the funding, of the value of seven hundred thousand euros, for the Museum Arrangement of the Building of the Thermoelectric Plant of Massarelos	15.06.2010

Minutes Nr Point Nr	Topic	Brief description of the content of the deliberation	Date
Minutes 25/10 point 2.1	INCREASED MONO-MODAL FAIR PRICES	Recording of the definitive fare prices in force as of 1 July, according to the IMTT communication, in the context of the proposals sent. The increased fare prices result from the Normative Order of the Ministries of Finance, Economics, Innovation and Development and Public Works and Communications relative to the increase of fare prices by 1.2%, to cover the increased VAT rate, included in the retail price	22.06.2010
Minutes 25/10 point 10.1	ELECTRICAL SUPPLY OF TYRES	Deliberation, under the present circumstances, considering the favourable opinion of the contract managers and in view of the cost, also favourable relative to market conditions, of the activation of the extension of the contract with Roldão, Seça & Tavares, SA for another year, as of 1 January 2010	22.06.2010
Minutes 26/10 point 2.2	HUMAN RESOURCES - EFFECTIVE DRIVING BONUS	Deliberation of the extension of the Effective Driving Bonus for a further three months, ending at the end of the next month of September, whereby the effective productivity gains achieved should be analysed at least thirty days before the end of this extension, through the comparison of the supplementary costs incurred with this measure	2.07.2010
Minutes 26/10 point 4	APPLIED DECLARATION COMPANY RESTRUCTURING	Recording of the documents comprising the process of application of STCP's exemption to the limit of termination of labour contracts through mutual agreement	2.07.2010
Minutes 27/10 point 5.1	INTERNATIONAL PUBLIC TENDER - CONCESSION FOR ADVERTISING ON THE EXTERIOR OF BUSES	Deliberation of the contracting, for the period of three years, beginning on 1/02/2011 and ending on 30/01/2014, of the concession for advertising on the exterior of buses of STCP's public service fleet, through an international public tender, with the approval of the terms of reference and appointment of the Selection Panel of the tender	6.07.2010
Minutes 28/10 point 3	LAW 12-A/2010	In view of the content of Law 12-A/2010, of 30 June, determining that the processing of salaries of the current month of July should include the reduction of 5% in relation to the month of July and the adjustment, by the same percentage, of the monthly salary of June of each member of the Board	13.07.2010
Minutes 29/10 point 2	PUBLIC SERVICE CONTRACTING	Approval of the reformulation of the proposal for public service contracting, to be sent to the Secretaries of State for Transport and Treasury and Finance, pursuant to the instructions received, as a consequence of the budget cuts in force until 2013	20.07.2010
Minutes 29/10 point 3	CONTRACTS AND PROTOCOLS	Approval of the contractual formulation as well as the conformity of the process of direct award to the supplier of the System Supporting Operations (SAEI), under sub-paragraph f) of number 1 of article 27 of the Public Contracting Code - "due to involving computer service for software development and maintenance of technical assistance for the equipment" - since EFACEC is the manufacturer and owner of the solution, which means that the maintenance cannot be provided by another supplier due to implying the gradual replacement and updating of the software and equipment. Confirmation of the deliberation to award the services in the maintenance contract	20.07.2010
Minutes 31/10 point 3.1	INTERNATIONAL PUBLIC TENDER FOR SURVEILLANCE AND TRANSPORT TICKET INSPECTION SERVICES	Approval of the proposal contained in the final report of the Selection Panel and award of the Services for Bus Surveillance, Transport Ticket Inspection and Control, for the period of two years, to the company EULEN Portugal de Segurança, SA	3.08.2010
Minutes 31/10 point 4	CONTRACTS AND PROTOCOLS - NATURAL GAS SUPPLY	Decision to cancel the contract, to be communicated to GALP Gás Natural, SA, at the end of the month of its termination, as established contractually, and the preparation of the terms of reference for an international public tender, with the Tender Selection Panel having been appointed	3.08.2010
Minutes 33/10 point 6.2	CANDIDACY TO PROMUSEUS 2010	Approval of the presentation by STCP of its candidacy in the area of dissemination, under the Tender launched by the Portuguese Institute of Museums and Conservation	17.08.2010
Minutes 34/10 point 5	ORGANISATIONAL STRUCTURE	Approval of the definitive text with the description of the activities attributed in the areas of the company's macro-structure, to be formalised through Order of the Board, with the corresponding Structural Manual requiring preparation	24.08.2010
Minutes 34/10 point 12	TENDER FOR THE DESIGN OF THE PREPARATION OF THE REQUALIFICATION PROJECT FOR THE BUILDING OF THE TRAM MUSEUM	Deliberation of the award of the contract for the acquisition of services for the Requalification of the Tram museum to the Architect Thomas Kroger, who, with a view to signing the contract, as well as the exact and timely compliance with all the legal and contractual obligations, must provide a bond of the value equivalent to 5% of the value of the contract	24.08.2010
Minutes 35/10 point 2.2	706 AND 707 LINES - ALTERATION OF TIME-TABLES AT THE WEEK-END	Approval of the proposal relative to the weekend of the 706 and 707 Lines, caused by the analysis raised by the City Hall of Maia. The operationalisation of this alteration should be perceived as an experimental period, after which the Sunday morning time-table will be carried out	31.08.2010

Minutes Nr Point Nr	Topic	Brief description of the content of the deliberation	Date
Minutes 36/10 point 2.2	200 LINE - INCREASED FREQUENCY ON BUSINESS DAYS	Approval of the proposal to increase the frequency of the 200 Line, changing from every ten minutes to every eight minutes, during peak times of the morning and afternoon of business days	7.09.2010
Minutes 36/10 point 4.2	SIGNING OF THE AGREEMENT ON TICKET SUB23@SUPERIOR.PT	Recording of the text of the Agreement for the implementation of the pass ticket sub23@superior.pt which was signed on 1 September 2010 at MOPTC	7.09.2010
Minutes 38/10 point 3	INTERNATIONAL PUBLIC TENDER - CONCESSION ADVERTISING OF ADVERTISING ON THE EXTERIOR OF BUSES	Approval of the Selection Panel's proposal with the award of the Concession for Advertising on the Exterior of Buses to the bidder MOP - Multimédia Outdoors Portugal	21.09.2010
Minutes 38/10 point 6.2.1	UITP SUSTAINABLE DEVELOPMENT CHARTER	Recording of the ceremony for the signing, by STCP of the "U.I.T.P. Sustainable Development Charter, as full subscriber, held on 18 September, in Brussels, during the six-monthly meeting of the Policy Board of the Association, included in the Commemoration of the 125th anniversary of the U.I.T.P.. This subscription represents the recognition of the path that the company has followed with determination towards sustainable development	21.09.2010
Minutes 39/10 point 4.1	HUMAN RESOURCES - INSPECTIONS STAFF OF THE OPERATIONS DEPARTMENT	Approval of the reformulation of the framework function of drivers and control of service execution, namely the alterations of the total permanent staff allocated and mode of control to be provided in the street, repealing the previous decisions on this function	29.09.2010
Minutes 41/10 point 6.1	HUMAN RESOURCES - DRIVERS	After analysis of the situation of the group of twelve drivers whose contract ends in November, the decision was taken to renew the contract for a new period and under current remunerative conditions of ten of the twelve drivers presenting positive assessments, and to terminate the contract of the other two at the end of the respective period	12.10.2010
Minutes 41/10 point 6.2	RETIREMENT AND EARLY RETIREMENT OF EMPLOYEES	Following the increasingly restrictive measures on costs of companies of the Corporate State Sector, the decision was taken to repeal the decision of the Board of Directors on 31 July 2003 relative to the payment of a supplementary bonus to employees when moving into the situation of retirement or early retirement, taking effect as of 1 January 2011	12.10.2010
Minutes 43/10 point 5.1	HUMAN RESOURCES - EFFECTIVE DRIVING BONUS	Ratification of the decision to keep the "Effective Driving Bonus" in force until 31 December 2010, and abolishing it as of 1 January 2011, with the immediate communication of this deliberation so as to ensure its suitable awareness in advance of this date	26.10.2010
Minutes 44/10 point 5.1	ELECTRICAL POWER SUPPLY CONTRACT	In view of the situation to cancel the electrical power supply contract declared by EDP Corporate as of 31 December 2010, the working party established to analyse energy efficiency chose to undertake a market price consultation on its own initiative, responded only by EDP Corporate and IBERDROLA. Decision taken for the Group to open the consultation to all supplier companies operating on the Portuguese market	2.11.2010
Minutes 44/10 point 8	ALTERATION OF THE BUS DEPRECIATION PERIOD	Approval of the establishment of the bus depreciation period at thirteen years, the period corresponding to their minimum useful life, with its application starting in the accounts for 2010	2.11.2010
Minutes 44/10 point 11	2011 ANNUAL SAFETY PROGRAMME	Approval of the Safety Programme for 2011	2.11.2010
Minutes 45/10 point 3	REQUEST FOR STATE BACKING FOR CONTRACTING	Deliberation to send the Transport Ministry a prior request for the issue of a State guarantee, in June 2011, of the value of one hundred million euros, in view of the limits of the short term facilities and restrictive tendency of the banking sector in credit concession, as well as the funding needs for the replacement of the medium/long term loan due and the coverage of the additional debt requirements of 2011	10.11.2010
Minutes 45/10 point 7.3	EFFECTIVE NEEDS FOR THE MAINTENANCE OF TRAMS	Demonstration of the situation of almost rupture of the permanent staff allocated to tram maintenance, with the approval of the proposal to cover first priority needs, and confirmation of the interest in receiving interns in the area of tram maintenance	10.11.2010
Minutes 45/10 point 8.1	CONTRACTS AND PROTOCOLS - NATURAL GAS SUPPLY UPDATING OF THE PROPOSED CONTRACT RENEWAL	Analysis of the reviewed proposal of GALP Gás Natural, after presentation of STCP's counter-proposal, and assessment of the advantages arising from the price reduction and early application, as well as the guaranteed transfer of the ownership of the equipment and licenses so that STCP will not exercise the right to cancellation taking final effect as of 1 March 2012, and provided that the contract is terminated in 2013. After the obtaining of market prices and through the comparison of the price differential of the proposal with the lowest price obtained during the period of two years, as well as the proposed additional economies, together with the difficulty of the ownership of the neither the licenses nor the supply equipment for the entry of another supplier, the deliberation was taken, due to reasons of public interest, to carry out the proposed option	10.11.2010

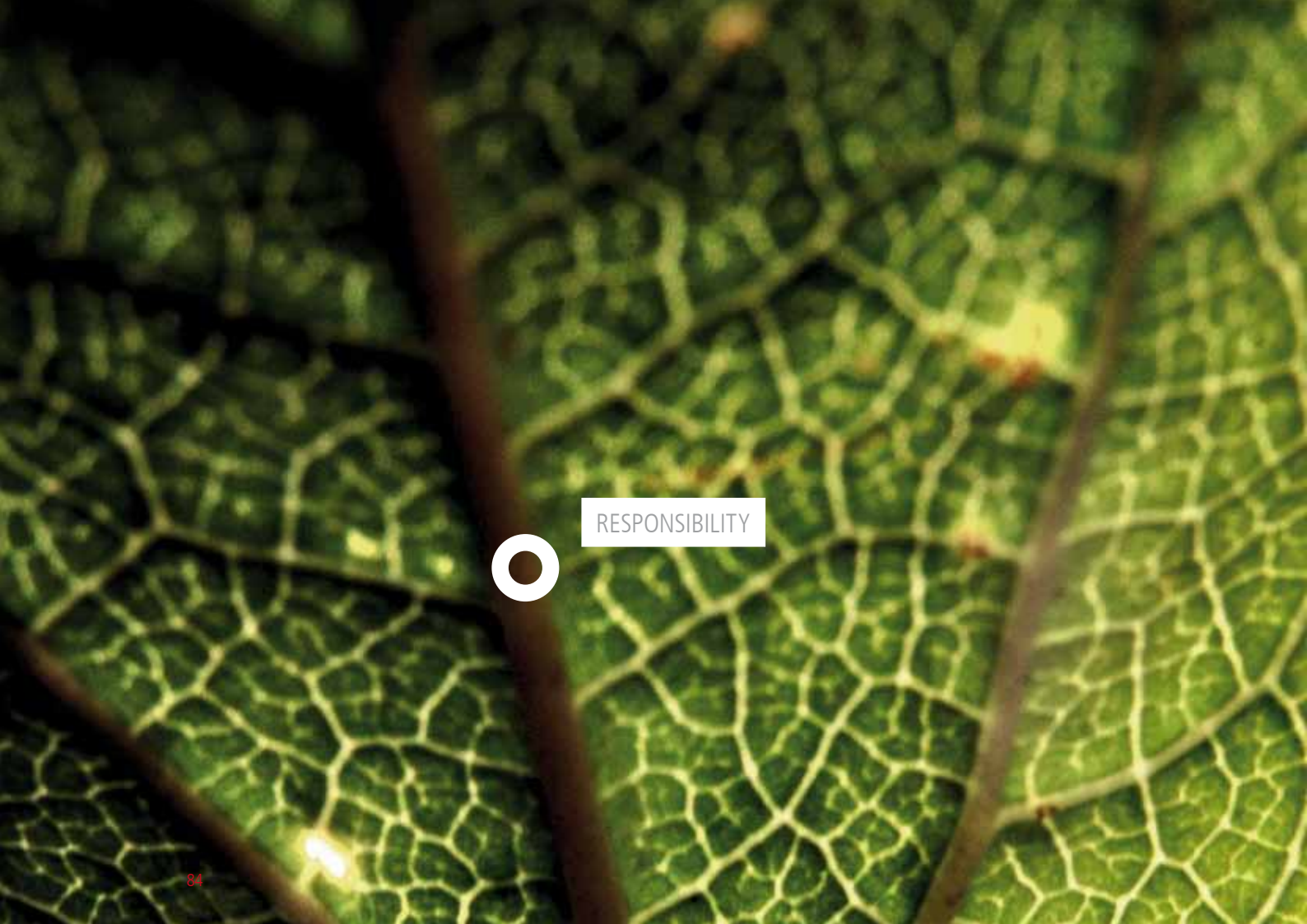
Minutes Nr Point Nr	Topic	Brief description of the content of the deliberation	Date
Minutes 45/10 point 9.1	TENDER - SUPPLY OF FUEL AND LUBRICANTS	Following the cancellation of the contract for the supply of fuel (diesel) and lubricants, deliberated on 22 June, approval of the terms of reference - tender programme and specifications - and appointment of the Working Party for the respective preparation	10.11.2010
Minutes 46/10 point 13	TENDERS - SUPPLY OF LOW VOLTAGE ELECTRICITY (LVE) AND SUPPLY OF MEDIUM VOLTAGE ELECTRICITY (MVE)	After the consultation of six supplier companies and receipt of proposals from four medium voltage (MVE) supplies and from only two companies - EDP Corporate and IBERDROLA – and for three low voltage supplies (LVE), since the best proposal, and in both cases, was by IBERDROLA Portugal - Electricidade e Gás, Lda, with a cost reduction, deliberation of the award to this supplier for both supplies in question	16.11.2010
Minutes 47/10 point 2	MEASURES OF THE STABILITY AND GROWTH PLAN PEC) 2011 - STCP PLAN	Approval of the documents with STCP's Plan to follow the austerity measures defined under the PEC for 2011, already sent to the Transport Ministry.	26.11.2010
Minutes 48/10 point 2	ACTIVITIES PLAN, BUDGET AND INVESTMENT PLAN FOR 2011	Analysis of the documents with the forecast for 2011 both of the total budget and Investment Plan, with the decision to introduce in the latter various reductions due to the delay in its implementation or phasing, thus reducing the total value. Regarding the Activities Plan and Budget, consideration of the guidelines received both with respect to the limit of indebtedness and relative to the reduction of Operating Costs for 2011, as specified in the documents to be sent to the Transport and Financial Ministries. The forecasts cover the measures contained in the company's proposal under the guidelines of cost containment and indebtedness, not only for the current year but also relative to 2011. Regarding Operating Costs, it is estimated that it is possible to achieve, without great effort, a reduction of about 10% relative to 2009 because a cut of 15% would imply strong restrictions in the offer placing the company's normal activity at risk, as explained in the exercise undertaken	30.11.2010
Minutes 48/10 point 3	SIMPLIFICATION OF FARE PRICING AT STCP	Deliberation to send the Transport Ministry, requesting a work meeting for the effect, the study underlying the proposed reduction of single mode tickets, as noted in the document title, "Simplification of fare prices at STCP"	30.11.2010
Minutes 48/10 point 6	ARTICULATED BUS PENALTIES	Determination by STCP of the valuation of the payments in kind proposed by the supplier Auto Sueco regarding the contractual penalties arising from the excess weight of the vehicles relative to that indicated in the contractual proposal, with the necessary proposed adjustment of the outstanding differential	30.11.2010
Minutes 49/10 point 2.2	DRIVERS WITH FIXED TERM CONTRACTS	Based on the positive performance recorded by all twelve drivers under analysis, approval and renewal of the individual contract of each employee for a new period of one year and a half	07.12.2010
Minutes 49/10 point 8	TRAM INFRASTRUCTURE PROJECT - EXTENSION OF MOUZINHO SILVEIRA AND RUA DAS FLORES	Acknowledgement of the position conveyed by the City Hall of Porto to CCDRN (New North) on the candidacy to the Mouzinho/Flores Urban Regeneration project and the proposed reformulation of the Action Plan which has been approved and Partnership Protocol, which does cover at this stage the insertion of the tram line established in the project and included in the candidacy. In this context, STCP must formally inform CCDRN of the non-viability of the immediate provision of the additional elements relative to the insertion of the tram line in that urban area, with the evolution of the candidacy continuing outstanding	07.12.2010
Minutes 50/10 point 2.6	ANTI-ALCOHOL CONTROL REGULATIONS	Approval of the alterations to the Anti-Alcohol Control Regulations in accordance with the recommendations suggested by ACT and also due to the adequacy of the alterations of the organic which have been introduced in the meantime, whereby the new text should be sent to the Workers Committee for the issue of an opinion to ACT	14.12.2010
Minutes 51/10 point 4	INCREASED FARE PRICE IN 2011	Approval of the new fare prices enforced as of 1 January 2011, as proposed by STCP, accepted by IMTT. Recording of the updating of the ANDANTE fare price with its enforcement on the same date, also accepted by IMTT	21.12.2010
Minutes 51/10 point 9	PENSIONS FUND	Acknowledgement of the BPI Pensões report containing the actuarial assessment relative to the liabilities related to the STCP retirement pension supplement, whose results indicate a reinforcement of the Fund of € 235,371.00, as approved	21.12.2010
Minutes 51/10 point 10	OUTLOOK FOR 2010	Approval of the variations of the value of the provisions relative to 2010, with a reduction for Outstanding Lawsuits of € 219,021.14 and for Liabilities related to Work Accidents and Occupational Diseases which have occurred up to February 1998 of the value of € 23,555.08, an increase for Risks and Costs related to Claims of € 246,026.49	21.12.2010
Minutes 52/10 point 3	HOMOLOGATION OF DOUBLE - DECKER BUSES NEW LEGISLATION	Recording, with satisfaction, of the publication in DR number 246, 1st series, of 22 December, of Decree-law 133/2010, which amends the Regulation establishing the maximum weights and sizes authorised for vehicles in circulation, approved by Decree-Law 99/2005, of 21 June, thus overcoming the difficulties relative to the homologation of double-decker buses	28.12.2010

4.15 Associations and Partnerships

STCP is a member of the UITP – Union Internationale des Transports Publics

STCP also is a member of:

ADEPORTO – Porto Energy Agency
ADETURN – Tourism Association of Northern Portugal
ADFER – Association for the Development of Rail Transport
AEP – Portuguese Business Association
AMTC – Association for the Transport and Communications Museum
APAC - Portuguese Association of the Friends of the Railway
APH2 - Portuguese Association for the Promotion of Hydrogen
APNCF - Portuguese Association for Rail Standardisation and Certification
APQ - Portuguese Association for Quality
ATC – Association of Businesspeople for the Development of Cultural Tourism in Porto and in the region
Association of the Friends of Porto District Archives
Association of the Friends of Porto Coliseu
Association of Porto Consumer Information and Arbitration Centre
Porto Commercial Association
Historic Porto Association
APVGN - Portuguese Association of Natural Gas Vehicles
Library of the School of Engineering of Porto University
Energiaia
Serralves Foundation
Portuguese Foundation of the Community Against AIDS
INEGI – Mechanical Engineering and Industrial Management Institute
IEP - Portuguese Electro-technical Institute
ISQ - Welding and Quality Institute
PRP - Portuguese Road Safety



5 Management Report

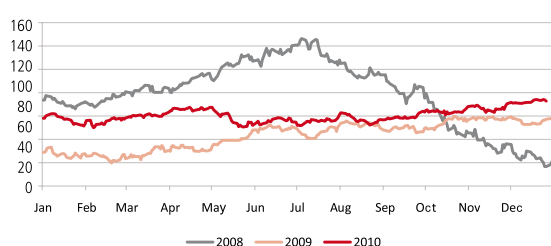
5.1 Macroeconomic Framework

2010 was characterised by the recovery of economic activity at a worldwide level. After the strong contraction marked by the effects of the financial crisis in 2007 and which was reflected subsequently throughout the entire economic system, leading the central banks of the USA, Euro Zone and all other main economies at a global level to adopt measures in the area of monetary policy, accompanied by other measures of fiscal order, of absolutely exceptional character. The rate of growth of the world economy was higher in the first semester of 2010, decelerating during the second semester but remaining positive, in spite of the return of some turbulence in the financial markets. The level of growth was different amongst the various regions of the world, with the economies of the emerging and developing markets having shown greater buoyancy, boosting world trade.

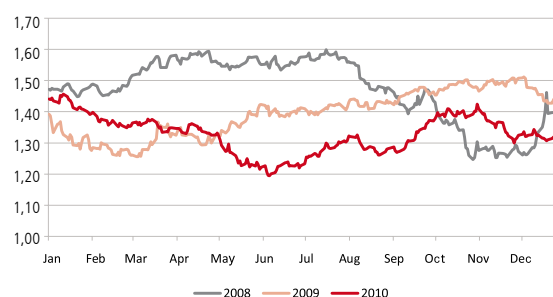
The improvement of international circumstances in 2010 contributed to the economic recovery of the Euro Zone, with Germany having recorded the highest growth of the countries comprising this zone. The GDP growth rate in the Euro Zone was around 2% in 2010. The main contribution to this growth came from internal demand, although private consumption remained weak, largely as a result of the unfavourable context of the labour market due to the slowdown in the growth rate of salaries and continued contraction of employment. The growth of investment in the second semester of 2010 and improvement recorded in the confidence indicators may indicate a more sustained recovery of economic activity.

The price of petrol increased in 2010, although this was attenuated by the depreciation of the exchange rate of the euro relative to the USD. There was a slight increase in interest rates relative to 2009, but the rates still remained at historically low levels.

Comparison of the Price of Brent in USD from 2008 to 2010



Evolution of the Euro / USD parity from 2008 to 2010



The economic recovery of Portugal's main partners was reflected in a significant recovery of external demand aimed at Portugal.

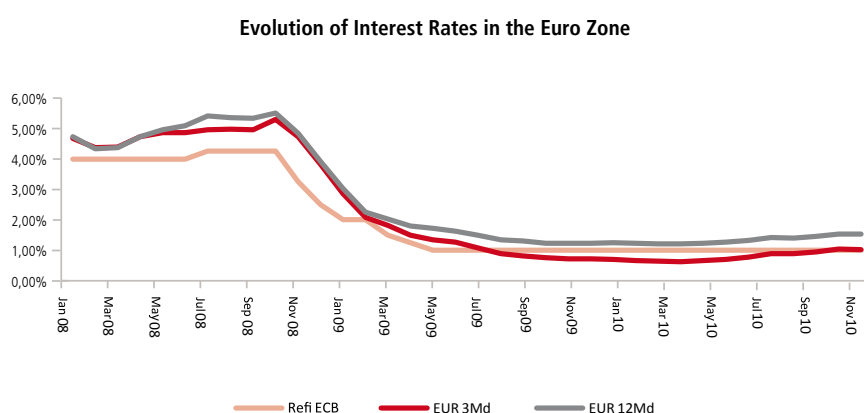
In Portugal, the GDP growth rate in 2010 stood slightly above 1%, presenting a minor recovery relative to 2009. Contributing to this result was the deceleration of private consumption, the increase of exports of goods and services and a slight increase of investment. At the end of the first quarter of 2010, the disclosure of the budget deficit for 2009, of 9.3%, greatly higher than that forecast, led to the need to strengthen the budget adjustment, with unfavourable implications for consumption and investment.

Further deteriorating this scenario, at the end of the month of April, was the turbulence in the financial and international markets, characterised essentially by the introduction of strong differentiation of the risk of the different European countries. In the Euro Zone, the crisis in Greece began, which was extended to the other countries with high debt levels and which faced difficulties in accelerating their economic growth and reducing their financial imbalances.

Over 2010, and with the disclosure of the budget implementation accounts, when it was recognised that the deficit correction measures were insufficient, which increased the risk attributed to the Portuguese debt, with the consequent difficulty of access of the Portuguese bank market to the funding sources used.

In spite of the deceleration of the use of bank funds, in Portugal it grew more than in most of the European partners.

With respect to the bank system, the intervention of the European Central Bank supported the increased pressure of the funding rates of the sovereign debt and national bank system.



In order to ensure economic sustainability in the context of the current sovereign debt crisis, exceptional measures were taken to consolidate the budget contained in the Stability and Growth Pact, which had contractionist effects in economic activity, namely private and public consumption, which, in the third quarter of 2010, began to show signs of a slowdown.

For 2011, the IMF forecasts indicate a slight slowdown of the world economy, although the outlook is for GDP growth is above 4%, with the USA growing 2.3%, Japan increasing by 1.5% and the emerging economies, in particular in the Asian continent, with growth rates around 8 to 9%, albeit in deceleration relative to 2010. For the Euro Zone as a whole, the forecast evolution is much more modest, with GDP growth of 1.5% for 2011, a little below 2010, differentiated between the various countries comprising the Euro Zone, with Germany showing the highest forecast growth.

The forecast for Portugal is of economic stagnation for 2011, as a result of the international macroeconomic context and measures to correct the national budget deficit.

5.2 Balance Sheet for the Year

Evolution of Activity

STCP continues to be the largest urban public transport operator of passengers for Greater Porto, ensuring approximately 60% of the urban mobility covered by public operators, remained, therefore, as a reference company in the provision of the passenger urban public transport service in the Metropolitan Area of Porto.

STCP has carried out major restructuring over the last ten years, with a permanent staff which has decreased by approximately 1,300 people since 1998, above all in the maintenance and administrative areas and for supplementary tasks, currently employing approximately 1,500 employees.

The enormous effort of streamlining processes which occurred at the same time as well as the recent profound reformulation of the offer have transformed STCP into a competitive and versatile company, with performance levels higher than similar companies.

In 2010 demand grew by 1%, with STCP having transported 109 million passengers, over 1 million more than in 2009. Evident signs of this recovery of customers and of the primary importance of STCP in the promotion of inter-modality and public transport are found in the growing number of customers using the inter-modal fare price (almost 40% of the total in 2010), the increase in young customers, which has been the segment most using public transport, the positive effect of the creation of the tickets named 4_18@escola.tp and sub23@superior.tp, and the significant increase in the number of customers with passes, mainly inter-modal customers whose number has tripled since 2007, increasing from 30 thousand to 90 thousand per month.

STCP and MOP signed the Concession Contract for Exterior Advertising on Buses on 15 December 2010

STCP and Multimédia Outdoors Portugal, SA (MOP) signed the new Concession Contract for Exterior Advertising on Buses of the Public Service fleet.

This new Advertising Concession Contract will enable STCP to receive total revenue of 1.2 million euros over the next 3 years.

With the signing of this contract, STCP will manage to increase its annual revenue derived from the advertising business by over 30%, when compared with the total revenue derived from advertising received in 2010.



Balanced ScoreCard

Following the annual review of the Integrated Management System and in the perspective of continued improvement, the decision was taken to introduce, in 2010, profound alterations to the form of monitoring the indicators using the Balanced ScoreCard (BSC) management tool, already used in 2009, for the preparation of the Activities Plan. During 2010 the use of this tool to control management and assess performance was at an experimental stage, with its consolidation being expected in 2011.

New Enterprise Resource Planning: Primavera

On 1 January 2010 a new operative system began to be used for services of administrative nature in all areas of the company.

The scale of the project, which implied significant alterations in relation to the previous system, required, over the year, a strong effort of consolidation by all areas of the company.

This major piece of work will enable important cost reductions and optimisation of the available resources.

Evolution of the Average Payment Period to Suppliers

Calculated under the terms of Council of Ministers Regulation 34/2008, as amended by Order 9870/30 of 30 April, the average payment period to suppliers in 2010 was 54 days, recording a reduction of 23 days in relation to 2009, of approximately 30%.

According to the target established for 2010 in the management contract, which was 65 days, this indicator thus presents an execution rate of 116%.

Diligences taken and the results obtained regarding compliance with the shareholder's recommendations, issued at the time of the approval of the accounts for 2009. The shareholder's recommendations (cf. Page 40, GM minutes number 49) were:

a) **"Achievement of the reduction of the average payment period (APP), under the terms of Council of Ministers Recommendation 34/2008 of 14 February"**. In 2010, the APP was 54 days, having decreased by 23 days relative to 2009 and an execution level of 116% when compared with the target established in the management contract of 65 days.

b) **"Settlement of the provision of fidelity insurance, under the terms of number 1 of article 396 Commercial Companies Code"**. This issue had already been negotiated and contracted, in spite of the difficulties in the market regarding this type of hedging against risk and the required fidelity insurance had been guaranteed.

c) **"Reformulation of the Activities and Investment Plan (...) so as to include a value of Compensatory Indemnities of € 24.3 million, obtaining growth of debt not above 6%"**. The reformulation of the Activities and Investment Plan was presented to the Line Ministries in June 2010, covering the aspects established in Order 510/10 – SETF, of 1 June, increasing the debt ceiling to 7%. The Compensatory Indemnities attributed to STCP (net of VAT) stood at € 18.975 million (Council of Ministers Resolution 96/2010), -22% than that mentioned in the General Meeting.

d) **"Public Service Contract Proposal"**. Favourable vote given to its deliberation but forwarded to a subsequent date, after negotiation of the contract between the Company and the State. Article 35 of the Commercial Companies Code: deliberated that this matter should not be subject to decision-making at the General Meeting, but rather the decision of the shareholder following the decision on the public service proposal presented by STCP.

During 2010, as a result of the measures taken under the Economic Stability and Growth Pact (PEC), STCP indicates:

- Compliance with the general guidelines on salary negotiations for public companies under the terms of DGTF Letter 1730, of 25 February 2010:
"...non-updating of the nominal salaries for the current year..."

In 2010, STCP did not update the salary tables or the value of any other monetary items.

- Compliance with the Order of 25 March 2010 of the Minister for State and Finance (MEF), communicated under Circular Letter 2590, of 26 March 2010, which determines the non-attribution of management bonuses for 2010 and 2011, to the members of the management board.

No management bonuses were attributed to the members of the Board of Directors for 2010 for the level of compliance with the objectives achieved in 2009.

- Compliance with the guideline issued in Order 438/10-SETF, of 10 May, conveyed through Circular Letter 6132, of 6 August 2010, of this Directorate-General, relative to public contracting rules.

Compliance with the received guidelines. All the contracts for services and the acquisition of goods of the value above € 125,000 not including VAT are analysed and decided upon during meetings of the Board of Directors, with technical notes which justify the need to contract drawn up based on duly founded assessment. The public tenders launched in 2010 are referred to in point 4.4.4..

- Compliance with the maximum increased debt ceilings defined for 2010 in PEC and approved by Resolution of the Assembly of the Republic 12 April and explained by Order 510/10 SETF of 1 June, communicated by DGTF Circular Letter 4348, of 1 June 2010.

In 2010, STCP increased its debt by 8.3% in relation to the value of its debt at the end of 2009. This growth represents the value of € 4.08 million above the € 21.68 million estimated in May 2010, corresponding to the forecast additional debt needs. This value, calculated at the time of the forecast compliance with the 7% ceiling, imposed by the PEC, communicated to the Line Ministries on 20 May 2010, was based on the following assumptions which did not take place:

- a) Value of the Compensatory Indemnities attributed - For the first time this value was established objectively at the General Meeting of 2010 with the value of € 24.3 million. On 16 December, the attributed value was € 20.1 million, which was further eroded by the increased VAT by one percentage point. This resulted in a reduction of the net value transferred to STCP in relation to that expected and led to additional debt funding needs of € 4.4 million.
- b) Reduction of the Average Payment Period to suppliers - The effort made to achieve the target defined in the Management Contract allowed reaching an average payment period of 54.41 days by the end of 2010, reflected in the increased debt funding needs of € 1.392 million.
- c) PAII, Andante Social Fare Prices, 4_18@escola.tp and Sub_23@superior.tp - The fact that the sums relative to the following were not received on time: Grant for the Integrated Support Programme for the Elderly (PAII), of the value of € 1.012 million, and the State contribution to the ticket price of the Andante social fare price, of the 4_18@escola.tp and Sub_23@superior.tp, determined the temporary use of debt, through the use of the contracted short term accounts available for use.

- Implementation of the measures established in the PEC in terms of the rationalisation of the policy on the procurement of goods and services, namely on the company's adherence to the National System for Public Procurement (SNCP).

The company reviewed its procurement contracts which are expected to show results during 2011.

- Compliance with the provisions in article 12 of Law 12-A/2010, of 30 June, "the gross monthly remuneration of public managers, executive and non-executive, including those belonging to the local and regional public sector and those equivalent to public managers, is reduced on an exceptional basis by 5%."

All the Board of Directors received a 5% cut in their remuneration as of the month of June inclusively.

- Compliance with the provisions in article 17 of Law 12-A/2010 of 30 June, pursuant to the principle of the State Treasury Unit, according to which "... entities included in the State Corporate Sector... must maintain their ready cash and financial investments at IGCP, IP..."

STCP has opened an account at IGCP, IP.

5.3 Investments

In 2010 the investment reached a total of approximately 12.3 million euros, with the main items having been the acquisition of vehicles, 20 articulated and 15 double-decker buses of a total of 11.6 million euros, the refurbishment works of the Massarelos Building, of a total of 202 thousand euros and recovery of trams, to approximately 81 thousand euros.

Investment (m€)	2007	2008	2009	2010
Rolling Stock	23.162	4.874	163	11.765
Infrastructures	836	29	381	220
Other	689	696	962	270
Total	24.688	5.600	1.506	12.255

STCP acquired two batches of vehicles presented in the 2009 investment plan.

The first of these batches, 20 articulated vehicles of the Volvo brand, whose total value reached 6.8 million euros, was financed through a financial leasing operation, chosen amongst a series of proposals received of which the best came from Barclays Bank, with which the operation was contracted. The settlement took place in September and the debt servicing began in December.

The second batch of public service vehicles was also acquired at the end of last year, after various problems posed by the interpretation of the Community legislation had been overcome. This batch, 15 double-decker buses, MAN brand, was purchased directly at the end of the year, in view of time constraints making it impossible to sign a financial leasing contract with Banco Bilbao e Viscaya Argentaria, the bank which had been chosen to finance this operation, in October.

The acquisition from the MAN supplier was eventually financed, under the selection process referred to above, through a lease-back operation, which took place in the beginning of 2011.

5.4 Funding

The funding of the deficit arising from the public service activity and investment was carried out, as always, using borrowed funds.

The year was marked by very sharp increases in the credit spread by the funders, reflecting the difficulties in obtaining funds in external markets. The European Central Bank (ECB) maintained the reference rates at a low level, but credit conditions were strongly penalised in Portugal.

The public service contracting project, presented to the sectorial and financial Line Ministries at the end of 2009, would have permitted clarifying and facilitating the funding of the activity.

This did not take place and, once again, the financial equilibrium remained dependent on the performance of the activity, the Compensatory Indemnities attributed to cover the public service and bank support.

The Compensatory Indemnities were received at the end of the year and the value, apart from being insufficient, were distributed following unknown criteria.

The strong liquidity restrictions implied compromises from the start and ongoing re-negotiation with the banks. The continuous spread adjustments and introduction of new costs for the provision of some of these funds on a permanent basis were inevitable.

5.4.1 Financing Operations of the Year

1. Financial leasing, for 5 years, at a variable rate indexed to the 3 month Euribor of the value of 6.8 million euros, for the acquisition of 20 articulated buses, with quarterly lease instalments settled in September.
2. Acquisition of 15 double-decker buses through the use of short term funds, settled in December, for a total of 7.2 million euros. In February 2011 this operation became a lease-back at 5 years with a fixed rate, through deliberation after market consultation.
3. Attribution, in portions, of the value of the Compensatory Indemnities through a short term operation: specific current account, with special conditions.

5.4.2 Financial Risk Management

Pursuant to Order 101/2009-SETF, of 30 January

Analysis of the efficiency of the funding policy and use of financial risk management instruments

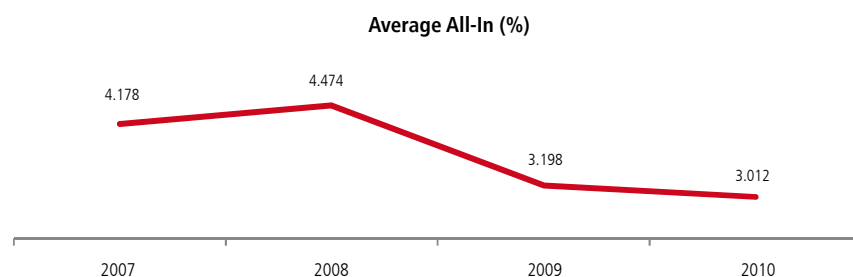
The company's financial management policy is exercised in a coordinated manner and reconciles the flows generated by the activity with the operating and financial funding needs, so that the approach made to the bank and capital market - the company's main support - enables achieving the best performance in terms of financing: type of operation, timing of the placement and conditions for its obtaining.

The activity and market risks are monitored in a perspective of the principle of continuity of its corporate object.

Operations for hedging against interest rate risk

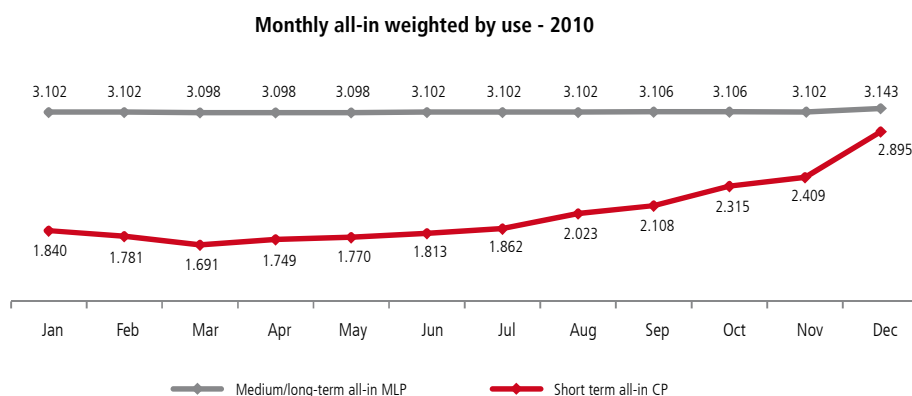
In November 2007, the company contracted operations to hedge against interest rate risk. These operations were carried out based on the debenture loan issued during the year. The hedge is incident on 50 million euros and was divided into two operations of 25 million euros each, with each operation being in force until the end of the hedged operation, June 2022. These are fixed rate operations in the first three years, changed to variable rates for the remaining eleven and a half years. These interest rate swap operations are stated in the company's accounts at fair value as the measurement criteria for the financial instruments.

Evolution of the annual average financing rate in the last 5 years



The annual average financing rate showed positive behaviour during 2010, in spite of the increased spreads.

Evolution of the average financing rate



In 2010, the cost of the short term loans was lower than that of the long term loans but there was a clear narrowing of the difference between the two rates as of the middle of the year.

Interest paid for the remunerated liabilities and other financial costs				
(10 ^{^3} €)	2007	2008	2009	2010
Interest paid	10.624	14.178	8.326	7.521
Other costs	613	731	889	837

Note:

Interest paid: until 2008 inclusively, account 681 (POC). As of 2009: account 691 (SNC).

Other costs: until 2008 inclusively, account 688 other financial costs and losses except account 6884 swap fair value losses (POC). As of 2009: account 6981 Other Costs and Losses relative to loans received (SNC).

Financial Risk Management Order 101/2009-SETF, of 30 January	received			Description
	Y	N	NA	
Procedures adopted on risk assessment matters and respective hedging measures				
Diversification of funding instruments	X			Amongst the market proposals, the company chose the product most suited to its financial needs
Diversification of the available interest rate modalities	X			The company always decides, whenever possible, on the reference rates to contract
Diversification of the creditor entities	X			The company has kept an open dialogue with a range of credible counter-parties over many years
Contracting of risk hedging management instruments in accordance with market conditions	X			The company has interest rate hedging for 50 million euros of its liabilities, contracted in 2007
Adoption of an active policy to strengthen the ongoing capital				
Consolidation of remunerated liabilities: transformation of short term liabilities in medium/long-term liabilities under favourable conditions	X			The company consolidates liabilities at market conditions whenever possible
Contracting of operations which minimise the financial cost (all-in-cost) of the operation	X			The company decides on its choices with rationality and transparency
Minimisation of the provision of real guarantees	X			The company tries to ensure that only the medium/long term operations have supporting guarantees
Minimisation of restrictive clauses (covenants)				The company negotiates contractual clauses up to their limit, while also accepting the market standard
Medidas prosseguidas com vista à optimização da estrutura financeira da empresa				
Adoption of policy which minimises the allocation of borrowed funds for the financial coverage of the investments			X	Being financially insufficient, the company invests through the use of borrowed funds
Choice of investments of confirmed social/corporate profitability, benefiting from Community funds and equity	X			Total value of € 12.3 million of investment in 2010, € 11.6 million for fleet renewal (96% of the total).
Use of self-financing and divestment revenue			X	The Museum Arrangement of Massarelos Electrical Plant project, to be implemented over 3 years, included the approval of Community funds of a total of 700 thousand euros.
Inclusão nos R&C				
Description of the evolution of the annual average financing rate in the last 5 years	X			The public service revenue is insufficient for the operation and the divestment is marginal
Interest paid annually for the remunerated liabilities and other costs in the last 5 years	X			In the Annual Report for 2009 it was 4 years, in 2010 and following 5 years.
Analysis of the efficiency of the funding policy and use of financial risk management instruments	X			Included in the Annual Report for 2010
Reflection in the Income Statement for 2009 of the effect of variations in the fair value of the swap contracts held in portfolio	X			Included in the Annual Report for 2010
				The Annual Report for 2009 was prepared with this accounting policy alteration

Abbreviations: Y - Yes, N - No, N.A. - Not Applicable

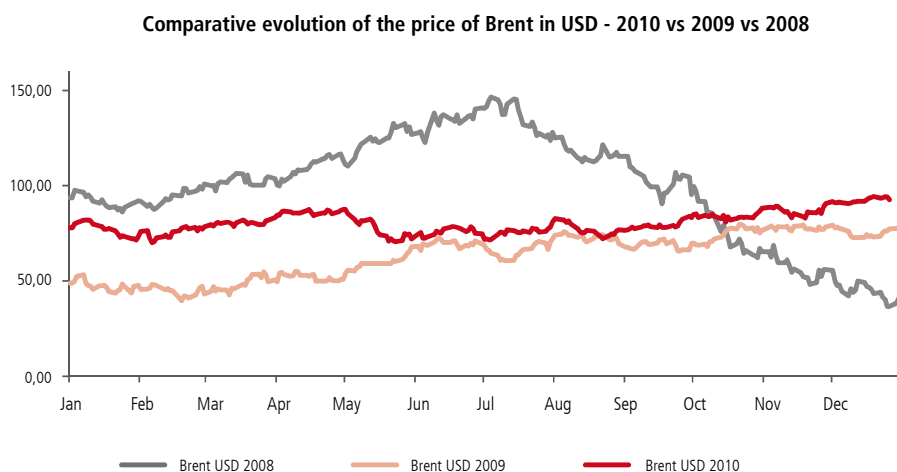
5.5 Accounts for 2010 Financial Year

Until 31 December 2009, STCP prepared and published its financial statements in accordance with the Official Plan of Accounts (POC). As of the financial year of 2010, the financial statements are prepared in accordance with the Accounting Standardisation System (SNC). Hence, in order to ensure the comparability of values, the information relative to 2009 was restated so as to be in accordance with the SNC.

Costs

There has been a decrease of 5.9 million euros, representing 6.7% less in operating costs. This favourable evolution is explained by the reduction in staff costs, depreciation and significant decrease in other operating costs, which reflects the result of a series of continued policies relative to the company's restructuring.

The reduction was only not stronger due to the adverse behaviour of fuel. The external supplies and services heading recorded an increase of € 1 million.



Costs (10 ³ €)	2007	2008	2009	2010	10/09
ESS+CGSMC*	36.137	37.371	33.178	34.032	2,6%
Staff costs	38.440	38.777	40.731	39.999	-1,8%
Costs/reversals - depreciation, amortisation and provisions	8.287	8.917	8.385	6.531	-22,1%
Other	658	724	5.593	1.400	-75,0%
Operating	83.523	85.788	87.887	81.963	-6,7%

Notes: until 2008 inclusively, POC standards

* External Supplies and Services + Cost of Goods Sold and Materials Consumed

Income

The revenue from transport tickets increased by 3.4%, as a result of the higher demand and fare price adjustment. The compensatory indemnities net of VAT decreased by 1%.

Income (10 ³ €)	2007	2008	2009	2010	10/09
Services	47.329	49.589	47.732	49.346	3,4%
Operating Grants	17.767	18.759	20.138	19.930	-1,0%
Other Operating Income	3.350	3.308	4.114	3.432	-16,6%
Operating Income	68.446	71.656	71.984	72.709	1,0%

Note: until 2008 inclusively, POC standards

Net Income – The Net Income for the Year (before the effect of the variation of the fair value of the interest rate risk hedging operations) improved by 28% relative to the previous year (less negative by 7 million euros), reflecting the improvement of the Net Operating Income by 42%.

Net Income (10 ^{^3} €)	2007	2008	2009	2010	10/09
Operating Income	68.446	71.656	71.984	72.709	1,0%
Operating Costs	83.523	85.788	87.887	81.963	-6,7%
Net Operating Income	-15.077	-14.132	-15.903	-9.254	42%
Financial Income	54	1.626	2.718	0	-100%
Financial Costs	11.297	25.694	10.437	28.383	172%
Net Financial Income	-11.243	-24.068	-7.719	-28.383	-268%
Exceptional Net Income	-342	-645	NA	NA	-
Tax for the year	18	33	31	40	28%
Net Income	-26.680	-38.879	-23.653	-37.677	-59%
Net Income before Compensatory Indemnities	-43.578	-56.691	-42.809	-56.653	-32%
Net Income before Swap Fair Value Variation		-28.189	-24.625	-17.612	28%

Over the last three years, the Net Income without swap fair value variation has improved by approximately € 10.6 million.

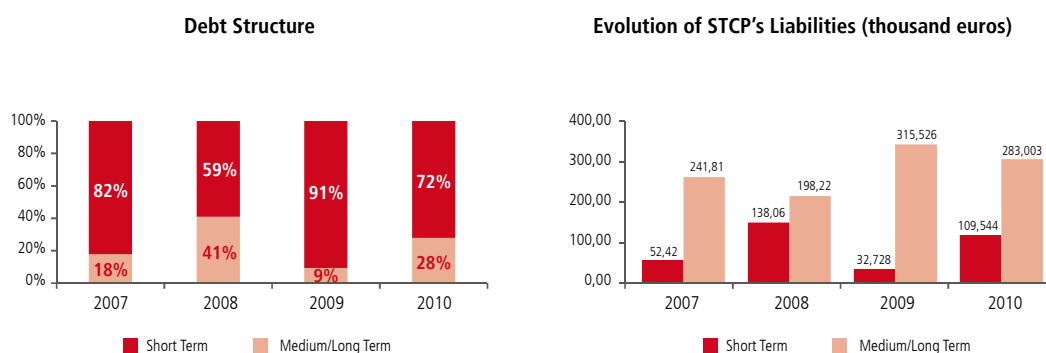
5.6 Company's Assets Evolution

Company Equity – The equity is increasingly negative, having reached approximately 276 million euros in 2010.

Balance Sheet Structure (10 ^{^3} €)	2007	2008	2009	2010	10/09
Assets	90.138	92.151	110.950	114.746	3,4%
Non-current			96.948	102.624	5,9%
Current			14.002	12.122	-13,4%
Equity and Liabilities	71.392	90.138	110.950	114.746	3,4%
Equity	-175.498	-201.889	-237.305	-275.747	-16,2%
Liabilities	246.890	292.027	348.254	390.493	12,1%

Assets – There has been a strengthening of the assets as a result of the investment in public service vehicles.

Liabilities – The aggravation of the liabilities by approximately 12% is the result of the accumulation of successive deficits. The current debt structure will, once again, justify the need to restructure the liabilities. By the end of the year, the medium and long term debt represented approximately 72% of total debt.



There are no late payments owed to the State and other public entities, including Social Security.

5.7 Proposal for the Allocation of Results

The Board of Directors proposes that the net income calculated for the year, of the negative value of 37,677,163.38 euros, should be fully transferred to the Retained Earnings account.

Porto, 01 March 2011

The Board of Directors

Chairwoman:

(Fernanda Pereira Noronha Meneses Mendes Gomes)

Members:

(Jorge Rui Guimarães Freire de Sousa)
 (Rui André Albuquerque Neiva da Costa Saraiva)
 (António Paulo da Costa Moreira de Sá)
 (Sandra Raquel de Vasconcelos Lameiras)

5.8 Notes to the Management Report

Shareholders as at 31 December 2010

Relationship referred to in number 4 of article 448 of the Commercial Companies Code.

Shareholder	Number of Shares	% of the Share Capital
Portuguese State	15.929.800	100%

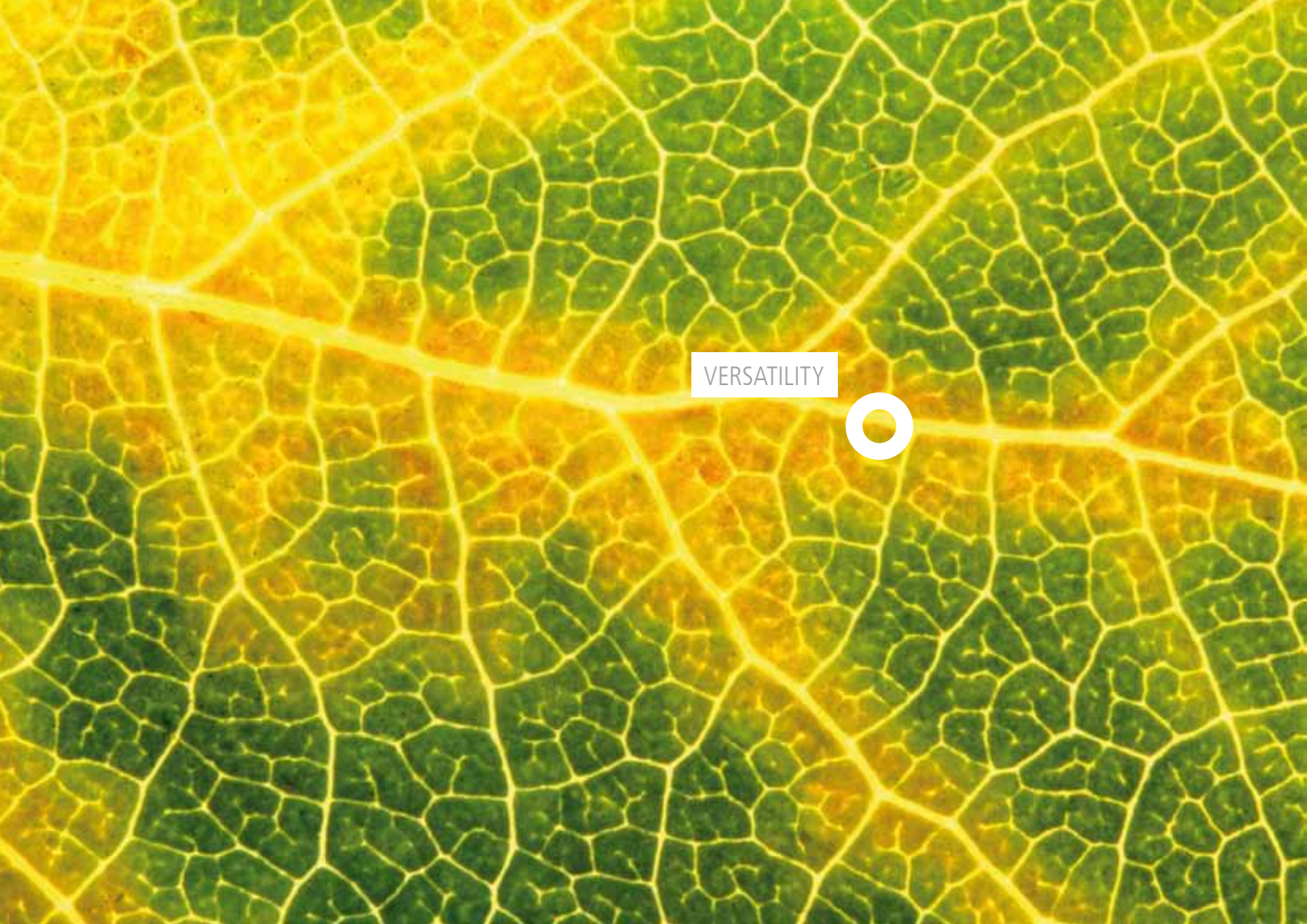
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(Fernanda Pereira Noronha Meneses Mendes Gomes)

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(Jorge Rui Guimarães Freire de Sousa)
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(António Paulo da Costa Moreira de Sá)
(Sandra Raquel de Vasconcelos Lameiras)



VERSATILITY



COOPERATION



6 Outlook for 2011

2011 should be a year of change in the life of the country and also, once again, in the activity of STCP. It will be a year of major opportunities: an opportunity to increase profitability, an opportunity to grow in terms of number of customers and an opportunity to strengthen internal cohesion.

The budget limitations and salary reductions should not discourage the will and talent to do better. The company that we are today will continue to honour the 140 years of history that it prides itself in, by providing a service of quality to the community in which it operates.

In 2011, continuity will be given to the management policy arising from the Company's current strategy, in the area of service quality, efficiency of systems and processes and operating economy.

The recent acquisition of new vehicles of large capacity has ensured the pursuit of the fleet renewal policy and, in this way, the strengthening of an important component of the quality of the service which is provided.

The project for the implementation of ERP – Primavera will be consolidated and some supporting tools will be used in the areas of operations and marketing.

The bus service will be restructured, namely along the lines that are less profitable and little used by customers. The tram service will also undergo profound changes in order to enhance the profitability of the company's assets.

2011 will be a year with very carefully selected investments, consolidating the progresses of the Tram Museum project and museum arrangement of the electrical plant, and where the profitability of current assets will be enhanced through various new sources of revenue.

The policy of adjustment of permanent staff will be maintained, to be carried out at the same time, through its resizing, always through concerted solutions and the requalification of the permanent staff.

Finally, the STCP will maintain and intensify its collaboration with the other public transport agents, namely with the recently created Metropolitan Transport Authority.