

Espírito Santo Investment p.l.c.

(incorporated with limited liability in Ireland)

Banco Espírito Santo de Investimento, S.A.

(incorporated with limited liability in the Republic of Portugal)

(acting through its head office, its London branch or its New York branch)

€2,500,000,000

Euro Medium Term Note Programme

with the benefit of a
Keep Well Agreement
provided by

Banco Espírito Santo de Investimento, S.A.

On 23 April 1999 Espírito Santo Investment p.l.c. (ESIP) entered into a €500,000,000 Euro Medium Term Note Programme and issued an Offering Circular on that date describing such programme. On 22 November 2005 the aggregate nominal amount of the Notes issuable under such programme was increased from €500,000,000 to €1,500,000,000 and on 25 July 2007 it was further increased to €2,500,000,000. This Offering Circular supersedes all previous Offering Circulars. Any Notes issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes issued before the date of this Offering Circular.

Under this €2,500,000,000 Euro Medium Term Note Programme (the Programme), ESIP (an Issuer) and Banco Espírito Santo de Investimento, S.A. (BESI or an Issuer) may from time to time issue notes (the Notes) denominated in any currency agreed between the Issuer of such Notes (the relevant Issuer) and the relevant Dealer (as defined below).

The Notes issued by ESIP (the ESIP Notes) will not be guaranteed by BESI but ESIP has the benefit of a Keep Well Agreement dated 25 July 2007 (as amended and/or supplemented and/or restated from time to time) (the Keep Well Agreement) and made between ESIP and BESI, the text of which is set out under "Relationship of ESIP with BESI".

ESIP has assigned its rights under the Keep Well Agreement by way of security to the Trustee for the benefit of the holders of Notes issued by ESIP as security for payment of principal and interest on such Notes.

Issues of Notes by BESI (the BESI Notes) will be issued through its head office, its London branch or its New York branch as specified in the applicable Final Terms (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,500,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as described herein. A description of the restrictions applicable at the date of this Offering Circular relating to the maturity of certain Notes is set out on page 11.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "Overview of the Programme and Terms and Conditions of the Notes" and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a Dealer and together the Dealers). References in this Offering Circular to the relevant Dealer shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

The purchase of Notes (and, in particular those Notes linked to one or more Relevant Factors (as defined on page 18) involves substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of Notes should ensure that they understand the nature of the Notes and the extent of their exposure to risks and that they consider carefully, in the light of their own financial circumstances, financial condition and investment objectives, all the information set forth in the Offering Circular (see "Risk Factors").

This Offering Circular (the Offering Circular) constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the Prospectus Directive) for the purpose of giving information with regard to the Notes under the Programme during the period of twelve months after the date hereof. References throughout this document to "Offering Circular" shall be taken to read "Base Prospectus" for such purpose. The Offering Circular has been approved by the Irish Financial Services Regulatory Authority (the Financial Regulator), as competent authority under the Prospectus Directive. The Financial Regulator only approves this Offering Circular as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of The Irish Stock Exchange Limited (the Irish Stock Exchange) or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any member state of the European Economic Area. Application has been made to the Irish Stock Exchange for such Notes to be admitted to the official list (the Official List) and trading on its regulated market.

This Offering Circular comprises listing particulars (the "Listing Particulars") for the purposes of giving information with regard to the issue of Notes having a maturity of less than 365 days as commercial paper of the Issuer under the Programme during the period of twelve months after the date hereof. References throughout this document to the "Offering Circular" shall be deemed to read "Listing Particulars" for such purpose. Application has been made to the Irish Stock Exchange for such Notes to be admitted to listing and trading on the Irish Stock Exchange's regulated market as commercial paper. The Programme provides that the commercial paper may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer.

References in this Offering Circular to Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the relevant Issuer and the relevant Dealer(s). Each Issuer may also issue unlisted Notes and/or Notes which are not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a final terms supplement (the Final Terms) which, with respect to Notes to be listed on the Irish Stock Exchange will be delivered to the Financial Regulator and the Irish Stock Exchange on or before the date of issue of the Notes of such Tranche.

Copies of the Final Terms will be available from the registered office of the relevant Issuer and the specified office set out below of each of the Paying Agents (as defined below save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Trustee or the relevant Paying Agent as to its holding of Notes and as to its identity).

The Notes have not been and will not be registered under the U.S. Securities Act 1933, as amended (the Securities Act). The Notes are being offered and sold by the Dealers outside the United States to non-U.S. persons in accordance with Regulation S of the U.S. Securities Act (Regulation S) and in the United States only to qualified institutional buyers (QIBs) in reliance on Rule 144A under the U.S. Securities Act (Rule 144A).

In the case of Notes held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa) the Notes of each Tranche will be in dematerialised book-entry form and will either be bearer Notes (ao portador) or registered Notes (nominativas), as specified in the applicable Final Terms. The Notes of each Tranche other than Interbolsa Notes (as defined in "Form of the Notes" below) will either be in registered form (the Registered Notes) or in bearer form (the Bearer Notes). The issue of Interbolsa Notes shall be prior to the issue date registered in the Portuguese securities centralised system, Central de Valores Mobiliários (CVM) managed by Interbolsa. Bearer Notes (other than Interbolsa Notes) will initially be represented by a temporary global Note (a Temporary Global Note) or, if so specified in the applicable Final Terms, a permanent global Note (a Permanent Global Note and, together with a Temporary Global Note, Global Notes) which in either case will: (i) if the Global Notes are intended to be issued in new global note (NGN) form, be delivered on or prior to the issue date of the Tranche to a common depository (the Common Depository) for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and which will be exchangeable, as specified in the applicable Final Terms, for either a Permanent Global Note or Notes in definitive form, in each case upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations. Registered Notes may be delivered on or prior to the issue date of the Tranche to a Common Depository for Euroclear and Clearstream, Luxembourg. Registered Notes resold pursuant to Rule 144A (Rule 144A) under the United States Securities Act of 1933, as amended (the Securities Act) may be deposited on the issue date with a custodian on behalf of the Depository Trust Company (DTC).

The applicable Final Terms will specify that a Permanent Global Note either (i) is exchangeable (in whole but not in part) for definitive Notes upon not less than 60 days' notice or (ii) is exchangeable (in whole but not in part) for definitive Notes only following the occurrence of an Exchange Event (as defined on page 27), all as further described in "Form of the Notes" below.

The relevant Issuer may agree with any Dealer and (in respect of Notes other than Interbolsa Notes) the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a supplemental Offering Circular, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Arranger

BofA Merrill Lynch

Dealers

Banco Espírito Santo de Investimento, S.A.

Deutsche Bank

Morgan Stanley

Citi

BofA Merrill Lynch

NATIXIS

The Royal Bank of Scotland

The date of this Offering Circular is 27 July 2009.

Each Issuer (the **Responsible Persons**) accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each Issuer (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”). This Offering Circular shall be read and construed on the basis that such documents are incorporated and form part of this Offering Circular.

Neither the Dealers nor the Trustee have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuers in connection with the Programme or the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuers under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Trustee or any of the Dealers.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Issuers, the Trustee or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of each Issuer. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer by or on behalf of the Issuers, the Trustee or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall at any time imply that the information contained herein concerning the Issuers is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of either Issuer during the life of the Programme.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Trustee and the Dealers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by either Issuer, the Trustee or the Dealers which would permit a public offering of any Notes outside Ireland or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this

Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom, Ireland and Portugal) and Japan (see “Subscription and Sale”).

*This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuers nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

The Notes are being offered and sold outside the United States to non-U.S. persons in accordance with Regulation S and are being offered and resold within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that the sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer is not, and the Dealers are not, making an offer to sell the Notes in any jurisdiction where such offer or sale would be unlawful. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration thereunder or exemption therefrom. Prospective purchasers should be aware that they might be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

No Securities Commission Approval

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or the accuracy or adequacy of this Offer Document. Any representation to the contrary is a criminal offense in the United States.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF

STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

*Each Issuer has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the relevant Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**) nor exempt from reporting thereunder pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144Aa(d)(4) under the Securities Act.*

All Notes having a term of less than one year sold outside the United States constitute commercial paper and are issued in accordance with an exemption granted by the Financial Regulator, as a constituent part of the Central Bank and Financial Services Authority of Ireland, under Section 8(2) of the Central Bank Act, 1971, inserted by Section 31 of the Central Bank Act, 1989, as amended by Section 70(d) of the Central Bank Act, 1997. The Notes do not have the status of bank deposits, are not within the scope of the Deposit Protection Scheme operated by the Financial Regulator and neither Issuer is regulated by the Financial Regulator arising from the issue of commercial paper.

*All references in this document to **U.S. dollars** and **U.S.\$** refer to the currency of the United States of America, those to **Sterling** and **£** refer to the currency of the United Kingdom, those to **euro** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended, and those to **Reais** and **R\$** refer to the currency of the Republic of Brazil.*

The language of the Offering Circular is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Offering Circular.

ENFORCEABILITY OF JUDGMENTS

ESIP is incorporated with limited liability in Ireland and BESI is incorporated with limited liability in the Republic of Portugal. A substantial part of the assets of ESIP and BESI are located outside the United States. In addition, a majority of the officers and directors of ESIP and BESI reside outside the United States and a substantial part of the assets of these persons are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon the Issuers or such persons or to enforce against any of them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any State or territory within the United States.

FORWARD-LOOKING STATEMENTS

This Offering Circular contains forward-looking statements, including statements regarding strategies, business plans, targets, forecasts, projections, possible future results of operations and other statements that are not statements of historical fact. These statements can be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates” or similar expressions. Forward-looking statements are included in sections entitled “*Summary of the Programme*”, “*Overview of the Programme*”, “*Risk Factors*”, “*General Description of the Programme*”, “*Description of ESIP*”, “*Description of BESI*” and other sections of this Offering Circular.

By their nature, forward-looking statements involve risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuers to be materially different

from those suggested in this Offering Circular. Such forward-looking statements are based on numerous assumptions regarding the Issuers' present and future business strategies and the environment in which the Issuers will operate in the future, and many of the factors that will determine the Issuers' actual results, performance and achievements are beyond its control. The important factors that could cause the Issuers' results, performance or achievements to differ materially from those discussed in the forward-looking statements include, but are not limited to, those discussed under "*Risk Factors*".

These forward-looking statements are made only as of the date of this Offering Circular. Subject to any obligations under Article 16 of the Prospectus Directive, the Issuers expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuers' expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

TABLE OF CONTENTS

	Page
Summary of the Programme	7
Overview of the Programme.....	11
Risk Factors	15
Documents Incorporated by Reference.....	25
General Description of the Programme	26
Form of the Notes.....	27
Applicable Final Terms	31
Terms and Conditions of the Notes.....	61
Use of Proceeds.....	98
Selected Financial Information for ESIP	99
Description of ESIP	100
Selected Financial Information for BESI.....	101
Description of BESI	102
Relationship of ESIP with BESI	121
Description of the Portuguese Banking Sector	125
Taxation	129
Subscription and Sale	147
General Information.....	156

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake such stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before the legal proceedings are initiated.

Words and expressions defined in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” shall have the same meanings in this summary.

Issuer:	Espírito Santo Investment p.l.c. (ESIP). Banco Espírito Santo de Investimento, S.A. (acting through its head office, its London Branch or its New York Branch) (BESI).
Keep Well Agreement:	ESIP has the benefit of a Keep Well Agreement with BESI and ESIP has assigned by way of security its rights under the Keep Well Agreement to the Trustee for the benefit of the holders of the ESIP Notes. Such ESIP Notes will not be guaranteed by BESI.
Risk Factors:	There are certain factors that may affect the ability of ESIP and BESI to fulfil their respective obligations as Issuer under Notes issued under the Programme and BESI’s obligations under the Keep Well Agreement. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Programme Size:	Up to €2,500,000,000 (or its equivalent in other currencies calculated as described herein on page 26) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Form of Notes:	The Notes (except for Interbolsa Notes) will be issued in bearer form (Bearer Notes) or in registered form (Registered Notes) as described in the “ <i>Form of the Notes</i> ”. Registered Notes which are sold in compliance with Regulation S (Unrestricted Registered Notes) under the Securities Act may be represented by a Registered Certificate in global form (an Unrestricted Global Certificate) deposited with a common depository for Euroclear and Clearstream Luxembourg. Registered Notes which are resold pursuant to Rule 144A under the Securities Act (Restricted Registered Notes) may be represented by a restricted Registered Certificate in global form (a Restricted Global Certificate) deposited with a custodian on behalf of DTC. In certain circumstances, upon certification as to compliance with applicable securities laws, Restricted Registered Notes may be exchanged for Unrestricted Registered Notes, and vice versa. Both Unrestricted Registered Notes and Restricted Registered Notes will be subject to transfer restrictions,

and Restricted Registered Notes will bear a transfer restriction legend, all as described under “*Subscription and Sale*”. Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as **Global Certificates**.

Interbolsa Notes will be issued in dematerialised book-entry form and will either be bearer Notes (*ao portador*) or registered Notes (*nominativas*), as specified in the applicable Final Terms and as further described under “*Form of the Notes*”.

Terms of Notes:

Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.

Notes may be denominated in any agreed currency and with any agreed maturity, subject to any applicable legal or regulatory restrictions and any requirements of the relevant central bank (or equivalent body).

The terms of the Notes will be specified in the applicable Final Terms. The following types of Note may be issued: (i) Notes which bear interest at a fixed rate or a floating rate; (ii) Notes which do not bear interest; and (iii) Notes which bear interest, and/or the redemption amount of which is, calculated by reference to a specified factor such as movements in an index or a currency exchange rate, changes in share or commodity prices or changes in the credit of an underlying entity. In addition, Notes which have any combination of the foregoing features may also be issued.

Interest periods, rates of interest and the terms of and/or amounts payable on redemption may differ depending on the Notes being issued and such terms will be specified in the applicable Final Terms.

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms.

The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by or on behalf of Ireland (in the case of ESIP Notes) or Portugal (in the case of BESI

Notes issued through BESI's head office), the United Kingdom (in the case of BESI Notes issued through its London branch) or the United States (in the case of BESI Notes issued through its New York branch) as provided in Condition 8. In the event that any such deduction is made, the relevant Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.

Negative Pledge: The terms of the Senior Notes will contain a negative pledge provision as further described in Condition 4. The terms of the Subordinated Notes will contain no negative pledge.

Events of Default: The terms of the Notes will contain, amongst others, the following events of default:

- (a) default in payment of any principal or interest due in respect of the Notes, continuing for a specified period of time;
- (b) (in the case of the Senior Notes only) non-performance or non-observance by the relevant Issuer of any of its other obligations under the Terms and Conditions or the Trust Deed continuing for a specified period of time;
- (c) (in the case of the Senior Notes only) the repayment of indebtedness is accelerated by reason of default or there is a default in the payment of any indebtedness subject to a cross default threshold of U.S.\$10,000,000 or, if higher, a sum equal to one per cent. of BESI's Shareholders' Funds, all as further described in Condition 10; and
- (d) events relating to the insolvency or winding up of the Issuer or (where the Issuer is ESIP) BESI.

Status of the Senior Notes: The Senior Notes and the relative Receipts and Coupons (if any) will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, present and future, subject to mandatory provisions of law affecting creditors' rights generally and statutorily preferred obligations.

Status of the Dated Subordinated Notes: ESIP will be the only Issuer able to issue Dated Subordinated Notes. The Dated Subordinated Notes and the relative Receipts and Coupons (if any) will constitute direct and unsecured obligations of ESIP, subordinated as hereinafter referred to, and will rank *pari passu* without any preference among themselves. The claims of the holders of the Dated Subordinated Notes and the relative Receipts and Coupons (if any) will, in the event of the bankruptcy or winding up of ESIP, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of all unsubordinated creditors of ESIP and will rank, in the event of the winding up of ESIP, at least *pari passu* in right of payment with all other Subordinated Indebtedness (as defined in Condition 3(b)), present and future, of ESIP.

Status of the Undated Subordinated Notes: ESIP will be the only Issuer able to issue Undated Subordinated Notes. The Undated Subordinated Notes and the relative Coupons (if any) will constitute direct and unsecured obligations of ESIP, subordinated as hereinafter referred to, and will rank *pari passu* without any preference among themselves. The claims of the holders of the Undated Subordinated Notes and the relative Coupons (if any) will, in the event of the bankruptcy or winding up of ESIP, be

subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of ESIP (as defined in Condition 3(c)(ii)).

In order to allow ESIP (and BESI, by virtue of the corresponding provision of the Keep Well Agreement) to continue its (their) business activities, any amounts which, but for the provisions of Condition 5(e) or, as the case may be, the insolvency of ESIP or BESI, would be payable as interest or principal on the Undated Subordinated Notes (or the corresponding amounts BESI is required to make available to ESIP under the Keep Well Agreement) will be available to meet the losses of ESIP (or BESI, as the case may be).

Status of BESI's obligations under the Keep Well Agreement:

BESI's obligations under the Keep Well Agreement are, with regard to the Dated Subordinated Notes and the Undated Subordinated Notes issued by ESIP, subordinated as described in Condition 3(e).

Use of Proceeds:

The net proceeds from each issue of Notes will be applied by the relevant Issuer for its general corporate purposes, which include making a profit. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Rating:

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms.

Listing and admission to trading:

Application has been made to the Irish Stock Exchange for Notes to be admitted to the Official List and to trading on its regulated market.

Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the relevant Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.

The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Bearer Notes and Registered Notes (other than Interbolsa Notes) will be governed by, and construed in accordance with, English law except that, in relation to Subordinated Notes, Conditions 3(b) and 3(c) will be governed by, and construed in accordance with, Irish law. Interbolsa Notes will be governed by and construed in accordance with Portuguese law.

The Trust Deed will be governed by, and construed in accordance with, English law except that, in relation to Subordinated Notes, clauses 6(B) and 6(C) will be governed by, and construed in accordance with, Irish law. Interbolsa Notes are not constituted by the Trust Deed.

The Keep Well Agreement will be governed by, and construed in accordance with, English law, except that clauses 3 and 4 will be governed by, and construed in accordance with, Portuguese law.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including the United Kingdom, Ireland and Portugal) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the summary and the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The relevant Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Offering Circular will be published.

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive.

Words and expressions defined or used in “*Form of the Notes*” and “*Terms and Conditions of the Notes*” below shall have the same meanings in this Overview.

Issuers:	Espírito Santo Investment p.l.c. (ESIP) Banco Espírito Santo de Investimento, S.A. (acting through its head office, its London branch or its New York branch) (BESI).
Keep Well Agreement:	ESIP has the benefit of a Keep Well Agreement with BESI and ESIP has assigned by way of security its rights under the Keep Well Agreement to the Trustee for the benefit of the holders of the ESIP Notes. Such ESIP Notes will not be guaranteed by BESI.
Description:	Euro Medium Term Note Programme
Arranger:	Merrill Lynch International
Dealers:	Banco Espírito Santo de Investimento, S.A. Citigroup Global Markets Limited Deutsche Bank AG, London Branch Merrill Lynch International Morgan Stanley & Co. International plc NATIXIS The Royal Bank of Scotland plc
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see “*Subscription and Sale*”.

Unless otherwise permitted by the current laws and regulations or by the Financial Regulator Notes having a term of less than one year must have a minimum denomination of €125,000 (or its equivalent in other currencies).

Trustee:	Citicorp Trustee Company Limited
Issuing and Principal Paying Agent:	Citibank, N.A. or, in the case of Interbolsa Notes, the Portuguese Paying Agent

Portuguese Paying Agent:	Banco Espírito Santo de Investimento, S.A.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	<p>Subject to any applicable legal or regulatory restrictions, such currencies as may be agreed between the relevant Issuer and the relevant Dealer, including, without limitation, Australian dollars, Canadian dollars, Czech koruna, Danish kroner, euro, Hong Kong dollars, Japanese Yen, New Zealand dollars, Norwegian kroner, Sterling, South African Rand, Swedish kronor, Swiss francs and United States dollars (as indicated in the applicable Final Terms).</p> <p>Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “<i>Subscription and Sale</i>”).</p>
Maturities:	<p>The Notes will have such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.</p> <p>At the date of this Offering Circular, the minimum maturity of Subordinated Notes will be five years and one day to enable such Notes to qualify as capital for supervisory purposes from time to time.</p>
Issue Price:	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	<p>The Notes (except for Interbolsa Notes) will be in bearer form or in registered form. All Bearer Notes will on issue be represented by either a temporary global Note or a permanent global Note as specified in the applicable Final Terms. Temporary global Notes will be exchangeable either for (a) interests in a permanent global Note or (b) for definitive Notes as indicated in the applicable Final Terms. Permanent global Notes will be exchangeable for definitive Notes upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such permanent global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described under “<i>Form of the Notes</i>”.</p> <p>Interbolsa Notes will be issued in dematerialised book-entry form and will either be bearer Notes (<i>ao portador</i>) or registered Notes (<i>nominativas</i>), as specified in the applicable Final Terms and further described under “<i>Form of the Notes</i>”. Interbolsa Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the <i>Comissão do Mercado de Valores Mobiliários</i> (the Portuguese Securities Market Commission, the CMVM) and Interbolsa.</p> <p>Registered Notes which are sold in compliance with Regulation S (Unrestricted Registered Notes) under the Securities Act may be represented by a Registered Certificate in global form (an Unrestricted Global Certificate) deposited with a common depository for Euroclear and Clearstream Luxembourg. Registered Notes which are resold pursuant to Rule 144A under the Securities Act (Restricted Registered</p>

Notes) may be represented by a restricted Registered Certificate in global form (a **Restricted Global Certificate**) deposited with a custodian on behalf of DTC. In certain circumstances, upon certification as to compliance with applicable securities laws, Restricted Registered Notes may be exchanged for Unrestricted Registered Notes, and vice versa. Both Unrestricted Registered Notes and Restricted Registered Notes will be subject to transfer restrictions, and Restricted Registered Notes will bear a transfer restriction legend, all as described under “*Subscription and Sale*”. Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as **Global Certificates**.

Fixed Rate Notes:

Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer (as indicated in the applicable Final Terms) and on redemption.

Floating Rate Notes:

Floating Rate Notes will bear interest at a rate determined:

- (i) on the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (iii) on such other basis as may be agreed between the relevant Issuer and the relevant Dealer,

as indicated in the applicable Final Terms.

The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Indexed Notes:

Payments of principal in respect of Indexed Redemption Amount Notes or of interest in respect of Indexed Interest Notes will be calculated by reference to such index and/or formula as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms).

Other provisions in relation to Floating Rate Notes and Indexed Interest Notes:

Floating Rate Notes and Indexed Interest Notes may also have a maximum interest rate, a minimum interest rate or both (as indicated in the applicable Final Terms).

Interest on Floating Rate Notes and Indexed Interest Notes in respect of each Interest Period, as selected prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.

Dual Currency Notes:

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and the relevant Dealer may agree (as indicated in the applicable Final Terms). Interbolsa Notes may be Dual Currency Notes provided that the information required for such purpose is made available to Interbolsa by the Issuer or by the Portuguese Paying Agent, pursuant to the Interbolsa applicable procedures in this respect.

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	<p>The applicable Final Terms will indicate either that the relevant Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below), if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer (but subject to the prior consent of the Bank of Portugal in respect of Subordinated Notes) and/or the Noteholders (in the case of Senior Notes only) upon giving not less than 30 nor more than 60 days' irrevocable notice (or such other notice period (if any) as is indicated in the applicable Final Terms) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.</p> <p>Any early redemption of Dated Subordinated Notes or Undated Subordinated Notes shall be subject to the prior consent of the Bank of Portugal.</p> <p>The applicable Final Terms may provide that Notes may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "<i>Certain Restrictions – Notes having a maturity of less than one year</i>" above.</p>
Denomination of Notes:	<p>The Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "<i>Certain Restrictions – Notes having a maturity of less than one year</i>" above and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).</p>

RISK FACTORS

Each of ESIP and BESI believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither ESIP nor BESI is in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Each of the Issuers believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of either of the Issuers to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither ESIP nor BESI represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors which are material for the purposes of assessing BESI's ability to fulfil its obligations under the BESI Notes or, in respect of ESIP Notes, under the Keep Well Agreement.¹

Global Credit Market Conditions

Since the second half of 2007, disruption in the global credit markets, coupled with the re-pricing of credit risk and the deterioration of the housing markets in the United States and elsewhere, created increasingly difficult conditions in the financial markets. The latest market data indicates severe economic downturns in most developed economies coupled with continuing volatility, poor liquidity, ongoing widening of credit spreads and lack of price transparency in the financial markets. Since September 2008, these conditions have resulted in failures of a number of financial institutions in the United States and Europe as well as aggressive monetary easing by central banks around the world.

The Issuers have been and continue to be affected by this exceptional environment. For example after strong results in 2007, when consolidated banking income exceeded €200 million, BESI posted consolidated banking income of €188.7 million in 2008, down 6.3% on the previous year. Operating Profit fell to €97.9 million in 2008, down 14.5% on 2007, and Net Profit dropped 34.9% on the previous year to €47.6 million, as a result of asset impairments recorded during the year.

It is difficult to predict how long these conditions will exist and to what extent the Issuers' investments and markets will be affected. The current environment may be further exacerbated by persisting volatility in the financial sector and lack of liquidity in the overall economies where the Issuers operate. This could in turn lead to significant losses or defaults by other institutions or the Issuers' borrowers having an adverse impact on the future results of the Issuers.

Credit Portfolio

Due to the composition of BESI's main business segments, credit and market risks are actively managed on a consolidated basis for BESI and all subsidiaries held by BESI. The consolidated gross client loan book (excluding credit impairment and guarantees provided) at the end of 2008 was €1.75

Note:

¹ The Keep Well Agreement is not, and should not be regarded as equivalent to, a guarantee by BESI of any payment in respect of the Notes. ESIP has, under the terms of the Trust Deed, assigned its rights under the Keep Well Agreement by way of security to the Trustee for the benefit of the Noteholders as security for payment of principal and interest on the Notes. Following an Event of Default, the Trustee will be entitled, on behalf of the Noteholders, to enforce such security and to enforce ESIP's rights under the Keep Well Agreement against BESI in accordance with the terms of the Trust Deed. Enforcement in the English courts will be subject, among other things, to the powers of such courts to stay proceedings and other principles of law and equity of general application.

BESI's participation, signature and execution of any of the programme documentation and the existence of the Keep Well Agreement does not correspond to, nor can it be construed as, any form of undertaking of liability by BESI against the Noteholders, without prejudice to the assignment by way of security of the rights of ESIP under the Keep Well Agreement pursuant to the Trust Deed.

billion, representing an increase of 19% with respect to the previous year. BESI's rating profile and sector distribution reflects its main loan activities with a remaining focus on project finance, namely in transport infrastructure and energy sectors.

Around 25% of the total loan portfolio with internal credit ratings are investment grade. Non-investment grade loans with bb ratings accounted for around 47% of the portfolio and include mostly complex loans, generally guaranteed by real assets, which are not reflected in the level of ratings assigned, but which constitute important factors in risk diversification and mitigation, namely in the calculation of expected losses. BESI's guarantees amounted to €241 million at the end of 2008. About 79% of these guarantees and advances were investment grade. The main sectors were the financial sector, particularly BES and energy, which together represented 78% of the total guarantees. The industry sectors financed are widely diversified, with particular emphasis on Transport Infrastructure, Energy, Finance, Tourism and Hotels, Chemicals, Construction and Real Estate.

Unused credit lines amounted to approximately €199 million at the end of 2008, relating mainly to undrawn funding for project finance transactions. These undrawn amounts were mostly in the Transport and Energy sectors. Overall loans, non-used credit lines, guarantees and advances were distributed by country as follows: Portugal 43%, Spain 42% and Brazil 10%. The remaining exposure was divided between France, the United States and Canada. This reflects the Bank's internationalisation strategy of strengthening its position as a leading player in the Iberian market.

The onset of the economic crisis has led to an increase in overdue loans and a slight deterioration in default ratios, resulting in an increase of 16 basis points in 2008 to 0.71%. BESI's continues to adopt a conservative approach in terms of credit provisions and ensures a comfortable bad debt cover of around 206% for the end of 2008.

Interest Rate, Currency and Equity Derivatives

In a progressively more adverse economic environment, credit risk relating to the Bank's portfolio of interest rate, exchange rate and equity derivatives (calculated in accordance with the rules set out in Bank of Portugal Ruling no. 5/2007, essentially based on the sum of the replacement cost and potential future credit exposure), increased significantly from €545.5 million for the year ended 2007 to approximately €932 million at the end of 2008.

In terms of risk profile, about 72% of BESI's risk profile derived from these instruments is with counterparties with investment grade ratings. Around 54% of the overall exposure is to the financial sector, namely to financial institutions based in Europe, Brazil and the United States.

Credit Derivatives Portfolio

As a result of the global economic crisis BESI substantially reduced the risk relating to its credit derivative portfolio. Credit derivatives portfolio risk is measured based on the notional value of the underlying contracts and the risk of the underlying reference issuer, when BESI is selling protection, and of the counterparty, when BESI is buying protection (from financial institutions). At the end of 2008, the total risk of this portfolio was approximately €113 million, representing a reduction of 41.5% over 2007. In terms of risk profile exposure and sector distribution of this portfolio, all the ratings were equal or higher than BBB- (investment grade) and exposure was largely to European companies in the financial and telecommunications sectors.

Bonds Portfolio

The bond portfolio totalled €1.204 billion in 2008, a moderate increase of approximately 7% over the previous year. Taking into account the full consolidation of the portfolio of BES Investimento do Brazil, which is mainly composed of Brazilian Treasury Notes and Brazilian Central Bank Notes (issued and funded in local currency), the risk profile of the bonds portfolio underwent a significant alteration in 2008 as a result of the improved rating attributed to the Republic of Brazil. At the end of 2008 around 87% of the bond portfolio was comprised of ratings equal or higher than BBB- (investment grade). About 76% of the bonds portfolio was comprised of securities issued by state/central administration entities or by financial institutions, with good quality risk and high liquidity.

Due to market turbulence in 2008, BESI also reduced the level of structured products in its investment portfolio (Diversified Portfolio, mainly CBO's and CLO's).

BESI's policy is to hedge the sovereign risk inherent in securities issued by emerging markets (notably Brazil) through the issuance of Credit Linked Notes, the acquisition of Credit Default Swaps and also through guarantees provided by third parties, generally with exposures in Europe and the United States.

Emerging Market Risks

As at 31 December 2008, exposure in foreign currency to emerging markets (as determined by the Bank of Portugal for the calculation of counterparty risk – aggregate exposure by geographic area) totalled €923.6 million, representing 16.9% of total consolidated net assets, of which 98.1% was financed in local currency.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

Notes subject to optional redemption by the relevant Issuer

Unless in the case of any particular Tranche of Notes the relevant Final Terms specify otherwise, in the event that the relevant Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the jurisdiction of incorporation of the relevant

Issuer or any political subdivision thereof or any authority therein or thereof having power to tax, an Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions.

In addition, if in the case of any particular Tranche of Notes the relevant Final Terms specify that the Notes are redeemable at the relevant Issuer's option in certain other circumstances the relevant Issuer may choose to redeem the Notes at times when prevailing interest rates may be relatively low. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the relevant Notes.

Indexed Notes and Dual Currency Notes

An Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, an Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Indexed Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Indexed Notes and the suitability of such Notes in light of its particular circumstances.

Credit Linked Notes

Country and Regional Risk

The price and value of the Reference Obligations (as defined in the applicable Final Terms) may be influenced by the political, financial and economic stability of the country and/or region in which the Reference Entities (as defined in the applicable Final Terms) are incorporated or have their principal place of business or of the country in the currency of which the obligations under the Notes are denominated. In certain cases the price and value of assets originating from countries not ordinarily considered to be emerging markets countries may behave in a manner similar to those of assets originating from emerging markets countries.

Emerging Markets

The Reference Entities and the Reference Obligations may originate from an emerging markets country. Investing in securities issued by entities in emerging markets countries or in securities, the return of which is linked to such securities, involves certain systemic and other risks and special considerations which include:

- (i) the prices of emerging markets assets may be subject to sharp and sudden fluctuations and declines;

- (ii) emerging markets securities and other assets tend to be relatively illiquid. Trading volume may be lower than in debt of higher grade credits. This may result in wide bid/offer spreads prevailing in adverse market conditions. In addition, the sale or purchase price quoted for the Reference Obligations may vary depending on the size of the holding for which a quotation is sought; and
- (iii) published information in or in respect of emerging markets countries and the issuers of or obligors in respect of emerging markets securities or other assets has been proven on occasions to be materially inaccurate; and
- (iv) delivery of Reference Obligations which are emerging markets securities or other assets may be subject to restrictions or delays arising under local law.

Partly-paid Notes

An Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where an Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all

Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The conditions of the Bearer Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Bearer Notes or (ii) determine without the consent of the holders of the Bearer Notes that any Event of Default or potential Event of Default shall not be treated as such. Interbolsa Notes are not constituted by the Trust Deed and thus any such modification, waiver, authorisation or determination will have to be agreed in accordance with the provisions of meetings of holders of Interbolsa Notes (see Condition 16(b)).

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland). Investors should note that the European Commission has announced proposals to amend the Directive. If implemented, the proposed amendments would, *inter alia*, extend the scope of the Directive to (i) payments made through certain intermediate structures (whether or not established in a Member State) for the ultimate benefit of an EU resident individual, and (ii) a wider range of income similar to interest.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Change of law

The conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Trading of Bearer Notes and Registered Notes (other than Interbolsa Notes) in the clearing systems

Bearer Notes and Registered Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates, as the case may be. Such Global Notes or Global Certificates may be deposited with a common depositary, common safekeeper or custodian for the clearing systems. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes or definitive Registered Certificates. The clearing systems will maintain records of the beneficial interests in the Global Notes and Global Certificates. While the Bearer Notes are represented by one or more Global Notes, and the Registered Notes are represented by one or more Global Certificates, investors will be able to trade their beneficial interests only through the clearing systems.

While the Bearer Notes and Registered Notes are represented by one or more Global Notes or Global Certificates, as the case may be, the relevant Issuer will discharge its payment obligations under the Bearer Notes and Registered Notes by making payments to the common depositary, common safekeeper or custodian for the clearing systems for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of the clearing systems to receive payments under the relevant Bearer Notes or Registered Notes. The Issuers have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Bearer Notes or Registered Notes, as the case may be. Instead, such holders will be permitted to act only to the extent that they are enabled by the clearing systems to appoint appropriate proxies.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note or definitive Registered Certificate in respect of such holding (should definitive Notes or definitive Registered Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes or definitive Registered Certificates are issued, holders should be aware that definitive Notes or definitive Registered Certificates which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Some Notes may be subordinated to most of ESIP's liabilities

If in the case of any particular Tranche of ESIP Notes the relevant Final Terms specify that the Notes are subordinated obligations of ESIP and ESIP is declared insolvent and a winding up is initiated, it will be required to pay the holders of senior debt and meet its obligations to its unsecured creditors in full before it can make any payments on the relevant Notes. If this occurs, ESIP may not have enough assets remaining after these payments to pay amounts due under the relevant Notes.

Loss of investment

If, in the case of any particular Tranche of Notes, the applicable Final Terms specify that the Notes are Index or Credit Linked, there is a risk that any investor may lose the value of his entire investment or part of it.

Risks relating to Interbolsa Notes

Reliance upon Interbolsa procedures and Portuguese law investments in Interbolsa Notes will be subject to Interbolsa procedures and Portuguese law with respect to the following:

(a) *Form and Transfer of Interbolsa Notes*

Notes held through accounts of Affiliate Members of Interbolsa (as defined in “*Form of the Notes*” hereunder) will be represented in dematerialised book-entry form (*forma escritural*) and will either be registered (“*nominativas*”) Notes or bearer Notes (“*a portador*”), as specified in the applicable Final Terms. Interbolsa Notes will be registered in the relevant issue account opened by the relevant Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Interbolsa Notes held in the individual securities accounts opened by the clients with the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg). The transfer of Interbolsa Notes and their beneficial interests will be made through Interbolsa.

(b) *Payments on Interbolsa Notes*

Payment of principal and interest in respect of Interbolsa Notes will be credited by the Issuer in the payment current-account which the Portuguese Paying Agent uses for payments in respect of securities held through Interbolsa, and (i) **if made in euro** will be (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent to the payment current account which the Affiliate Members of Interbolsa (whose control accounts with Interbolsa are credited with such Notes) use for payments in

respect of securities held through Interbolsa and thereafter (b) credited by such Interbolsa Affiliate Members from the aforementioned payment current-accounts to the accounts of the Noteholders or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) **if made in currencies other than euro** will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the Noteholders of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

The Noteholders must rely on the procedures of Interbolsa to receive payment under the Interbolsa Notes. The records relating to payments made in respect of beneficial interests in the Interbolsa Notes are maintained by the Affiliate Members of Interbolsa and each Issuer accepts no responsibility for, and will not be liable in respect of, the maintenance of such records.

(c) *Portuguese Tax Rules*

Pursuant to **Decree-Law 193/2005**, of 7th November, 2005, as amended from time to time, investment income paid to holders of Interbolsa Notes, and capital gains derived from a sale or other disposition of such Notes, will be exempt from Portuguese income tax only if certain documentation requirements are duly complied with. If the Notes are held in an account with an international clearing system (such as Euroclear or Clearstream, Luxembourg), the management entity of such clearing system may not provide the necessary registration services in respect of the Interbolsa Notes, and, therefore, to be eligible for the exemption, the holders of the Interbolsa Notes are required to submit to the management entity of the relevant clearing system, by courier, hand delivery or mail (there is no procedure for electronic filing), on an annual basis: (i) a certificate with the name of each beneficial owner, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax; or (ii) a declaration that the beneficial owners are exempt from, or not subject to, Portuguese withholding tax. The certificate and declaration are set out on pages 159-163 hereto. Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding rate of 20 per cent., or if applicable, in reduced withholding tax rates of up to 15 per cent., pursuant to tax treaties signed by Portugal, provided that the procedures and certification requirements established by the relevant tax treaty are complied with (see section on Portuguese Taxation).

The Issuers will not gross up payments in respect of any such withholding tax in any of the cases indicated in Condition 8 of the Interbolsa Notes, including failure to deliver or incorrect filling of the certificate or declaration referred to above. Accordingly, holders of Interbolsa Notes must seek their own advice to ensure that they comply with all procedures to ensure correct tax treatment of their Interbolsa Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Offering Circular), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. Such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the relevant Issuer. The Issuers cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Specific risks related to BESI's market

Market risk is considered as the potential loss of value in a portfolio of financial instruments, arising from fluctuations in market variables such as credit spreads, interest rates, currency exchange rates, share and share-index prices and commodity prices. The market risk of BESI is identified, valued, monitored and controlled by a specific business unit (the **Risk Control Unit**), which is fully independent of BESI's business units. The Risk Control Unit is part of the Risk Department and reports directly to a board member and to the Executive Committee.

The Risk Control Unit is responsible for proposing control checks, performing statistical analysis of the relevant risk factors, measuring market volatility, analysing liquidity and running sensitivity analysis on the business under consideration. In addition to the computation results,

control checks are also measured against the track record of the business unit and its strategic objectives, thus reflecting BESI's appetite for each type of risk.

Control checks are submitted to and approved by the Credit and Risk Committee (**CRC**) of each business unit and subsequently submitted for approval to the Espírito Santo Investment Executive Committee or CRC in Lisbon. Control checks are reviewed at least once a year or whenever justified by changes in strategic options or market conditions. To build a comprehensive as possible risk profile, several complementary risk management measures are used, such as stop loss and concentration limits. Risk management measures include VaR and Stress Testing and sensitivity models include BPV and "greeks" (Vega and Rho). The VaR model is adjusted by a back-testing analysis. The implementation of risk management and control procedures depends on the market and business to which they apply.

In addition, the financial portfolio of BESI is comprised of some financial instruments where a reference market price is unavailable. In such cases, these financial instruments are valued using theoretical valuation models. The valuation models are subsequently employed to manage and control positions, namely to compare them against approved control checks.

BESI also uses price testing methodology to:

- (i) review the models and examine their suitability;
- (ii) establish the reasonableness, independence and consistency of the data used by the models;
- (iii) verify the consistency of the algorithms used;
- (iv) compare the results obtained with those collected from other market agents.

BESI's equities portfolio is susceptible to stockmarket fluctuations and security allocation over various industry sectors. Emerging Markets exposure, mainly Brazilian risk, is contingent on the composition of emerging markets bonds held at any point in time.

In 2008, net assets declined by around 2.71% (a decrease of €148 million), with an increase in inter-bank liabilities of 80.8% (an increase of €526 million) and a decrease in issued debt of 21% (a decrease of €351 million). The liquidity gap underwritten by inter-bank borrowings as at 31 December 2008 was around 22% of total liabilities, rising to almost €1,177 million, of which €930 million was funded from within the BES Group.

Operating Risk is defined by the Group as the risk occurring from inadequate or negligent application of internal procedures or systems, or human behaviour or external factors which lead to financial losses or may have a negative client or other stakeholder impact, in addition to the risk occurring from variations in business and volume, turnover and price or cost structure (business versus strategic risk). BESI undertook an exercise on the consistent application of its internal control systems in its principal areas of business. This exercise led to the assessment of the main operating risks, appropriate controls and mitigation approaches. BESI considers that best practice in relation to information management systems and regular assessment of asset quality and performance against (by checking performance against third parties) helps limit and control risk.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Offering Circular and have been filed with the Irish Stock Exchange or approved by the Financial Regulator shall be incorporated in, and form part of, this Offering Circular:

- the auditors' report and audited statutory financial statements for each of the financial years ended 31 December 2007 and 31 December 2008 of ESIP;
- the auditors' report and audited statutory consolidated financial statements for each of the financial years ended 31 December 2007 and 31 December 2008 of BESI; and
- summary unaudited consolidated interim financial statements for the three months ended 31 March 2009 of BESI.

Following the publication of this Offering Circular a supplement may be prepared by the Issuers and approved by the Financial Regulator in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise) be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered office of each of the Issuers and from the specified offices of the Paying Agents for the time being in London, Dublin and Lisbon.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Offering Circular shall not form part of this Offering Circular. ESIP and BESI will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, either Issuer may from time to time issue Notes denominated in any currency (including euro) subject as set out herein. A summary of the Terms and Conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, attached to, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on or incorporated by reference into such Notes, as more fully described under “*Form of the Notes*” below.

This Offering Circular and any supplement will only be valid for Notes listed on the Irish Stock Exchange and/or the UKLA Official List and admitted to trading by the London Stock Exchange during the period of 12 months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €2,500,000,000 (or its equivalent in other currencies) or such greater amount as may be agreed from time to time in accordance with the terms of the Programme Agreement. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency shall be determined, at the discretion of the relevant Issuer, either as of the date on which agreement is reached for the issue of such Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London and Lisbon, in each case on the basis of the spot rate for the sale of the euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the relevant Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and
- (c) the euro equivalent of Zero Coupon Notes and other Notes issued at a discount or a premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

FORM OF THE NOTES

1. Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a Temporary Global Note or, if so specified in the applicable Final Terms, a Permanent Global Note, which in either case will:

- (i) if the Global Notes are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and
- (ii) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a the Common Depository for Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein for either (i) interests in a Permanent Global Note without receipts, interest coupons or talons or (ii) definitive Notes with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the Temporary Global Note is improperly withheld or refused. Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Agent to the relevant Dealer or, in the case of a syndicated issue, the lead manager) after the completion of the distribution of the Notes of such Tranche.

Payments of principal and interest (if any) or any other amount on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in the NGN form) without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event as described therein. **Exchange Event** means (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that either Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Permanent Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream,

Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur on the date specified in such notice being in any event not more than 60 days after the date of receipt of the first relevant notice by the Agent.

Global Notes and definitive Notes will be issued pursuant to and in accordance with the Agency Agreement.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

The following legend will appear on all Global Notes, Definitive Notes, receipts, interest coupons and talons having a maturity of more than 365 days:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

2. Interbolsa Notes

Notes held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (**Interbolsa**) (each an **Interbolsa Note**) will be represented in dematerialised book-entry (*escriturais*) form and will either be registered (*nominativas*) Notes or bearer Notes (*ao portador*), as specified in the applicable Final Terms. Title to Interbolsa Notes will be evidenced by book-entries in accordance with the Portuguese Securities Code and the regulations issued by Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the **CMVM**), by Interbolsa or otherwise applicable thereto. Each person shown in the book-entry records of a financial institution, which is licensed to act as a financial intermediary and which is entitled to hold control accounts with Interbolsa (each such institution an **Affiliate Member of Interbolsa**), as having an interest in the Interbolsa Notes shall be the holder of the principal amount of the Interbolsa Notes recorded.

Title to the Interbolsa Notes is subject to compliance with all rules, restrictions and requirements applicable to the activities of Interbolsa and to Portuguese law.

One or more certificates in relation to the Interbolsa Notes (each, a **Certificate**) will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Interbolsa Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures pursuant to article 78 of the Portuguese Securities Code.

The Interbolsa Notes will be registered in the relevant control issue account of the relevant Issuer with Interbolsa and will be held in control accounts by each Affiliate Member of Interbolsa on behalf of the Noteholders. Such control accounts will reflect at all times the aggregate number of Interbolsa Notes held in individual securities accounts opened with the Affiliate Members of Interbolsa by Noteholders, which are clients of the Affiliate Members of Interbolsa and include Euroclear and Clearstream, Luxembourg.

The person or entity registered in the relevant individual securities accounts of an Affiliate Member of Interbolsa (the **Book-Entry Registry** and each such entry therein, a **Book Entry**) as the holder of any Interbolsa Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

The relevant Issuer and the Paying Agents may (to the fullest extent permitted by applicable law) deem and treat the person or entity registered in the Book-Entry Registry as the holder of any Interbolsa Note and the absolute owner for all purposes. Proof of such registration is made by means of a certificate.

No Noteholder will be able to transfer Interbolsa Notes, or any interest therein, except in accordance with Portuguese law and regulations. Interbolsa Notes may only be transferred in

accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the CMVM and Interbolsa.

3. Registered Notes

Each Tranche of Registered Notes will be in registered form and will initially be issued in the form of a Global Certificate, which will:

- (i) if a Restricted Registered Note, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the custodian for DTC (the **Custodian**); and
- (ii) if an Unrestricted Registered Note, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Depository for Euroclear and Clearstream, Luxembourg.

Registered Notes shall be represented by registered certificates (**Registered Certificates**). Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Registered Notes at the specified office of any of the Transfer Agents or of the Registrar.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

Upon the initial registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relevant Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. Upon the initial deposit of a Global Certificate in respect of and registration of Registered Notes in the name of a nominee for DTC and delivery of the relevant Global Certificate to the Custodian for DTC, DTC will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Transfers of interests in Global Certificates within DTC, Clearstream, Luxembourg or Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system. No Noteholder will be able to transfer Registered Notes, or any interest therein, except in accordance with the provisions set out under “Subscription and Sale – Transfer Restrictions”.

Unrestricted Global Certificate

If the Final Terms state that any Registered Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Registered Notes held in Euroclear or Clearstream, Luxembourg. These provisions will not, subject to applicable law and transfer restrictions, prevent the trading of interests in the Registered Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Registered Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of such Notes represented by any Unrestricted Global Certificate pursuant to Condition 2(a) may only be made:

- (i) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if principal in respect of any Note is not paid when due; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i), (ii) or (iii) above, the holder of the Registered Note has given the Registrar not less than 30 days’ notice at its specified office of the holder of the Registered Note’s intention to effect such transfer.

Restricted Global Certificates

If the Final Terms state that any Registered Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear, Clearstream, Luxembourg or DTC. These provisions will not, subject to applicable law and transfer restrictions, prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

If the Final Terms state that the Restricted Notes issued by the Issuer are to be represented by a Restricted Global Certificate on issue, transfers of the holding of Notes represented by that Restricted Global Certificate pursuant to Condition 2(a) may only be made:

- (i) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or an alternative clearing system (except for DTC) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depositary with respect to that Restricted Global Certificate or DTC ceases to be a “clearing agency” registered under the U.S. Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (iii) if principal in respect of any Note is not paid when due; or
- (iv) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i), (ii) or (iii) above, the holder of the Registered Note has given the Registrar not less than 30 days’ notice at its specified office of holder of the Registered Note’s intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out under “Subscription and Sale – Transfer Restrictions”.

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than €50,000 (or its equivalent in another currency).

[Date]

[ESPÍRITO SANTO INVESTMENT p.l.c./BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.

[acting through its Head Office/London branch/New York branch]]

[Title of relevant Series of Notes (specifying type of Notes)]

**issued pursuant to the €2,500,000,000 Euro Medium Term Note Programme
[with the benefit of a Keep Well Agreement
provided by**

BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.]

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].¹

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].²

1 Consider including this legend where a non-exempt offer of Notes is anticipated.

2 Consider including this legend where only an exempt offer of Notes is anticipated.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated 27 July 2009 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the relevant Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [website] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Offering Circular also comprises listing particulars for the purposes of giving information with regard to the issue of Notes with a maturity of less than 365 days as commercial paper of the Issuer under the Programme during the period of twelve months after the date thereof. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Contractual Terms and the Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 27 July 2009 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), save in respect of the Conditions which are extracted from the Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 27 July 2009 and [original date]. Copies of such Offering Circulars are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify items as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute significant new factors and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: The Notes constitute commercial paper issued in accordance with an exemption granted by the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland (the Financial Regulator), under Section 8(2) of the Central Bank Act, 1971 inserted by Section 31 of the Central Bank Act, 1989, as amended by Section 70(d) of the Central Bank Act, 1997. The Notes do not have the status of bank deposits and are not within the scope of the Deposit Protection Scheme operated by the Financial Regulator and the Issuer is not regulated by the Financial Regulator arising from the issue of commercial paper.]³

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: Unless otherwise permitted by the current laws and regulations or by the Financial Regulator, Notes having a term of less than one year must have a minimum denomination of €125,000 (or its equivalent in any other currency).]

³ Include if the Notes have a term of less than 366 days (to allow for a leap year).

1. Issuer: [Espírito Santo Investment p.l.c./Banco Espírito Santo de Investimento, S.A. acting through its [head office]/[London branch]/[New York branch]⁴]
2. [(i)] Series Number: []
 [(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
 [(i)] Series: []
 [(ii)] Tranche: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [[insert date] (if applicable)]
6. (a) Specified Denominations: []
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required.)
 (b) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. [(i)] Issue Date: []
 [(ii)] Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in [specify month and year]]
9. Interest Basis: [[] per cent. Fixed Rate]
 [[LIBOR/EURIBOR] [] per cent. Floating Rate]
 [Zero Coupon]
 [Indexed Interest Notes]
 [specify other]
 (further particulars specified below)

⁴ Notes issued by BESI through its New York branch may not have contingent principal payments.

10. Redemption/Payment Basis: [Redemption at par]
[Index linked redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[specify other]
(further particulars specified below)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: [Senior/[Dated/Undated] Subordinated]⁵
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum [payable [annually/ semi-annually/quarterly/other (specify)] in arrear]
(If payable other than annually, consider amending Condition 5(a))
- (ii) Interest Payment Date(s): [] in each year [up to and including the Maturity Date/specify other]
- (iii) Fixed Coupon Amount(s) *(Applicable to Interbolsa Notes and to Notes in definitive form)* [] per Calculation Amount
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment date falling [in/on] []]
(Applicable to Interbolsa Notes and to Notes in definitive form)
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) or [specify other]] *(Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) will not be a suitable day count fraction)*

⁵ Subordinated Notes may only be issued by ESIP.

- (vi) [Determination Date(s):] in each year
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration. N.B.: only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. **Floating Rate Note Provisions:** [Applicable/Not Applicable].
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) First Interest Payment Date: []
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (iv) Additional Business Centre(s): []
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [ISDA Determination/Screen Rate Determination/ specify other]
- (vi) Party responsible for calculating the Rate of Interest and the Interest Amount (if not the Agent): [Banco Espírito Santo de Investimento, S.A., Rua Alexandre Herculano, 38, 1269-161 Lisbon, Portugal/specify other, giving name and address]
- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)

- Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (viii) Margin(s): [] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
 Actual/365 (Fixed)
 Actual/365 (Sterling)
 Actual/360
 30/360
 30E/360
 30E/360 ISDA
 Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable: []
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iv) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. Dollar denominated)
18. **Indexed Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes for the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
 [Need to include a description on how any return on the Notes takes place and the way it is calculated]
- (ii) Calculation Agent: [Banco Espírito Santo de Investimento, S.A.,
 Rua Alexandre Herculano, 38, 1269-161 Lisbon,
 Portugal/specify other, giving name and address]

- (iii) Party Responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (v) Interest Period(s): []
- (vi) Specified Interest Payment Dates []
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*other (give details)*]
- (viii) Additional Business Centre(s): []
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
19. **Dual Currency Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes for the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [*give or annex details*]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [Banco Espírito Santo de Investimento, S.A., Rua Alexandre Herculano, 38, 1269-161 Lisbon, Portugal/*specify other, giving name and address*]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
- (iv) Person at whose option Specified Currency(ies) is/are payable: []
20. **Credit Linked Notes/First to Default** [Applicable/Not Applicable]
(If applicable, insert all provisions relevant for the calculation of interest in respect of such Notes or set out in full in an annex to this Final Terms)

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount []
 - (b) Higher Redemption Amount: []
 - (iv) Notice period (if other than as set out in the Conditions): []
(NB: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
22. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
23. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
24. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [[] per Calculation Amount/specify other/See Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (a) Form of Notes: [Bearer Notes (other than Interbolsa Notes):
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]](N.B. Temporary Global Note required unless TEFRA C applies or TEFRA not applicable)
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.)
[Registered Notes]
[Dematerialised book-entry registered form (Interbolsa Notes)]
[Dematerialised book-entry form bearer Notes (Interbolsa Notes)]
- (b) New Global Note: [Yes][No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details].
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iv) and 18(viii) relate)
27. Talons for further Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
30. Other final terms: [Not Applicable/give details]
(When adding any other final terms consideration should be given as to whether such terms constitute significant new factors and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive)

(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

(To benefit from the withholding tax exemptions set forth in Decree Law 193/2005 of 7 November 2005, as amended, Beneficiaries shall provide the relevant tax certification in accordance with the procedures and rules as described in “*Portuguese Taxation*” in the Offering Circular. If such tax certifications are not filed and delivered in accordance with Decree Law 193/2005 of 7 November 2005, no gross-up on interest shall be due by the Issuer)

(A holder or beneficial owner of a Registered Note issued by BESI’s New York Branch must provide the Agent and any other relevant paying agent a U.S. tax certification (generally an Internal Revenue Service Form W-9 (or applicable successor form) in the case of a person that is a “United States person” within the meaning of Section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (the Code) or the applicable Internal Revenue Service Form W-8 (or applicable successor form) in the case of a person that is not a “United States person” within the meaning of Section 7701(a)(30) of the Code).

DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names and addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a best efforts basis if such entities are not the same as the Managers)
- (ii) Date of [Subscription] Agreement: []
- (iii) Stabilising Manager(s) (if any): [Not Applicable/*give name and address*]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/*give name and address*]
33. Total commission and concession: [] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
35. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorised by the Managers”*) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]]

(together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as “the Issue Date” or “the date which falls [●] Business Days thereafter”*] (**Offer Period**). See further Paragraph 10 of Part B below.

(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)

36. Additional selling restrictions:

[Not Applicable/give details]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange’s regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] of the Notes described herein pursuant to the €2,500,000,000 Euro Medium Term Note Programme of Espírito Santo Investment plc. and Banco Espírito Santo de Investimento, S.A.

RESPONSIBILITY

The Issuer [and in the case where ESIP is the Issuer, Banco Espírito Santo de Investimento, S.A.] accept(s) responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By
Duly authorised

[Signed on behalf of Banco Espírito Santo de Investimento, S.A.:

By
Duly authorised]

[KEEP WELL AGREEMENT

Banco Espírito Santo de Investimento, S.A. hereby confirms that the Keep Well Agreement executed on 25 July 2007 (as amended and/or supplemented and/or restated from time to time) will apply in relation to the Notes of this Series.

Signed on behalf of Banco Espírito Santo de Investimento, S.A.:

By
*Duly authorised*⁵

⁵ To be included where ESIP is the Issuer

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [].] [Not Applicable.]

2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P: []]

[Moody's: []]

[Fitch: []]

[[Other]: []]

[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – Amend as appropriate if there are other interests]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer:

[]

(See “Use of Proceeds” wording in Offering Circular – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)

[(ii) Estimated net proceeds:

[]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii) Estimated total expenses:

[]

[Expenses are required to be broken down into each principal intended “use” and presented in order of priority of such “uses”.]

(N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (Fixed Rate Notes only)

Indication of yield:

[]

[Calculated as [include details of method of calculation in summary form] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Indexed Notes only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[[When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]]

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only)

[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]

(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/LHC Clearnet, S.A., identification number⁶/DTC]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes (other than Interbolsa Notes) must be issued in NGN form]*

10. TERMS AND CONDITIONS OF THE OFFER

- Offer Price: [Issue Price/Not applicable/specify]
- [Conditions to which the offer is subject:] [Not applicable/give details]
- [Description of the application process:] [Not applicable/give details]
- [Details of the minimum and/or maximum amount of application:] [Not applicable/give details]
- [Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:] [Not applicable/give details]
- [Details of the method and time limits for paying up and delivering the Notes:] [Not applicable/give details]
- [Manner in and date on which results of the offer are to be made public:] [Not applicable/give details]
- [Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:] [Not applicable/give details]
- [Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:] [Not applicable/give details]

⁶ For Interbolsa Notes only.

[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:] [Not applicable/*give details*]

[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:] [Not applicable/*give details*]

[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.] [None/*give details*]

APPLICABLE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least €50,000 (or its equivalent in another currency).

[Date]

[ESPÍRITO SANTO INVESTMENT p.l.c./BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.

[acting through its Head Office/London branch/New York branch]]

[Title of relevant Series of Notes (specifying type of Notes)]

**issued pursuant to the €2,500,000,000 Euro Medium Term Note Programme
[with the benefit of a Keep Well Agreement
provided by**

BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A.]

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Offering Circular dated 27 July 2009 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Offering Circular also comprises listing particulars for the purposes of giving information with regard to the issue of Notes with a maturity of less than 365 days as commercial paper of the Issuer under the Programme during the period of twelve months after the date thereof. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Contractual Terms and the Offering Circular.

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in the Offering Circular dated [original date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular dated 27 July 2009 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**), save in respect of the Conditions which are extracted from Offering Circular dated [original date] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circulars dated 27 July 2009 and [original date]. Copies of such Offering Circulars are available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]].

[Include whichever of the following apply or specify items as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When adding any other final terms or information consideration should be given as to whether such terms or information constitute significant new factors and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.]

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: The Notes constitute commercial paper issued in accordance with an exemption granted by the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland (the Financial Regulator), under Section 8(2) of the Central Bank Act, 1971 inserted by Section 31 of the Central Bank Act, 1989, as amended by Section 70(d) of the Central Bank Act, 1997. The Notes do not have the status of bank deposits and are not within the scope of the Deposit Protection Scheme operated by the Financial Regulator and the Issuer is not regulated by the Financial Regulator arising from the issue of commercial paper.]¹

[For Bearer Notes or Registered Notes (other than Interbolsa Notes) only: Unless otherwise permitted by the current laws and regulations or by the Financial Regulator, Notes having a term of less than one year must have a minimum denomination of €125,000 (or its equivalent in any other currency).]

1. Issuer: [Espírito Santo Investment p.l.c./Banco Espírito Santo de Investimento, S.A. acting through its [head office]/[London branch]/[New York branch]²]
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
[(i)] Series: []
[(ii)] Tranche: []
5. Issue Price of Tranche: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [[insert date] (if applicable)]
6. (a) Specified Denominations: []
(N.B. If an issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 minimum denomination is not required)
(NB – where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed:
“[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”³

1 Include if the Notes have a term of less than 366 days (to allow for a leap year).

2 Notes issued by BESI through its New York branch may not have contingent principal payments.

3 Delete if Notes being issued are in registered form.

- (b) Calculation Amount (Applicable to Notes in definitive form.) []
- (If only one Specified Denomination, insert the Specified Denomination.*
- If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. [(i)] Issue Date: []
- [(ii)] Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [*Fixed rate – specify date*/Floating rate – Interest Payment Date falling in [*specify month and year*]]
9. Interest Basis: [[] per cent. Fixed Rate]
[[LIBOR/EURIBOR] [] per cent. Floating Rate]
[Zero Coupon]
[Indexed Interest Notes]
[*specify other*]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index linked redemption]
[Dual Currency]
[Partly Paid]
[Instalment]
[*specify other*]
(further particulars specified below)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)*
11. Change of Interest Basis or Redemption/Payment Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]
13. Status of the Notes: [Senior/[Dated/Undated] Subordinated]⁴
14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

⁴ Subordinated Notes may only be issued by ESIP.

- (i) Rate[(s)] of Interest: [] per cent. per annum [payable [annually/ semi-annually/quarterly/other (*specify*)] in arrear] (*If payable other than annually, consider amending Condition 5(a)*)
- (ii) Interest Payment Date(s): [] in each year [up to and including the Maturity Date/*specify other*]
- (iii) Fixed Coupon Amount(s) (*Applicable to Interbolsa Notes and to Notes in definitive form*) [] per Calculation Amount
- (iv) Broken Amount(s): (*Applicable to Interbolsa Notes and to Notes in definitive form*) [[] per Calculation Amount, payable on the Interest Payment date falling [in/on] []]
- (v) Fixed Day Count Fraction: [30/360 or Actual/Actual (ICMA) [or *specify other*] (*Note that if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) will not be a suitable day count fraction*)
- (vi) [Determination Date(s): [] in each year (*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon. N.B. This will need to be amended in the case of regular interest payment dates which are not of equal duration (N.B: only relevant where Day Count Fraction is Actual/Actual (ICMA))*]
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/*Give details*]
16. **Floating Rate Note Provisions:** [Applicable/Not Applicable]. (*If not applicable, delete the remaining subparagraphs of this paragraph*)
- (i) Specified Period(s)/Specified Interest Payment Dates: []
- (ii) First Interest Payment Date: []
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ *specify other*]
- (iv) Additional Business Centre(s): []
- (v) Manner in which the Rate of Interest and Interest Amount is to be determined: [ISDA Determination/Screen Rate Determination/ *specify other*]
- (vi) Party responsible for determining the Rate of Interest and calculating the Interest Amount (if not the Agent): [Banco Espírito Santo de Investimento, S.A., Rua Alexandre Herculano, 38, 1269-161 Lisbon, Portugal/*specify other, giving name and address*]

- (vii) ISDA Determination:
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Screen Rate Determination:
- Reference Rate: []
(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (viii) Margin(s): [] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)
Actual/365 (Fixed)
Actual/365 (Sterling)
Actual/360
30/360
30E/360
30E/360 (ISDA)
Other]
(See Condition 5 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
17. **Zero Coupon Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: []

- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Conditions 7(e)(iv) and (j) apply/specify other]
(Consider applicable day count fraction if not U.S. Dollar denominated)
18. **Indexed Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes for the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
[Need to include a description on how any return on the Notes takes place and the way it is calculated]
- (ii) Calculation Agent : [Banco Espírito Santo de Investimento, S.A.,
Rua Alexandre Herculano, 38,
1269-161 Lisbon, Portugal/specify other, giving name and address]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): []
- (iv) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (v) Interest Period(s): []
- (vi) Specified Interest Payment Dates []
- (vii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ other (give details)]
- (viii) Additional Business Centre(s): []
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) Day Count Fraction: []
19. **Dual Currency Note Provisions:** [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes for the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)

- (i) Rate of Exchange/method of calculating Rate of Exchange: [give or annex details]
 - (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [Banco Espírito Santo de Investimento, S.A., Rua Alexandre Herculano, 38, 1269-161 Lisbon, Portugal/specify other, giving name and address]
 - (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [need to include a description of market disruption or settlement disruption events and adjustment provisions]
 - (iv) Person at whose option Specified Currency(ies) is/are payable: []
20. **Credit Linked Notes/First to Default** [Applicable/Not Applicable]
(If applicable, insert all provisions relevant for the calculation of interest in respect of such Notes or set out in full in an annex to this Final Terms)

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) If redeemable in part:
 - (a) Minimum Redemption Amount []
 - (b) Higher Redemption Amount: []
 - (iv) Notice period (if other than as set out in the Conditions): []
(NB: If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)
22. Investor Put: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example,

clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)

23. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]
(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply)
24. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): [[] per Calculation Amount/specify other/See Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (a) Form of Notes: [Bearer Notes (other than Interbolsa Notes):
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]] (N.B. Temporary Global Note required unless TEFRA C applies or TEFRA not applicable)
(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Offering Circular and the Notes themselves.)
N.B. The exchange upon notice at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]."
Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
[Registered Notes]
[Dematerialised book-entry form registered Notes (Interbolsa Notes)]
[Dematerialised book-entry form bearer Notes (Interbolsa Notes)]
- (b) New Global Note: [Yes][No]

26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details].
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iv) and 18(viii) relate)
27. Talons for further Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. N.B. a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Other final terms: [Not Applicable/give details]
[(When adding any other final terms consideration should be given as to whether such terms constitute significant new factors and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive)]
(Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers.)

(To benefit from the withholding tax exemptions set forth in Decree Law 193/2005 of 7 November 2005, as amended, Beneficiaries shall provide the relevant tax certification in accordance with the procedures and rules as described in “Portuguese Taxation” in the Offering Circular. If such tax certifications are not filed and delivered in accordance with Decree Law 193/2005 of 7 November 2005, no gross-up on interest shall be due by the Issuer)

(A holder or beneficial owner of a Registered Note issued by BESI’s New York Branch must provide the Agent and any other relevant paying agent a U.S. tax certification (generally an Internal Revenue Service Form W-9 (or applicable successor form) in the case of a person that is a “United States person” within the meaning of Section 7701(a)(30) of the U.S. Internal Revenue Code of 1986, as amended (the Code) or the applicable Internal Revenue Service Form W-8 (or applicable successor form) in the case of a person that is not a “United States person” within the meaning of Section 7701(a)(30) of the Code).

DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/*give names and addresses and underwriting commitments*]
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a best efforts basis if such entities are not the same as the Managers)
- (ii) Date of [Subscription] Agreement: []
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).
- (iii) Stabilising Manager (if any): [Not Applicable/*give name*]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/*name and address*]
33. U.S. Selling Restrictions : [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue and admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] of the Notes described herein pursuant to the €2,500,000,000 Euro Medium Term Note Programme of Espírito Santo Investment plc. and Banco Espírito Santo de Investimento, S.A.

RESPONSIBILITY

The Issuer [and in the case where ESIP is the Issuer, Banco Espírito Santo de Investimento, S.A.] accept(s) responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By
Duly authorised

[Signed on behalf of Banco Espírito Santo de Investimento, S.A.:

By
Duly authorised]

[KEEP WELL AGREEMENT

Banco Espírito Santo de Investimento, S.A. hereby confirms that the Keep Well Agreement executed on 25 July 2007 (as amended and/or supplemented and/or restated from time to time) will apply in relation to the Notes of this Series.

Signed on behalf of Banco Espírito Santo de Investimento, S.A.:

By
*Duly authorised*⁵

⁵ To be included where ESIP is the Issuer

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)] with effect from [].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- [S & P: []]
[Moody's: []]
[Fitch: []]
[[Other]: []]
- (The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: []
- (ii) Estimated net proceeds: []
- (iii) Estimated total expenses: []
- (N.B.: If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in*

(i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)

5. YIELD (*Fixed Rate Notes only*)

Indication of yield:

[]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*Indexed Notes only*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]

[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)],

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

7. PERFORMANCE OF RATE[S] OF EXCHANGE (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

(N.B. The above applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applied.)

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)]

8. OPERATIONAL INFORMATION

- (i) ISIN Code: []
- (ii) Common Code: []
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)/LHC Clearnet, S.A., identification number⁶/DTC]
- (iv) Delivery: Delivery [against/free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): []
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes] [No]
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes other than Interbolsa Notes must be issued in NGN form]*

⁶ For Interbolsa Notes only.

TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes (referred to herein as the **Conditions**) which will be incorporated by reference into each Note settled by LHC Clearnet, S.A. the clearing system operated at Interbolsa-Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários S.A., each Global Note (as defined below), each Global Certificate (as defined below), each definitive Note and each definitive Registered Certificate (as defined below), in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note or definitive Registered Certificate will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note, each Global Certificate, definitive Note and definitive Registered Certificate and will be incorporated into and applicable to each Interbolsa Note (as defined below). Reference should be made to **Form of the Notes** above for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a Series (as defined below) of Notes issued by Espírito Santo Investment p.l.c. (**ESIP**) or Banco Espírito Santo de Investimento, S.A. (**BESI**) acting through its head office, its London branch or its New York branch constituted, except in the case of Interbolsa Notes (as defined below), by a Trust Deed dated 23 April, 1999 (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between ESIP, BESI (in its capacity as issuer and, in the case of ESIP Notes, as provider of a Keep Well Agreement (as defined below)) and Citicorp Trustee Company Limited (the **Trustee**, which expression shall include any successor as trustee). Interbolsa Notes are constituted by entries in the individual securities accounts opened by Noteholders with the Affiliate Members of Interbolsa (as defined below).

References herein to the **Issuer** shall be references to the party specified as such in the applicable Final Terms.

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a **Global Note**) or a restricted or unrestricted registered global certificate (a **Global Certificate**), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Bearer Notes (as defined below) in definitive form (**Definitive Notes**) issued in exchange for a Global Note;
- (iii) any Global Note;
- (iv) any Registered Notes in definitive form (as defined below) represented by registered certificates (**Registered Certificates**) in definitive form;
- (v) any Global Certificate; and
- (vi) Notes held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (**Interbolsa**) (each an **Interbolsa Note**).

The Notes (other than Interbolsa Notes), the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 23 April 1999 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the ESIP, BESI (in its capacity as issuer and, in the case of ESIP Notes, as provider of a Keep Well Agreement), the Trustee, Citibank, N.A. as issuing and principal paying agent (the **Agent**, which expression shall include any successor agent specified in the applicable Final Terms), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (**Registrar**), transfer agent (**Transfer Agent**), exchange agent (**Exchange Agent**) and agent bank and the other paying agents and transfer agents named therein. The Interbolsa Notes have the benefit of the Agency Agreement, as amended by an amendment agreement (as amended and/or supplemented and/or restated from time to time, the

Interbolsa Notes Agency Agreement) dated 25 July 2007 made among the Issuers, the Trustee, the Agent, Banco Espírito Santo de Investimento, S.A. acting as paying agent in Portugal (the **Portuguese Paying Agent** which expression shall include any successor Portuguese Paying Agent) and the other paying agents named therein (together with the Agent, the Portuguese Paying Agent and the other paying agents named in the Agency Agreement, the **Paying Agents**, which expression shall include any additional or successor paying agents) and of the common representative appointment agreement dated 25 July 2007, (as amended and/or supplemented and/or restated from time to time, the **Common Representative Appointment Agreement**) made between BESI, as issuer, and Vieira de Almeida & Associados – Sociedade de Advogados R.L., as common representative of the holders of Interbolsa Notes (*representante comum dos obrigacionistas*) (the **Common Representative**). ESIP has the benefit of a Keep Well Agreement dated 25 July 2007 (as amended and/or supplemented and/or restated from time to time, the **Keep Well Agreement**) made between the ESIP and BESI.

The Trustee acts for the benefit of the holders for the time being of the Notes, other than Interbolsa Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note or a Global Certificate, be construed as provided below), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed. The holders of Interbolsa Notes shall at all times be entitled, by means of an Extraordinary Resolution, to appoint and dismiss a Common Representative to act as their common representative, as further described in Condition 16.

Interest bearing Definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. None of the Interbolsa Notes, Global Notes or Global Certificates have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to, endorsed on or incorporated into this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to, endorsed on or incorporated into this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (i) in the case of Bearer Notes (other than Interbolsa Notes), the holders of the Global Notes and definitive Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below, (ii) in the case of Registered Notes, the person in whose name a Registered Note is registered and shall, in relation to any Notes represented by a Global Certificate, be construed as provided below or (ii) in the case of Interbolsa Notes, each person shown in the book-entry records of a financial institution, which is licensed to act as a financial intermediary under the Portuguese Securities Code (*Código dos Valores Mobiliários*) (the **Portuguese Securities Code**) and which is entitled to hold control accounts with Interbolsa on behalf of their customers (and includes any depositary banks appointed by Euroclear and/or Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg) (each such institution an **Affiliate Member of Interbolsa**), as having an interest in the principal amount of the Interbolsa Notes.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement, the Interbolsa Notes Agency Agreement, the Common Representative Appointment Agreement, the Keep Well Agreement and the applicable Final Terms are available for inspection during normal business hours at the office of the Trustee (at

Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified office of each of the Agent and the other Paying Agents and at the registered office of the Issuer save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive, the applicable Final Terms will only be available for inspection by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Trustee or the relevant Paying Agent as to its holding of Notes and as to its identity. In the case of Bearer Notes and Registered Notes (other than Interbolsa Notes) the Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are binding on them. In the case of Interbolsa Notes, the Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, to the extent amended by the Interbolsa Notes Agency Agreement and the applicable Final Terms which are applicable to them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Agency Agreement will prevail in respect of Interbolsa Notes and the Trust Deed will prevail in all other cases and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. Form, Denomination and Title

The Notes are in bearer form or, in the case of Registered Notes, registered form or, in the case of Interbolsa Notes, represented in dematerialised book-entry (*escriturais*) form. Interbolsa Notes will either be bearer Notes (*ao portador*) or registered Notes (*nominativas*), as specified in the applicable Final Terms. Definitive Notes, shall be serially numbered, and in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Senior Note, a Dated Subordinated Note or an Undated Subordinated Note, as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Indexed Interest Note, an Indexed Redemption Amount Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note or a combination of any of the foregoing or any other type of Note, depending upon the Interest/Payment Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Registered Notes are represented by registered certificates (**Registered Certificates**) and, save as provided in Condition 2(b), each Registered Certificate shall represent the entire holding of Registered Notes by the same holder. Subject as set out below, title to the Bearer Notes, to Receipts and Coupons (except to Interbolsa Notes) will pass by delivery. The Issuer, BESI (where the Issuer is ESIP), the Trustee and any Paying Agent may to the fullest extent permitted by applicable law deem and treat the bearer of any such Note, Receipt or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the **Register**).

For so long as any of the Notes is represented by a Global Note or a Global Certificate held on behalf of Euroclear Bank S.A./N.V. (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and/or The Depository Trust Company (**DTC**) each person (other than Euroclear or Clearstream, Luxembourg or DTC) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or of DTC as the holder of a particular nominal amount

of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg or DTC as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, BESI (where the Issuer is ESIP), the Trustee, the Registrar, the Agent and any other Paying Agent and Transfer Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note or Global Certificate shall be treated by the Issuer, BESI (where the Issuer is ESIP), the Trustee, the Registrar, Agent and any other Paying Agent and Transfer Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note or Global Certificate and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. Notes which are represented by a Global Note or a Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or DTC, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg and/or DTC and/or Interbolsa shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Trustee (except in respect of references to Interbolsa) the Common Representative (in respect of references to Interbolsa only) the Registrar (in respect of references to Registered Notes only) and the Agent.

Title to the Interbolsa Notes will be evidenced by book-entries in accordance with the Portuguese Securities Code and the regulations issued by Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the **CMVM**), by Interbolsa or otherwise applicable thereto. Each person shown in the book-entry records of a financial institution, which is licensed to act as a financial intermediary and which is entitled to hold control accounts with Interbolsa (each such institution an **Affiliate Member of Interbolsa**), as having an interest in the Interbolsa Notes shall be the holder of the principal amount of the Interbolsa Notes recorded.

Title to the Interbolsa Notes is subject to compliance with all rules, restrictions and requirements applicable to the activities of Interbolsa.

One or more certificates in relation to the Interbolsa Notes (each, a **Certificate**) will be delivered by the relevant Affiliate Member of Interbolsa in respect of a registered holding of Interbolsa Notes upon the request by the relevant Noteholder and in accordance with that Affiliate Member of Interbolsa's procedures pursuant to article 78 of the Portuguese Securities Code.

The Interbolsa Notes will be registered in the relevant control issue account of the Issuer with Interbolsa and will be held in control accounts by each Affiliate Member of Interbolsa on behalf of the Noteholders. Such control accounts will reflect at all times the aggregate number of Interbolsa Notes held in individual securities accounts opened with the Affiliate Members of Interbolsa by Noteholders, which are clients of the Affiliate Members of Interbolsa and include Euroclear and Clearstream, Luxembourg.

The person or entity registered in the relevant individual securities accounts of an Affiliate Member of Interbolsa book-entry registry of the Central de Valores Mobiliários (the **Book-Entry Registry** and each such entry therein, **Book Entry**) as the holder of any Interbolsa Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein).

The Issuer and the Paying Agents may (to the fullest extent permitted by applicable law) deem and treat the person or entity registered in the Book-Entry Registry as the holder of any Interbolsa Note and the absolute owner for all purposes. Proof of such registration is made by means of a Certificate.

No Noteholder will be able to transfer Interbolsa Notes, or any interest therein, except in accordance with Portuguese law and regulations. Interbolsa Notes may only be transferred in accordance with the applicable procedures established by the Portuguese Securities Code and the regulations issued by the CMVM and Interbolsa.

2. Transfers of Registered Notes

(a) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Registered Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Registered Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of Registered Notes represented by one Registered Certificate, a new Registered Certificate shall be issued to the transferee in respect of the part transferred and a further new Registered Certificate in respect of the balance not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Registered Certificate, a new Registered Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Registered Certificates shall be issued in respect of those Notes of that holding that have different terms. New Registered Certificates shall only be issued against surrender of the existing Registered Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Registered Certificate representing the enlarged holding shall only be issued against surrender of the Registered Certificate representing the existing holding.

(c) Delivery of New Registered Certificates

Each new Registered Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Eurobond Put Notice (as defined in Condition 7(d)) and surrender of the Registered Certificate for exchange. Delivery of the new Registered Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Eurobond Put Notice or Registered Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Eurobond Put Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Registered Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) Exchange Free of Charge

Exchange and transfer of Notes and Registered Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be

called for redemption by the Issuer at its option pursuant to Condition 7(c), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

(f) *Special Rules Governing Exchanges between Restricted Registered Notes and Unrestricted Registered Notes*

Restricted Registered Notes will bear a legend to the effect set forth in “*Subscription and Sale – Transfer Restrictions*” and will be subject to the restrictions on transfer and certification requirements discussed under “*Subscription and Sale – Transfer Restrictions*”. Persons wishing to take delivery of Restricted Registered Notes will at all times be subject to such transfer restrictions and certification requirements. Transfers of Restricted Registered Notes to a person who takes delivery in the form of Unrestricted Registered Notes may be made only upon delivery by the transferor of a written certification (in the form provided in the Agency Agreement) to the effect that such transfer is being made in accordance with Regulation S under the Securities Act. Transfers of Unrestricted Registered Notes to a person who takes delivery in the form of Restricted Registered Notes, may be made only upon delivery by the transferor of written certification (in the form provided in the Agency Agreement) to the effect that such transfer is being made to a person who the transferor reasonably believes is a “qualified institutional buyer” within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under the caption “*Subscription and Sale – Transfer Restrictions*” and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

3 Status and subordination

(a) *Status of the Senior Notes*

The Senior Notes and the Receipts and Coupons relating thereto (if any) constitute direct, unsubordinated, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and rank *pari passu*, without any preference among themselves, with all other outstanding unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, present and future, subject to mandatory provisions of law affecting creditors’ rights generally and statutorily preferred obligations.

(b) *Status and Subordination of the Dated Subordinated Notes*

Dated Subordinated Notes may be issued by ESIP only.

- (i) The Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any) constitute direct, unsecured and, in accordance with sub-paragraph (ii) below, subordinated obligations of ESIP and rank *pari passu* without any preference among themselves.
- (ii) The claims of the holders of the Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any) will, in the event of the bankruptcy or winding up of ESIP, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of all unsubordinated creditors of the ESIP and will rank, in the event of the winding up of ESIP, at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of ESIP.

For the purposes of this paragraph (b), **Subordinated Indebtedness** means all indebtedness of ESIP which is subordinated, in the event of the bankruptcy or winding up of ESIP, in right of payment to the claims of unsubordinated creditors of ESIP other than indebtedness which ranks or is expressed to rank junior to the Dated Subordinated Notes and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

(c) *Status and Subordination of the Undated Subordinated Notes*

Undated Subordinated Notes may be issued by ESIP only.

- (i) The Undated Subordinated Notes and the Coupons relating thereto (if any) constitute direct, unsecured and, in accordance with paragraph (ii) below, subordinated obligations of ESIP and rank *pari passu* without any preference among themselves.

- (ii) The claims of the holders of the Undated Subordinated Notes and the Coupons relating thereto (if any) will, in the event of the bankruptcy or winding up of ESIP, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of Senior Creditors of ESIP (as defined below). For the purpose of this sub-paragraph (ii), **Senior Creditors of ESIP** means creditors of ESIP (1) who are unsubordinated creditors of ESIP; or (2) who are subordinated creditors of ESIP (including the holders of Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any)) other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the holders of the Undated Subordinated Notes and the Coupons relating thereto (if any) (whether only in the event of a bankruptcy or winding up of ESIP or otherwise).

In order to allow ESIP (and BESI, by virtue of the corresponding provision of the Keep Well Agreement only) to continue its (their) business activities, any amounts which, but for the provisions of Condition 5(e) or, as the case may be, the insolvency of ESIP or BESI, would be payable as interest or principal on the Undated Subordinated Notes (or the corresponding amounts BESI is required to make available to ESIP under the Keep Well Agreement) will be available to meet the losses of ESIP (or BESI, as the case may be).

(d) No Set Off in respect of Subordinated Notes

Subject to applicable law, no holder of a Subordinated Note or a Receipt or Coupon relating thereto (if any) may exercise or claim any right of set-off in respect of any amount owed by it to ESIP arising under or in connection with the Subordinated Notes and the Receipts and Coupons relating thereto (if any) and each holder of a Subordinated Note or a Receipt or Coupon relating thereto (if any) shall, by virtue of its subscription, purchase or holding of any such Note, Receipt or Coupon, be deemed to have waived all such rights of set-off.

(e) Status and Subordination of BESI's Obligations under the Keep Well Agreement

- (i) Under the terms of the Keep Well Agreement, and subject as described below, BESI has agreed to cause the Issuer to maintain or will make available to ESIP, before the due date of any relevant payment obligations under the Notes, funds sufficient to enable ESIP to satisfy such payment obligations in full as they fall due.
- (ii) With regard to the Senior Notes, the obligations of BESI referred to in sub-paragraph (i) above as undertaken under the Keep Well Agreement constitute unsubordinated, unconditional and unsecured obligations of BESI.
- (iii) With regard to the Dated Subordinated Notes, the obligations of BESI referred to in sub-paragraph (i) above as undertaken under the Keep Well Agreement are unsecured and will be subordinated to the extent that, in the event of winding up of BESI, and to the extent permitted by Portuguese law, payment by BESI under the Keep Well Agreement (insofar as such payment relates to payment obligations of the Issuer in respect of Dated Subordinated Notes) will be conditional upon BESI being able to satisfy in full the claims of all unsubordinated creditors of BESI.
- (iv) With regard to the Undated Subordinated Notes, the obligations of BESI referred to in sub-paragraph (i) as undertaken under the Keep Well Agreement above are unsecured and will be subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors of BESI (as defined below) in that payment by BESI under the Keep Well Agreement (insofar as such payment relates to payment obligations of ESIP in respect of Undated Subordinated Notes) is conditional upon BESI being solvent (as defined below) at the time of payment by BESI to ESIP pursuant to the provisions of the Keep Well Agreement as set out in sub-paragraph (i) above and in that no such payment shall be made except to the extent that BESI could make such payment and still be solvent immediately thereafter. For this purpose, BESI shall be considered to be solvent if both (i) it is able to pay its debts to Senior Creditors of BESI as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors of BESI.

A report as to the solvency of BESI by (a) two directors of BESI or, if the directors have not reported to ESIP within fourteen days before any payment made pursuant to this sub-paragraph (iv), the auditors of BESI or (b) if BESI is being wound up, its liquidator shall, in each case in the absence of manifest error, be treated and accepted by ESIP, BESI, the Trustee and the holders of Undated Subordinated Notes as correct and sufficient evidence thereof.

For the purposes of this sub-paragraph (iv):

- (A) **Assets** means the total consolidated gross assets of BESI and **Liabilities** means the total consolidated gross liabilities of BESI, all as shown by the latest published audited consolidated balance sheet of BESI but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors or liquidator, as the case may be, may determine to be appropriate; and
- (B) **Senior Creditors of BESI** means creditors of BESI who (x) are depositors or other unsubordinated creditors of BESI or (y) are subordinated creditors of BESI other than those whose claims rank *pari passu* with or junior to the claims of ESIP against BESI under the Keep Well Agreement in respect of Undated Subordinated Notes.

N.B. The obligations of BESI under the Keep Well Agreement in respect of Undated Subordinated Notes are conditional upon BESI being solvent immediately before and after payment by BESI. Any amounts which might otherwise have been allocated in or towards payment by ESIP of principal and interest in respect of the Undated Subordinated Notes will be available to meet the losses of BESI.

- (v) If, otherwise than for the purposes of a Permitted Reorganisation (as defined in Condition 10) or for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, an order is made or an effective resolution is passed for the winding up of BESI, BESI shall, in lieu of any other payment to ESIP under the Keep Well Agreement in respect of the Undated Subordinated Notes be obliged to pay, in respect of the Undated Subordinated Notes, such amounts as would have been payable if ESIP had, on the day preceding the commencement of such winding up, become a holder of preference stock or shares in the capital of BESI forming or being part of a class having a preferential right in the winding up over the holders of all other classes of stock or shares in the capital of BESI and entitled to receive in such winding up an amount equal to the full amount payable under the Keep Well Agreement in respect of the Undated Subordinated Notes.

(f) Assignment of the Keep Well Agreement

ESIP has in the Trust Deed assigned all its rights under the Keep Well Agreement by way of security to the Trustee for the benefit of the holders of the ESIP Notes as security for the payment of principal and interest on such Notes.

4. Negative Pledge

This Condition 4 shall apply only to Senior Notes and references to **Notes** shall be construed accordingly.

So long as any of the Notes remains outstanding (as defined in the Trust Deed or, in respect of Interbolsa Notes, as defined in the Agency Agreement, as amended by the Interbolsa Notes Agency Agreement), neither the Issuer nor (where the Issuer is ESIP) BESI shall create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest other than a security interest arising by operation of law (each a **Security Interest**) upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital), to secure any Indebtedness (as defined below) or to secure any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of such Security Interest, at the same time or promptly according to the Noteholders an equal and rateable interest in the same or providing to the Noteholders such other Security Interest or making such other arrangement (whether or not including

the giving of a Security Interest) as either (i) (except in the case of Interbolsa Notes) the Trustee shall, in its absolute discretion, deem to be not materially less beneficial to the Noteholders or (ii) (in the case of any Notes, including Interbolsa Notes) shall be approved by an Extraordinary Resolution (as described in Condition 16 and for Notes other than Interbolsa Notes as defined in the Trust Deed) of the Noteholders.

Indebtedness means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) but excluding any Covered Bonds (as defined below):

- (1) more than 50 per cent. in aggregate principal amount of which is initially offered outside the Republic of Ireland (in the case of ESIP) or the Portuguese Republic (in the case of BESI); and
- (2) which are, or are intended to be, listed or traded on any stock exchange, over-the-counter or other organised market for securities (whether or not initially distributed by way of private placing).

Covered Bonds means any mortgage-backed bonds and/or covered bonds or notes (*Obrigações Hipotecárias*) issued by ESIP or BESI, the obligations of which benefit from a special creditor privilege (*privilégio creditório especial*) as a result of them being collateralised by a defined pool of assets comprised of mortgage loans or other loans permitted by applicable Portuguese legislation to be included in the pool of assets and where the requirements for that collateralisation are regulated by applicable Portuguese legislation.

Nothing in this Condition 4 shall prevent:

- (a) BESI creating or having outstanding a Security Interest on or with respect to the assets or receivables or any part thereof of BESI which is created pursuant to any securitisation or like arrangement in accordance with normal market practice and whereby the indebtedness secured by such Security Interest or having the benefit of such secured guarantee or indemnity is limited to the value of such assets or receivables; or
- (b) in the case of a consolidation or merger of BESI with or into another company (the **Combining Company**), (A) BESI having outstanding any Security Interest over assets acquired by it as a result of the consolidation or merger if it is the surviving company or (B) the Combining Company having outstanding any Security Interest over assets owned by it provided that in the case of both (A) and (B), (i) such Security Interest was created by the Combining Company, (ii) such Security Interest was existing at the time of such consolidation or merger, (iii) such Security Interest was not created in contemplation of such consolidation or merger and (iv) the amount secured by such Security Interest is not increased thereafter.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 5(e)) on the Interest Payment Date(s) in each year and (except in the case of an Undated Subordinated Note) on the Maturity Date so specified if that does not fall on an Interest Payment Date. For so long as any of the Fixed Rate Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Fixed Rate Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up). Interest on Fixed Rate Notes which are Interbolsa Notes will be calculated on the full nominal amount outstanding of the Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and

will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note or Interbolsa Notes the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note or Interbolsa Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Fixed Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

For the purposes of these Terms and Conditions:

Fixed Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
 - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (ii) if **30/360** is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Terms and Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Notes and Indexed Interest Notes*

(i) Interest Payment Dates

Each Floating Rate Note and Indexed Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 5(e)) on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with any Specified Interest Payment Date(s), an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). For so long as any of the Floating Rate Notes or Indexed Interest Notes is represented by a Global Note held on behalf of Clearstream, Luxembourg and/or Euroclear, interest will be calculated on the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to Clearstream, Luxembourg and Euroclear for distribution by them to entitled accountholders in accordance with their usual rules and operating procedures. In respect of each definitive Floating Rate Note or Indexed Interest Note, interest will be calculated on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up). Interest on Floating Rate Notes or Indexed Interest Notes which are Interbolsa Notes will be calculated on the full nominal amount outstanding of the relevant Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above shall be postponed to the next day which is a Business Day unless it would

thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, **Business Day** means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London in the case of Bearer Notes and Registered Notes (other than Interbolsa Notes), Lisbon in the case of Interbolsa Notes and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 system is open.

In these Terms and Conditions, **TARGET2 system** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Indexed Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or other person specified in the applicable Final Terms were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as amended and updated as at the Issue Date of the first Tranche of the Notes, published by the International Swaps and Derivatives Association, Inc. (the **ISDA Definitions**) and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is a period specified in the applicable Final Terms; and

- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (**LIBOR**) or on the Euro-zone inter-bank offered rate (**EURIBOR**), the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

(B) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rates which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent or other person specified in the applicable Final Terms. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent or other person specified in the applicable Final Terms for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Alternatively, provisions dealing with this may be included in the applicable Final Terms.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(C) *Other Determination*

Interest may also be payable from time to time in respect of Floating Rate Notes and Indexed Interest Notes in accordance with such other manner of determination as may be specified in the applicable Final Terms.

(iii) *Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate.

If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Indexed Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Indexed Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after determining the same.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes or Indexed Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Indexed Interest Notes which are either Interbolsa Notes or are represented by a Global Note, the aggregate outstanding nominal amount of the Notes (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Indexed Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Note or an Indexed Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest for any Interest Period:

- (1) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (2) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (3) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (4) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (5) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₂ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 32 and D₂ is greater than 29, in which case D₂ will be 30;

- (6) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30; and

- (7) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls:

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and D₂ will be 30.

(v) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Indexed Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of these Terms and Conditions, **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Determination or calculation by Trustee or by a designated bank

If for any reason at any time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii)(A) or (B) above, as the case may be, and, in each case, (iv) above, then (A) (except in respect of Interbolsa Notes), the Trustee or (B) (in respect of Interbolsa Notes), any bank designated by the Common Representative for such purpose or, if no such bank is designated, a meeting of the Noteholders by Extraordinary Resolution, shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee, designated bank or meeting of holders of Interbolsa Notes, as the case may be, shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

(vii) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Agent or, if applicable, the Calculation Agent (except in respect of Interbolsa Notes) or (except in respect of Interbolsa Notes) the Trustee or (in the case of Interbolsa Notes) by or on behalf of the Common Representative, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Common Representative, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) or the Trustee or the Common Representative in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up outstanding nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Undated Subordinated Notes

Interest on Undated Subordinated Notes shall accrue from day to day and shall be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period ending on (but excluding) such Compulsory Interest Payment Date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Issuer so elects and gives not less than 30 days' notice of such election to the holders of Undated Subordinated Notes in accordance with Condition 15 the interest accrued in the Interest Period ending on (but excluding) such Optional Interest Payment Date (an **Accrual Period**) but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose; and any interest not so paid shall, so long as the same remains unpaid, constitute **Arrears of Interest**. The Issuer may at its option (after giving notice to the holders of Undated Subordinated Notes in accordance with Condition 15 at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Undated Subordinated Notes during any one or more Accrual Period(s)) but so that, in the case of any such partial payment, the interest accrued during any Accrual Period shall not be paid prior to that accrued during any earlier Accrual Period. All Arrears of Interest shall become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of BESI, (ii) the date set for any repayment permitted under Condition 7(b) or (c) and (iii) the commencement of winding up of the Issuer or BESI. If notice is given by the Issuer of its intention to pay all or part of the Arrears of Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Neither Arrears of Interest nor any interest due but unpaid shall bear interest.

For the purposes of this paragraph (e):

Compulsory Interest Payment Date means any Interest Payment Date in relation to which any dividend or other distribution has been declared, paid or made on any class of the stock or share capital of BESI in the immediately preceding Interest Period; and

Optional Interest Payment Date means any Interest Payment Date other than a Compulsory Interest Payment Date.

(f) Accrual of Interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof to the extent presentation is required, payment of principal is improperly withheld or refused or is not made by reason of Condition 5(e). In such event interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Notes have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given in accordance with Condition 15.

6. Payments

(a) Method of Payment

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. References to **Specified Currency** will include any successor currency under applicable law.

(b) Bearer Notes: Presentation of Definitive Notes, Receipts and Coupons

Payments of principal in respect of Definitive Notes will be made in the manner provided in paragraph (a) above only against presentation and surrender of Definitive Notes, and payments of interest, including Arrears of Interest (if any), in respect of Definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

Payments of instalments of principal (if any) in respect of Definitive Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Definitive Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the Definitive Note to which it appertains. Receipts presented without the Definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any Definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Indexed Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Indexed Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any Definitive Note or Registered Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant Definitive Note or Registered Note, as the case may be.

(c) Payments in respect of Global Notes

Payments of principal and interest (including Arrears of Interest (if any)) in respect of any Global Note will be made in the manner specified above in relation to Definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case

may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it is presented and such record shall be *prima facie* evidence that the payment in question has been made.

Unless otherwise specified, the holder of a Global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note. No person other than the holder of such Global Note or the Trustee, as the case may be, shall have any claim against the Issuer in respect of any payments due on such Global Note.

(d) Payments in respect of Interbolsa Notes

Payment of principal and interest in respect of Interbolsa Notes will be credited by the Issuer in the payment current-account which the Portuguese Paying Agent uses for payments in respect of securities held through Interbolsa, and (i) **if made in euro** will be (a) credited, according to the procedures and regulations of Interbolsa, by the Portuguese Paying Agent to the payment current account which the Affiliate Members of Interbolsa (whose control accounts with Interbolsa are credited with such Notes) use for payments in respect of securities held through Interbolsa and thereafter (b) credited by such Interbolsa Affiliate Members from the aforementioned payment current-accounts to the accounts of the Noteholders or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be; (ii) **if made in currencies other than euro** will be (a) transferred, on the payment date and according to the procedures and regulations applicable by Interbolsa, from the account held by the Portuguese Paying Agent in the Foreign Currency Settlement System (*Sistema de Liquidação em Moeda Estrangeira*), managed by Caixa Geral de Depósitos, S.A., to the relevant accounts of the relevant Affiliate Members of Interbolsa, and thereafter (b) transferred by such Affiliate Members of Interbolsa from such relevant accounts to the accounts of the Noteholders of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

(e) Payments in respect of Registered Notes

- (i) Payments of principal (which for the purposes of this Condition 6(e) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(e) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the **Record Date**). For purpose of this Condition 6(e), **DTC business day** means any day on which DTC is open for business. Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Certificate.

(f) Payments through DTC

Registered Notes will be issued in the form of one or more Global Certificates and may be registered in the name of, or in the name of a nominee for, DTC. Payments of principal and interest in respect of Registered Notes denominated in U.S. Dollars will be made through DTC. Payments of principal and interest in respect of Registered Notes registered in the name of, or in the name of a nominee for, DTC and denominated in a Specified Currency other than U.S. Dollars will be made or procured to be made by the Agent in the Specified Currency in accordance with the following provisions. The amounts in such Specified Currency payable by the Agent or its agent to DTC with respect to Registered Notes held by DTC or its nominee will be received from the Issuer by the Agent who will make payments in such Specified Currency by wire transfer of same day funds to the designated bank account in such Specified Currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of interest payments, on or prior to the third DTC business day after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 DTC business days prior to the relevant payment date, to receive that payment in such Specified Currency. The Agent, after the Exchange Agent has converted amounts in such Specified Currency into U.S. Dollars, will cause the Exchange Agent to deliver such U.S. Dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such Specified Currency. The Agency Agreement sets out the manner in which such conversions are to be made.

(g) General provisions applicable to payments (not applicable to Interbolsa Notes)

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of any Note is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Note will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

(h) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments in:
 - (A) the relevant place of presentation;
 - (B) London in the case of Bearer Notes and Registered Notes (other than Interbolsa Notes);
 - (C) in respect of Interbolsa Notes only, Lisbon; and
 - (D) each Additional Financial Centre specified in the applicable Final Terms; and

- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London, Lisbon (in the case of Interbolsa Notes only) and any Additional Financial Centre and which, if the Specified Currency is New Zealand dollars, shall be Auckland), or (2) in relation to any sum payable in euro, a day on which the TARGET2 system is open.

(i) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or, except in the case of Interbolsa Notes, pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined below); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8, except in the case of Interbolsa Notes, or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Redemption and Purchase

(a) At Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Senior Note and each Dated Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. Each Undated Subordinated Note is undated and accordingly has no final maturity date and is only redeemable or payable in accordance with the following provisions of this Condition or Condition 11.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer (subject to the prior consent of the Bank of Portugal in the case of Subordinated Notes) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Indexed Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Indexed Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent, the Trustee (except in respect of Interbolsa Notes), the Common Representative (in respect of Interbolsa Notes) and in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee (except in respect of Interbolsa Notes), the Common Representative (in respect of Interbolsa Notes only) and the Portuguese Paying Agent immediately prior to the giving of such notice that:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the Relevant Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (in respect of any Note other than an Interbolsa Note) or to the Portuguese Paying Agent and the Common Representative (in respect of Interbolsa Notes only) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee or, as the case may be the Agent and the Common Representative shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption, all Arrears of Interest (if any) and any interest due but unpaid.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject to the prior consent of the Bank of Portugal in the case of Subordinated Notes), having given:

- (i) not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Agent and (except in the case of Interbolsa Notes) the Trustee and (in respect of Interbolsa Notes) to the Common Representative;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date, all Arrears of Interest (if any) and any interest due but unpaid. Any such redemption must be of a nominal amount equal to the Minimum Redemption Amount or a Higher Redemption Amount. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected (i) individually by lot, in the case of Redeemed Notes represented by definitive Notes, (ii) for Notes other than Interbolsa Notes in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note or a Global Certificate, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**) and (iii) in accordance with the rules of Interbolsa, in the case of Redeemed Notes that are Interbolsa Notes. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least 15 days prior to the Selection Date.

(d) Redemption at the Option of the Noteholders other than holders of Subordinated Notes (Investor Put)

If Investor Put is specified in the applicable Final Terms (provided that Investor Put may not be specified if this is a Subordinated Note), upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 30 nor more than 60 days' notice the Issuer will, upon

the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

In the case of a Definitive Note or Registered Note held outside Euroclear and Clearstream, Luxembourg and DTC, to exercise the right to require redemption of such Note the holder of the Note must deliver (in the case of Bearer Notes) such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, or (in the case of Registered Notes) the Registered Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office at any time during normal business hours of the Registrar or such Transfer Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent, the Registrar or any Transfer Agent (as applicable) (a **Eurobond Put Notice**) and in which the holder must specify a bank account (or, if payment is to be made by cheque, an address) to which payment is to be made under this Condition. If this Note is represented by a Global Note or a Global Certificate is a Definitive Note or Registered Note held through Euroclear or Clearstream, Luxembourg or DTC, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Paying Agent, Registrar or Transfer Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or DTC (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or DTC any common depository or common safekeeper or custodian, as the case may be, for them to the Paying Agent, Registrar or Transfer Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg and DTC from time to time and, if this Note is represented by a Global Note or a Global Certificate, at the same time present or procure the presentation of the relevant Global Note to the Paying Agent or (in the case of Registered Notes) to the Registrar or any Transfer Agent for notation accordingly.

If this Note is an Interbolsa Note, to exercise the right to require redemption of this Note the holder of this Note must, during normal business hours on a day falling within the notice period, deliver to the Portuguese Paying Agent a Certificate and a duly completed and signed notice of exercise in the form obtainable from the specified office of the Portuguese Paying Agent (an **Interbolsa Notes Put Notice**, each Interbolsa Notes Put Notice or Eurobond Put Notice being a **Put Notice**) and in which the holder of the Notes must specify a bank account or, if payment is required to be made by cheque, an address to which payment is to be made under this Condition.

(e) Early Redemption Amounts

For the purpose of paragraph (b) above and Condition 10 (if this Note is a Senior Note) and Condition 11 (if this Note is a Subordinated Note), each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of an Undated Subordinated Note, at its nominal amount;
- (iii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iv) in the case of Zero Coupon Notes, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = RP \times (1 + AY)^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and.

y is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph *(e)* above.

(g) Partly Paid Notes

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Final Terms.

(h) Purchases

ESIP, BESI or any of BESI's other Subsidiaries (as defined in the Trust Deed) may (subject to the prior consent of the Bank of Portugal in the case of Subordinated Notes) at any time purchase Notes (provided that, in the case of Definitive Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer, surrendered to any Paying Agent for cancellation.

(i) Cancellation

All Global Notes and definitive Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Global Notes and definitive Notes so cancelled and all Global Notes and definitive Notes purchased and cancelled pursuant to paragraph *(h)* above (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

All Interbolsa Notes which are (a) redeemed or (b) purchased by or on behalf of the Issuer or BESI (where the Issuer is ESIP) or any of its Subsidiaries will forthwith be cancelled by Interbolsa following receipt by Interbolsa of notice thereof by the Portuguese Paying Agent, and accordingly such Interbolsa Notes may not be held, reissued or resold and shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 16 or the Agency Agreement, as amended by the Interbolsa Notes Agency Agreement.

(j) Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph *(a)*, *(b)*, *(c)* or *(d)* above or upon its becoming due and repayable as provided in Condition 10 (if this Note is a Senior Note) or Condition 11 (if this Note is a Subordinated Note) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 3*(c)*) be the amount calculated as provided in paragraph *(e)*(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid;
- and

- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Agent or (except in case of Interbolsa Notes) the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 15.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of a Relevant Tax Jurisdiction (as defined below) unless such withholding or deduction is required by law. In the event that the Issuer or any person acting on its behalf is required by law to make any such withholding or deduction, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented (or in respect of which the Registered Certificate representing it is presented) for payment in the Relevant Tax Jurisdiction; or
- (ii) presented (or in respect of which the Registered Certificate representing it is presented) for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is liable for such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the Relevant Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or
- (iii) in the case of Bearer Notes and Registered Notes (other than Interbolsa Notes) presented (or in respect of which the Registered Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on the expiry of such period of 30 days assuming that day to have been a Payment Day (as defined in Condition 6(e)); or
- (iv) in the case of Bearer Notes and Registered Notes (other than Interbolsa Notes) presented (or in respect of which the Registered Certificate representing it is presented) for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who is or was able to avoid such withholding or deduction by presenting any form or certificate or by making a declaration of non-residence or other claim for exemption; or
- (v) in the case of Interbolsa Notes, presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder in respect of whom the information and documentation (which may include certificates) required in order to comply with Portuguese Decree-Law 193/2005 of 7th November, 2005, as amended, and any implementing legislation, is not received before the Income Payment Date (as defined below); or
- (vi) in the case of Interbolsa Notes, presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder resident for tax purposes in the Republic of Portugal or any political subdivision or any authority thereof or therein having power to tax or a resident in a tax haven jurisdiction as defined in Order 150/2004, of 13th February, 2004 (Portaria do Ministério das Finanças e da Administração Pública no. 150/2004) as amended from time to time, issued by the Portuguese Minister of Finance and Public Administration, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in the Republic of Portugal; or
- (vii) in the case of Interbolsa Notes, presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder which is (i) a Portuguese resident legal entity subject to Portuguese corporate income tax (with the exception of entities that benefit from a waiver

- of Portuguese withholding tax or from Portuguese income tax exemptions), or (ii) a legal entity not resident in the Portuguese territory acting with respect to the holding of the Notes through a permanent establishment in Portuguese territory, or
- (viii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;
 - (ix) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union;
 - (x) where the Relevant Tax Jurisdiction is Ireland, where such Note (or such Note to which a Receipt or Coupon relates):
 - (a) is an unlisted Note; or
 - (b) is not an Exempted Wholesale Debt Instrument (as defined in the Irish Taxation section of this Offering Circular); or
 - (c) the beneficial owner of that Note is not either of:
 - (A) a body corporate resident in an EU Member State or in a territory that has concluded a double taxation treaty with Ireland that is either in effect or has been concluded but not made effective that does not hold the Note in connection with an Irish branch or agency of that body corporate; or
 - (B) a person entitled to avail of the terms of a double taxation treaty with Ireland that exempts from Irish tax the interest income on the Note for that person and who has performed the required procedures whereby the Issuer has obtained an authorisation from the Irish Revenue Commissioners to make payments on the Note to that person without deduction of Irish tax and such authorisation applied at the date on which the relevant interest payment was made; or
 - (xi) where the Relevant Tax Jurisdiction is the United States, on account of any tax, assessment or governmental charge that would not have been imposed but for the existence of any present or former connection between such holder (or between a fiduciary, settlor, beneficiary, member or shareholder of, or holder of a power over, such holder, if such holder is an estate, trust, partnership or corporation) and the United States, including, without limitation, such holder (or fiduciary, settlor, beneficiary, member, shareholder or holder of a power) being considered as:
 - (A) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment therein;
 - (B) having a current or former relationship with the United States, including a relationship as a citizen or resident or being treated as a resident thereof;
 - (C) being or having been a controlled foreign corporation or a passive foreign investment company, each as defined for United States Federal income tax purposes, a corporation that has accumulated earnings to avoid United States Federal income tax, or a private foundation or other tax-exempt organisation; or
 - (D) a “10-per cent shareholder” of the Issuer as defined in Section 871(h)(3)(B) of the United States Internal Revenue Code of 1986, as amended (the **Code**);
 - (xii) where the Relevant Tax Jurisdiction is the United States and the Note is a Registered Note, any tax, assessment or governmental charge that would not have been imposed or withheld but for the failure of the holder, if required, to comply with certification, identification or information reporting or any other requirements under United States income tax laws and regulations, without regard to any tax treaty, with respect to the payment, concerning the nationality, residence, identity or connection with the United States of the holder or a beneficial owner of such Note, Receipt or Coupon, if such

compliance is required by United States income tax laws and regulations, without regard to any tax treaty, as a precondition to relief or exemption from such tax, assessment or governmental charge; or

- (xiii) where the relevant tax, duty, assessment or other governmental charge is payable otherwise than by withholding or deduction from payments of (or in respect of) principal of or any premium or interest on any of the Notes, or is any estate, inheritance, gift, sale, transfer, personal property or similar tax, duty, assessment or other governmental charge.

Additionally, no additional amounts shall be payable in the case of a Note issued by BESI's New York branch to any holder who is a fiduciary or a partnership or other than the sole beneficial owner of the Note, Receipt or Coupon to the extent that such payment would be required by the laws of the United States to be included in the income for tax purposes of the beneficiary or settlor with respect to such fiduciary or member of such partnership or beneficial owner who itself would not have been entitled to a payment of additional amounts had it been the direct holder of such Note.

As used herein:

- (i) **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent or (other than in the case of Interbolsa Notes) the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15;
- (ii) **Relevant Tax Jurisdiction** means:
 - (a) Ireland in the case of ESIP Notes;
 - (b) Portugal in the case of BESI Notes issued through BESI's head office;
 - (c) Portugal and the United Kingdom in the case of BESI Notes issued through its London branch; and
 - (d) Portugal and the United States in the case of BESI Notes issued through its New York branch,or, in any such case, any political subdivision or any authority thereof or therein having power to tax;
- (iii) **Noteholder** or **holder** means, in the case of Interbolsa Notes, the holder of the Interbolsa Notes who is the effective beneficiary of the income arising thereto; and
- (iv) **United States** means the United States of America, the Commonwealth of Puerto Rico and each possession of the United States of America and place subject to its jurisdiction.

9. Prescription

The Global Notes, definitive Notes, Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

Claims for principal and interest in respect of the Interbolsa Notes shall become void unless the relevant Certificates are surrendered within 20 years and five years respectively of the Relevant Date.

10. Events of Default relating to, and enforcement of, Senior Notes

This Condition 10 shall apply only to Senior Notes and in this Condition 10 references to **Notes** shall be construed accordingly.

- (a) In respect of Notes other than Interbolsa Notes, the Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the

Noteholders shall (subject in each case to being indemnified or secured (whether by payment in advance or otherwise) to its satisfaction), (but, in the case of the happening of any of the events mentioned in paragraphs (ii), (iii) and (vii) to (x) below (inclusive), only if the Trustee shall have certified that, in its opinion, such event is materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 7(e), together with accrued interest as provided in the Trust Deed; or

- (b) In respect of any Interbolsa Notes, the Common Representative shall, if so requested in writing through a request addressed to it and to BESI by the holders of not less than 20 per cent. of the nominal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders, give notice to the Issuer (the **Acceleration Notice**) and to the Portuguese Paying Agent at the respective specified office, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Interbolsa Notes are, and they shall accordingly thereby forthwith become, immediately due and payable at the Early Redemption Amount (as described in Condition 7) together with accrued interest (if any) to the date of repayment, without demand, protest or other notice of any kind,

if any of the following events (**Events of Default**) shall have occurred and be continuing:

- (i) there is default for more than 5 Business Days in the payment of any principal or for more than 10 Business Days in the payment of any interest in respect of the Notes or any of them when and as the same ought to be paid; or
- (ii) there is default by the Issuer or (where the Issuer is ESIP) BESI in the performance or observance of any covenant, condition or provision contained (in respect of Notes other than Interbolsa Notes) in the Trust Deed or the Notes, the Receipts or the Coupons and on its part to be performed or observed (other than the covenant to pay the principal or interest in respect of any of the Notes) and (except where (a) for Notes other than Interbolsa Notes, the Trustee or (b) for Interbolsa Notes, the Common Representative determines that such default is not capable of remedy when no such notice or continuation as is hereinafter mentioned shall be required) such default continues for the period of 30 days (or such longer period as the Trustee in respect of Notes other than Interbolsa Notes or the Common Representative (in respect of Interbolsa Notes) may permit) next following the service by the Trustee on the Issuer or, as the case may be, (where the Issuer is ESIP) BESI of notice requiring the same to be remedied; or
- (iii) a distress or execution or other legal process is levied or enforced or sued out upon or against any part of the property, assets or revenues of the Issuer or, as the case may be, (where the Issuer is ESIP) BESI and is not discharged or stayed within 30 days of having been so levied, enforced or sued out; or
- (iv) save in the case of a Permitted Reorganisation (as defined below), the Issuer or (where the Issuer is ESIP) BESI becomes insolvent or stops paying, or is unable to, or shall admit inability to, pay, its debts as they mature or applies for or consents to or suffers the appointment of a liquidator or an administrative or other receiver or an examiner (under the Companies (Amendment) Act, 1990 of Ireland) or an administrator or a temporary manager (by the Bank of Portugal) or an encumbrancer or any other similar official shall take possession of it or the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors; or
- (v) an order is made by a competent court or an effective resolution is passed for the winding up or dissolution of the Issuer or (where the Issuer is ESIP) BESI (except in any case for the purposes of a reconstruction, merger or amalgamation effected with the prior written consent (i) of the Trustee or the sanction of an Extraordinary

Resolution of the Noteholders in the case of Bearer Notes or Registered Notes (ii) by an Extraordinary Resolution of the Noteholders in the case of Interbolsa Notes or (iii) as a result of a Permitted Reorganisation); or

- (vi) the Issuer or (where the Issuer is ESIP) BESI ceases to carry on the whole or substantially the whole of its business (except in any case for the purpose of a reconstruction, merger or amalgamation effected with the prior written consent of (i) the Trustee or the sanction of an Extraordinary Resolution of the Noteholders in the case of Bearer Notes or Registered Notes (other than Interbolsa Notes) (ii) by an Extraordinary Resolution of the Noteholders in the case of Interbolsa Notes or (iii) as a result of a Permitted Reorganisation); or
- (vii) (a) the repayment of any indebtedness owing by the Issuer or (where the Issuer is ESIP) by BESI is accelerated by reason of default and such acceleration has not been rescinded or annulled; or
- (b) the Issuer or (where the Issuer is ESIP) BESI defaults (after whichever is the longer of any applicable grace period as originally provided and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness;

Provided however that the aggregate of the principal amounts of all such indebtedness and/or the amounts payable under any such guarantee and/or indemnity and in respect of which any one or more of the events referred to in sub-paragraph (a) or (b) above shall have occurred shall at that time exceed U.S.\$10,000,000 (or its equivalent in any other currency or currencies) or, if higher, a sum equal to one per cent. of BESI's Shareholders' Funds (as defined below); or

- (viii) (where the issuer is ESIP) the Issuer ceases to be a Subsidiary wholly owned and controlled, directly or indirectly, by BESI; or
- (ix) (where the Issuer is ESIP) except with the prior consent in writing of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders, the Keep Well Agreement is terminated or any provision of the Keep Well Agreement is modified or waived in circumstances where such modification or waiver would, in the opinion of the Trustee, have a material adverse effect on the interests of the Noteholders or is not enforced in a timely manner by the Issuer or is breached by BESI; or
- (x) save in the case of a Permitted Reorganisation or with the prior written consent of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders or for a sale, transfer, loan or other disposal on an arm's length basis, BESI sells, transfers, lends or otherwise disposes of (whether by a single transaction or a series of transactions related or not) the whole or, in the opinion of the Trustee, a major part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal (either alone or when aggregated with all other disposals which fall to be taken into account under this paragraph (x)) is, in the opinion of the Trustee, substantial in relation to the undertakings or assets of BESI and its Subsidiaries as a whole.

In these Terms and Conditions:

Permitted Reorganisation means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Issuer or (where the Issuer is ESIP) BESI with the consent of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders (such Extraordinary Resolution shall be mandatory in case there are Interbolsa Notes outstanding) under which:

- (a) the whole of the business, undertaking and assets of the Issuer or, as the case may be, (where the Issuer is ESIP) BESI are transferred to and all the liabilities and obligations of the Issuer or, as the case may be, (where, the Issuer is ESIP) BESI are assumed by the new or surviving entity resulting from such amalgamation, merger, consolidation, reorganisation or other similar arrangement either:

- (i) automatically by operation of the laws of Ireland (where the Issuer is ESIP) or, as the case may be, the laws of Portugal (in the case of BESI); or
 - (ii) upon terms and subject to the satisfaction of such conditions as the Trustee or an Extraordinary Resolution of the Noteholders (if there are Interbolsa Notes outstanding) shall have previously approved in writing in order to satisfy the Trustee or the Noteholders, as the case may be, that the new or surviving entity will be bound by the terms of the Trust Deed and the Notes as fully as if it had been named in the Trust Deed and the Notes in place of the Issuer or, as the case may be, (where the Issuer is ESIP) BESI; and, in either case,
- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to the same regulation and supervision by the Regulatory Authority as the Issuer or, as the case may be, (where the Issuer is ESIP) BESI was subject immediately prior thereto;

Parent Shareholders' Funds means, at any relevant time, a sum equal to the aggregate of BESI's shareholders' equity as certified by the Auditors (as defined in the Trust Deed) of BESI by reference to the latest audited consolidated financial statements of BESI;

Regulatory Authority means the Bank of Portugal in the case of BESI and the Central Bank of Ireland in the case of ESIP, or their respective successors; and

Business Day means for the purposes of Conditions 10 and 1 a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in both Ireland and Portugal.

In respect of Notes other than Interbolsa Notes, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer and/or (where the Issuer is ESIP) BESI as it may think fit to enforce the obligations of the Issuer under the Trust Deed, the Notes, the Receipts and the Coupons and/or (where the Issuer is ESIP) the obligations of BESI under the Trust Deed and Condition 4 and/or to enforce the security over the Keep Well Agreement, but it shall not be bound to take any such proceedings or any other action unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by holders of at least 25 per cent. in nominal amount of the Notes outstanding and (ii) it shall have been indemnified or secured (whether by payment in advance or otherwise) to its satisfaction.

In respect of any Interbolsa Notes, the Common Representative may take such proceedings against the Issuer and/or (where the Issuer is ESIP) BESI as it may think fit to enforce the obligations of the Issuer under Condition 4 and/or to enforce the security over the Keep Well Agreement, but it shall only take any such proceedings or any other action if so requested in writing through a request addressed to it and to BESI by the holders of not less than 20 per cent. of the nominal amount of the Notes then outstanding, or if so directed by an Extraordinary Resolution of the Noteholders.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer and/or (where the Issuer is ESIP) BESI and/or (where the Issuer is ESIP) to enforce the security over the Keep Well Agreement unless the Trustee or the Common Representative, as applicable, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

11. Events of Default relating to, and enforcement of, Subordinated Notes

This Condition shall apply only to Subordinated Notes and Notes other than Interbolsa Notes and in this Condition 11 references to **Notes** shall be construed accordingly.

- (i) If default is made in the payment of any principal or interest due in respect of any of the Notes and such default continues for a period of 5 Business Days (in the case of principal) or 10 Business Days (in the case of interest) after the due date for the same or, as the case may be, after any other date upon which the payment of interest is compulsory, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding up of the Issuer, but may take no further action in

respect of such default. For the purposes of this paragraph and in relation to Undated Subordinated Notes only, for the avoidance of doubt, the exercise by the Issuer of its right, pursuant to Condition 5(e), not to make any payment(s) of interest in respect of Undated Subordinated Notes shall not constitute failure to make payment of interest.

- (ii) If:
- (a) otherwise than for the purposes of a Permitted Reorganisation or for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding up of the Issuer or BESI; or
 - (b) except with the prior consent in writing of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders, the Keep Well Agreement is terminated or any provision of the Keep Well Agreement is modified or waived in circumstances where such modification or waiver would, in the opinion of the Trustee, have a material adverse effect on the interests of the Noteholders or is not enforced in a timely manner by the Issuer or is breached by BESI,

the Trustee may, subject as provided below, at its discretion, give notice to the Issuer that the Subordinated Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 7(e) together with accrued interest as provided in the Trust Deed.

Notwithstanding the Trustee having given notice that the Undated Subordinated Notes are immediately due and repayable, the Issuer may only redeem such Notes with the prior approval of the Bank of Portugal.

There can be no assurance that the Bank of Portugal will give its approval to any such redemption. Noteholders should be aware of the fact that the Bank of Portugal's approval will depend on the capital adequacy of BESI.

- (iii) Without prejudice to paragraphs (i) and (ii) above, the Trustee may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer or, as the case may be, BESI as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, the Receipts, the Coupons or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and/or the obligations of BESI under the Trust Deed and/or to enforce its security over the Keep Well Agreement in accordance with the provisions of the Trust Deed, provided that the Issuer or, as the case may be, BESI shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.
- (iv) The Trustee shall be bound to take action as referred to in paragraph (i), (ii) and/or (iii) above only if (a) it shall have been so requested in writing by Noteholders holding not less than 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (b) it shall have been indemnified or secured (whether by payment in advance or otherwise) to its satisfaction.
- (v) No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or, as the case may be, BESI or to enforce the security over the Keep Well Agreement unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. No Noteholder, Receiptholder or Couponholder shall be entitled either to institute proceedings for the winding up of the Issuer or, as the case may be, BESI or to submit a claim in such winding up or to enforce the security over the Keep Well Agreement, except that if the Trustee, having become bound to institute such proceedings or to enforce the security over the Keep Well Agreement as aforesaid, fails to do so or, being able and bound to submit a claim in such winding up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the

winding up of the Issuer or, as the case may be, BESI and/or submit a claim in such winding up and/or enforce the security over the Keep Well Agreement to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

12. Replacement of Global Notes, definitive Note, Receipts, Coupons and Talons

Should any Global Note, Global Certificate, definitive Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent (in the case of Bearer Notes, Receipts, Coupons and Talons) and of the Registrar (in the case of Registered Notes) or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 15 upon payment by the claimant of such costs, expenses, taxes and duties as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Global Notes, definitive Note, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Agent, Paying Agents, Transfer Agents, Exchange Agent and Registrar

The names of the initial Agent and the other initial Paying Agents, Transfer Agents, Exchange Agent and Registrar and their initial specified offices are set out below.

The Issuer is entitled with the prior written approval of the Trustee, save that such approval will not be required in respect of the Portuguese Paying Agent, to vary or terminate the appointment of any Paying Agent, Transfer Agent, Exchange Agent or Registrar and/or appoint additional or other Paying Agents or Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Transfer Agent, Exchange Agent or Registrar acts, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Agent) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority;
- (ii) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe outside each Relevant Tax Jurisdiction (as defined in Condition 8);
- (iii) there will at all times be an Agent;
- (iv) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union (other than each Relevant Tax Jurisdiction) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (v) there will at all times be a Registrar in relation to Registered Notes;
- (vi) there will at all times be a Transfer Agent in relation to Registered Notes; and
- (v) there will at all times be a Paying Agent in Portugal capable of making payment in respect of the Interbolsa Notes as contemplated by these terms and conditions, the Agency Agreement, as amended by the Interbolsa Notes Agency Agreement and applicable Portuguese law and regulation.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15.

14. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date

for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

15. Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing and, so long as the Notes are listed on the Irish Stock Exchange, and the rules of that exchange so require, shall be published in a daily newspaper with a general circulation in Ireland (which is expected to be the *Irish Times*). All notices regarding the Bearer Notes shall be published (i) in a leading English language daily newspaper of general circulation in London, (ii) (in respect of any Notes listed on the Irish Stock Exchange (so long as that exchange requires)) in an English language daily newspaper published and circulating nationally in Ireland and (iii) if the Notes are Interbolsa Notes, by registered mail, by publication in a leading newspaper having general circulation in Portugal (which is expected to be *Diário de Notícias*) or by any other way which complies with the Portuguese Securities Code and Interbolsa's rules on notices to investors, including the disclosure of information through the CMVM (the Portuguese Securities Market Commission) official website (www.cmvm.pt). It is expected that any publication under (i) and (ii) above will be made in the *Financial Times* in London and *The Irish Times* in Dublin. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they are admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in each such newspaper or where published in such newspapers on different dates, the last date of such first publication.

Until such time as any Definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange or admitted to trading by another relevant authority, such stock exchange or other relevant authority permits), so long as the Global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same with the Portuguese Paying Agent in the case of Interbolsa Notes and by lodging the same, together with the relative Note or Notes, with the Agent in the case of Bearer Notes or, together with the relative Registered Certificate or Registered Certificates, with the Registrar in the case of the Registered (other than Interbolsa Notes). Whilst any of the Notes is represented by a Global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

Any holder of an Interbolsa Note may give notice to the Portuguese Paying Agent and the Agent through Interbolsa in such manner as the Portuguese Paying Agent, the Agent and Interbolsa may approve for this purpose.

16. Meetings of Noteholders, Modification and Waiver

(a) Meetings in respect of Notes other than Interbolsa Notes

This Condition 16(a) does not apply to Interbolsa Notes. The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including modification by an Extraordinary Resolution of the Noteholders of any of these Terms and Conditions or any of the provisions of the Notes, the Receipts, the Coupons or the Trust Deed, provided that the modification of certain of these Terms and Conditions and certain of the provisions of the Notes, the Receipts, the Coupons or the Trust Deed (concerning *inter alia* the date of maturity of the Notes or any date for payment of interest thereon, the amount of principal or the rate of interest payable in respect of the Notes, the currency of payment of the Notes, Receipts or Coupons

or the status and, if applicable, subordination of the Notes or certain provisions of the Trust Deed) may only be made at a meeting at which the necessary quorum will be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether present or not, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification, or to any waiver or authorisation of any breach or proposed breach, of any of these Terms and Conditions or any provision of the Trust Deed or the Notes, Receipts or Coupons or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders shall not be treated as such. The Trustee may also agree without such consent to any modification of any of these Terms and Conditions or any provision of the Trust Deed or the Notes, Receipts or Coupons which, in the opinion of the Trustee, is made to correct a manifest error or which is of a formal, minor or technical nature.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver or authorisation), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders and Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

Any such modification, waiver or authorisation shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

Nothing in these Terms and Conditions or the Trust Deed shall require the Trustee to have regard to the interests of Noteholders insofar as those interests arise by virtue of a holding of Interbolsa Notes. For the avoidance of doubt, without prejudice to any rights assumed under Notes which are not Interbolsa Notes, a holder of Interbolsa Notes shall neither, by virtue of such holding of Interbolsa Notes, count towards a quorum, nor be entitled to vote, in respect of a resolution to amend the Trust Deed.

(b) Meetings in respect of Interbolsa Notes

The remainder of this Condition 16 applies only to Interbolsa Notes.

Meetings

Meetings of the holders of Interbolsa Notes may be convened to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the terms and conditions of the Notes and the appointment or dismissal of the Common Representative and are governed by the Portuguese Commercial Companies Code enacted by Decree-Law 262/86 of 2nd September, as amended, and by the Common Representative Appointment Agreement. Such meetings may be convened by the Common Representative (if any) or, if no Common Representative has been appointed, or an appointed Common Representative fails to convene a meeting, by the chairman of the general meeting of shareholders of the Issuer, and shall be convened if requested by Noteholders holding not less than 5 per cent. in principal amount of the Notes for the time being outstanding. The quorum required for a meeting convened to pass a resolution other than an Extraordinary Resolution will be any person or persons holding or representing Notes then outstanding, regardless

of the principal amount thereof. The quorum required for a meeting convened to pass an Extraordinary Resolution will be a person or persons holding or representing at least 50 per cent. of the Notes then outstanding or, at any adjourned meeting, any person or persons holding or representing any of the Notes then outstanding, regardless of the principal amount thereof. The number of votes required to pass a resolution other than an Extraordinary Resolution is a majority of the votes cast at the relevant meeting. The majority required to pass an Extraordinary Resolution is at least 50 per cent. of the principal amount of the Notes then outstanding or, at any adjourned meeting, two-thirds of the votes cast at the relevant meeting. Resolutions passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting or have voted against the approved resolutions.

Dismissal and substitution of the Common Representative

The Noteholders may dismiss and substitute the Common Representative by means of an Extraordinary Resolution passed for such purpose upon the terms and conditions of the Common Representative Appointment Agreement.

Notification

Any modification, abrogation, waiver or authorisation in accordance with this Condition 16 shall be binding on the Noteholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (Notices).

Matters required to be approved by Extraordinary Resolution

An Extraordinary Resolution will be required to effect any of the following:

- (i) to change any date fixed for payment of principal or interest in respect of the Notes, reduction of the amount of principal or interest due on any date in respect of the Notes or variation of the method of calculating the amount of any payment in respect of the Notes on redemption or maturity;
- (ii) to approve the modification or abrogation of any of the provisions of these Conditions;
- (iii) to approve any amendment of this definition;
- (iv) to waive or authorise and breach or proposed breach of any of these Terms and Conditions; and
- (v) to approve any other matter in respect of which these Conditions require an Extraordinary Resolution to be passed.

Matters in the discretion of the Agent and the Issuer

Except for those matters required to be approved by Extraordinary Resolution, the Agent, the Common Representative and the Issuer may agree, without the consent of the Noteholders, to: (i) any modification of the Notes which is not materially prejudicial to the interests of the Noteholders; or (ii) any modification of the Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law of the jurisdiction in which the Issuer is incorporated. Any such modification shall be binding on the Noteholders and shall be notified to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

17. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. Indemnification

The Trust Deed contains provisions governing the responsibility of the Trustee and providing for its indemnification in certain circumstances including provisions relieving it, unless indemnified or

secured (whether by payment in advance or otherwise) to its satisfaction, from taking proceedings to enforce repayment. The Trustee shall be entitled to enter into business transactions with the Issuer and/or (where the Issuer is ESIP) BESI and/or any Subsidiary of either of them without accounting for any profit resulting therefrom.

19. Disapplication of Contracts (Rights of Third Parties) Act 1999

This Condition applies if the Notes are governed by English law. No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

20. Governing Law and Submission to Jurisdiction

The Trust Deed, the Notes other than Interbolsa Notes, the Receipts and the Coupons (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law except that Conditions 3(b) and 3(c) and the equivalent provisions of the Trust Deed are governed by, and shall be construed in accordance with, the laws of Ireland and Interbolsa Notes, the Agency Agreement, in respect of the Interbolsa Notes, to the extent amended by the Interbolsa Notes Agency Agreement and the Common Representative Appointment Agreement (and any non-contractual obligations arising out of or in connection with them) are governed by and shall be construed in accordance with Portuguese law.

Each of the Issuer and (where the Issuer is ESIP) BESI has in the Trust Deed irrevocably agreed for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, other than Interbolsa Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as **Proceedings**) may be brought in such courts.

Each of the Issuer and (where the Issuer is ESIP) BESI has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Condition shall limit any right to take Proceedings against the Issuer or (where the Issuer is ESIP) BESI in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

BESI agrees for the exclusive benefit of the Noteholders that the courts of Portugal are to have jurisdiction to settle any disputes which may arise out of or in connection with the Common Representative Appointment Agreement and/or the Interbolsa Notes and that accordingly any suit action or proceedings (together referred to as **Proceedings in Respect of Interbolsa Notes**) arising out of or in connection with the Common Representative Appointment Agreement and/or the Interbolsa Notes may be brought in such courts.

Each of the Issuer and (where the Issuer is ESIP) BESI has in the Trust Deed appointed Banco Espírito Santo, London Branch to accept service of process in England in connection with any Proceedings, and has undertaken that, in the event of Banco Espírito Santo, London Branch ceasing so to act, it will appoint such other person as the Trustee may approve as its agent for that purpose.

21. Common Representative

In the case of Interbolsa Notes, the holders of the Notes shall at all times be entitled to appoint and dismiss a Common Representative by means of an Extraordinary Resolution and pursuant to the Common Representative Appointment Agreement. Upon the appointment of a new Common Representative by the holders of the Notes pursuant to this Condition, any previously appointed and dismissed Common Representative will immediately cease its engagement and will be under the obligation immediately to transfer to the new Common Representative appointed by the holders of

the Notes all documents and information then held by such Common Representative pertaining to the Notes.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer in the ordinary course of its business which includes making a profit. If, in respect of any particular issue there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

SELECTED FINANCIAL INFORMATION FOR ESIP

The following table sets out the capitalisation and indebtedness of Espírito Santo Investment p.l.c. extracted from the audited financial statements as at 31 December 2007 and 31 December 2008. The figures as at 30 April 2009 are extracted from interim unaudited figures.

	30 April 2009 ⁽¹⁴⁾	31 December 2008 ⁽¹⁴⁾	31 December 2007 ⁽¹⁴⁾
	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>
Shareholders' Equity⁽¹⁾			
Ordinary shares, issued and paid up.....	825,000	825,000	825,000
Profit and loss account.....	34,515,051	39,899,711	14,159,415
Adjusted reserves following implementation of IFRS as at 1 January 2005.....	(979,619) ⁽²⁾	(979,619) ⁽²⁾	(979,619) ⁽²⁾
Movement in adjusted reserves from 1 January 2005....	(8,960,265) ⁽⁵⁾	(12,877,433) ⁽⁴⁾	(5,796,489) ⁽³⁾
Other reserves ⁽⁶⁾	150,000,000	150,000,000	150,000,000
Total Shareholders' Funds	175,400,167	176,867,659	158,208,307
Long Term Debt			
Medium term notes ⁽⁷⁾	800,107,917	409,399,815	552,915,942
Short Term Debt			
Money market loans from parent bank ⁽⁸⁾	203,853,632	296,767,238	—
Medium term notes ⁽⁷⁾	61,598,897	265,047,343	648,805,976
	265,452,529	561,814,581	648,805,976
Total Capitalisation	1,240,960,613	1,148,082,055	1,359,930,225

Notes

1. Authorised share capital of ESIP is €375,000,000 divided into 75,000,000 ordinary shares of €5 each. The issued share capital is 165,000 ordinary shares of €5 each.
2. IFRS balance of €979,619 is the result of two adjustments: (i) the reversal from the profit & loss account of participation fee income totalling €931,403 received in 2004, whereby these reversed participation fees are amortised back to the profit & loss account over the life of the respective credit facility; and (ii) the reclassification of the 2004 hedging derivative positions to trading positions, resulting in a net derivative adjustment as at 1 January 2005 of €48,216.
3. IFRS balance of (€5,796,489) is the cumulative result of: (i) fluctuations of (€4,480) on trading derivative positions; and (ii) Cumulative Fair value losses of (€5,792,009) on Available for sale investments, both to 31 December 2007.
4. IFRS balance of (€12,877,433) is the cumulative result of: (i) fluctuations of (€372,193) on trading derivative positions; and (ii) Cumulative Fair value losses of (€12,505,240) on Available for sale investments, both to 31 December 2008.
5. IFRS balance of (€8,960,265) is the cumulative result of: (i) fluctuations of (€81,829) on trading derivative positions; and (ii) Cumulative Fair value losses of (€8,878,436) on Available for sale investments, both to 30 April 2009.
6. Other reserves comprise capital contributions received from Banco Espírito Santo de Investimento, SA which are distributable;
7. The Notes issued under the Programme are unsecured and unguaranteed.
8. Money market loans are unsecured and unguaranteed.
9. As at 30 April 2009, Espírito Santo Investment p.l.c. had no contingent liabilities or guarantees.
10. Exchange rates:
31 December 2007: €1.00 = U.S.\$1.4721
31 December 2008: €1.00 = U.S.\$1.3917
30 April 2009: €1.00 = U.S.\$1.3275
(Source: Fixing of *Banco de Portugal*).
11. ESIP declares that it has never created and unissued loan capital nor any contingent liabilities. ESIP also states that as at 31 December 2007, 31 December 2008 and as at 30 April 2009 there were neither liabilities with related counter-parties, nor borrowings and indebtedness, other than those described in the above Capitalisation table. ESIP declares that it held Subordinated debt of €59,734,746 and €59,800,693 as at 31 December 2008 and 31 December 2007, respectively.
12. Net profit after tax for distribution as at 30 April 2009 was €4,966,580. Total Shareholders funds including profit and adjusted for IFRS for distribution as at 30 April 2009 was €175,400,167. Total shareholder funds figures for December 2007 and 2008 are net of profit distribution.
13. There has been no material change in the capitalisation, indebtedness, contingent liabilities or guarantees of Espírito Santo Investment p.l.c. since 30 April 2009.
14. December 2007, December 2008 and interim April 2009 figures are stated under International Financial Reporting Standards (IFRS).

DESCRIPTION OF ESIP

Business

ESIP was incorporated under the Irish Companies Acts, 1963 to 1990 (the **Acts**) on 22 August 1996 as a private limited liability company under the name Essi Ireland Limited. It was re-registered as a public limited company (having limited liability) on 9 October 1998 and changed its name to Espírito Santo Investment p.l.c. with effect from 9 October 1998. ESIP is a wholly owned subsidiary of Banco Espírito Santo de Investimento, S.A. ESIP's registered office is at Riverside One, Sir's John Rogerson's Quay, Dublin 2 and its business address is at Fourth Floor, Spencer House, 71-73 Talbot Street, Dublin 1, Ireland, telephone number +353 1 859 0699/813 4370. Its registered number is 253333. ESIP complies with the current corporate governance regime of Ireland.

ESIP has no subsidiaries. ESIP's objects empower it to conduct a wide range of financial activities. ESIP's principal objects are set forth in clause 3 of its Memorandum of Association. ESIP was granted a certificate by the Minister for Finance of Ireland under section 446 of the Taxes Consolidation Act, 1997 in respect of certain specified relevant trading operations carried on by it in Dublin's International Financial Services Centre. This certificate expired on 31 December 2005. Income generated by ESIP from trading operations qualifies for a rate of corporation tax of 12.5 per cent since 1 January 2006.

The authorised share capital of ESIP was IR£30,000 and PTE75,000,000,000 comprising 30,000 ordinary shares having a nominal value of IR£1 each and 750,000,000 ordinary shares having a nominal value of PTE100 each. This authorised share capital was amended by a Board resolution on 14 February 2001 to €375,000,000 divided into 75,000,000 ordinary shares of €5.00 each. The issued share capital of ESIP is now €825,000 comprising 165,000 ordinary shares having a nominal value of €5.00 each.

ESIP's primary activities are the granting of credit facilities to corporate entities, the trading of securities for its own account and the entering into derivative transactions to hedge the risks derived from the preceding activities. ESIP does not perform advisory services, does not act in primary markets and does not perform any distribution of securities.

Directors

The Directors of ESIP and their principal activities are as follows:

<u>Name</u>	<u>Position with ESIP</u>	<u>Other Principal Activity</u>
Tom Murray	Director	Director with Advent Capital Limited
Carlos Nogueira	Director	Vice-President and Head of Treasury of Banco Espírito Santo de Investimento, S.A.
Tiago Cyrne de Castro	Director	Board member of Banco Espírito Santo de Investimento, S.A.
John Madigan	Director	General Manager and Managing Director of ESIP

The business address of Tom Murray is 20 Molesworth Street, Dublin 2, Ireland. The business address of John Madigan is Fourth Floor, Spencer House, 71-73 Talbot Street, Dublin 1, Ireland.

The business address of Carlos Nogueira and Tiago Cyrne de Castro is at the offices of Banco Espírito Santo de Investimento, S.A., Edifício Quartzo, Rua Alexandre Herculano, 38, 1269-161, Lisbon, Portugal.

ESIP is not aware of any potential conflict of interest between the duties of each of the members of its Board of Directors and his/her private interests or other duties.

SELECTED FINANCIAL INFORMATION FOR BESI

The following table sets out the capitalisation and indebtedness of Banco Espírito Santo de Investimento, S.A. as extracted without material adjustment from the audited individual accounts as at 31 December 2008 and 31 December 2007 and unaudited summary Balance Sheet as at 31 March 2009 and 31 March 2008 (in millions of euro) prepared in accordance with the IFRS as adopted by the EU.

Description	March 2009	March 2008	Dec 2008	Dec 2007
	<i>Euro millions</i>	<i>Euro millions</i>	<i>Euro millions</i>	<i>Euro millions</i>
Shareholders' Equity				
Share Capital (14,000,000 ordinary shares of €5 par value each authorised, issued and fully paid)	70.0	70.0	70.0	70.0
Retained Earnings and Reserves	84.3	93.8	69.7	61.7
Net Income	5.2	0.3	15.8	32.4
Share Premium	8.8	8.8	8.8	8.8
Total Shareholders' Equity	168.3	172.9	164.3	172.9
Debt and Borrowings				
Deposits	1,083.0	1,380.9	1,122.3	1,217.1
Bonds payable	223.7	53.8	270.7	53.9
Borrowings	1,179.0	555.6	887.5	617.1
Subordinated Debt – Corporate Bonds	70.2	69.6	69.7	69.2
Other financial Liabilities	901.6	1,079.1	1,036.6	1,131.6
Total Debt and Borrowing	3,457.5	3,139.0	3,386.8	3,088.9
Financial and Other Assets				
Deposits	22.6	21.8	34.4	29.0
Trading Assets	968.0	501.1	646.9	444.9
Available for sale Assets.....	187.4	188.1	170.5	188.1
Customer Loans and Loans and advances to				
Banks.....	1,728.0	1,792.3	1,942.2	1,649.8
Fixed Assets.....	7.9	3.9	7.4	4.3
Taxes.....	21.1	17.7	18.1	13.7
Other Assets	690.8	787.1	731.6	932.0
Total Financial and Other Assets	3625.8	3,312.0	3,551.1	3,261.8

Notes

In accordance with the decision of the shareholders' meeting on 16 March 2009, the application of BESI's 2008 earnings, amounting to €15,797,436, was as follows: (i) transfer to legal reserves – €1,579,744 and (ii) for dividend distribution – €14,217,692.

As at 31 December 2008, all deposits, borrowings, bonds payable and subordinated debt were unsecured and unguaranteed. As at 31 December 2008, the amounts classified above as borrowings were primarily amounts owed to credit institutions and clients.

DESCRIPTION OF BESI

Banco Espírito Santo de Investimento, S.A. (**BESI** or the **Bank**) is the investment banking arm of the Espírito Santo Financial Group (the **Group**), an integrated financial services group which engages in a wide range of banking and insurance activities through its subsidiaries which are primarily located in Portugal. BESI was incorporated in Portugal in 1983 as a company limited by shares and is registered with the Commercial Registry Office of Lisbon under number 501.385.932. BESI's objects empower it to conduct a wide range of financial activities. BESI's principal objects are set forth in clause 2 of its Memorandum of Association.

BESI was originally incorporated under the name Finc – Sociedade Portuguesa Promotora de Investimentos, S.A.R.L. and in 1986 it was integrated into the Group under the name Espírito Santo – Sociedade de Investimentos, S.A. In April 1993, the corporate object was altered and its name was also changed to Banco ESSI, S.A. These changes gave BESI the ability to participate in new business areas and to make use of new sources of financial resources. BESI further changed its name to Banco Espírito Santo de Investimento, S.A. on 1 July 1998. As a member of the Group, and the only one operating in investment banking, BESI benefited from the existing synergies, *inter alia*, in the contacts with clients, good reputation of the Group in the financial markets, sharing of know-how and capacity to negotiate due to the fact that it is a member of a major financial group.

As at 30 June 2009, Banco Espírito Santo, S.A. held a 100 per cent. voting interest in BESI. This was the result of the bid offer to buy one hundred per cent. of BESI launched by Banco Espírito Santo, S.A. in January 2000.

BESI is organised on a matrix basis with several lines of products, which are promoted by a clientele relationship department which is composed of senior bankers organised by economic sectors.

BESI's primary investment banking and advisory activities are in project finance, corporate restructurings, privatisation work, primary and secondary market securities trading, brokerage and underwriting and distribution of equity and debt issues mainly in the Portuguese capital markets. BESI is formally divided into separately managed departments each with responsibility for the development of the various business activities of BESI.

In February 2003, BESI commenced operations in its London Branch, specialising in the provision of Project Finance consultancy services in the UK and abroad.

In June 2006, BESI's Spain Branch started operations, carrying out, on a local basis, all investment banking activities for which BESI is authorised, in addition to the brokerage activity.

In July 2008, BESI's Poland Branch started operations after being incorporated in April 2008. The Branch will provide investment banking services to its clients, and will also develop a brokerage activity. BESI's Poland Branch is a trading member of the Warsaw Stock Exchange (WSE).

In December 2008, BESI's New York Branch started operations. The New York Branch will focus its activity in structured finance and distribution of capital markets products.

In order to accommodate the increasing scope of the Bank's international activities, BESI increased its registered share capital by €110 million to €180 million in June 2009.

BESI holds interests in subsidiaries which were acquired with a view to intervening in the relevant management, either to further connections between them or as a way to complement its own activity.

In July 2009, the main subsidiaries of BESI, other than ESIP, were the following:

ESSI Comunicações, SGPS, S.A.

This company is registered in Portugal with a registered share capital of €50,000. The object of the company is the management of other companies as an indirect form of conducting economic activity. The company owns 94.55% of ESSI, Sociedade Gestora de Participações Sociais, S.A. It is a wholly owned subsidiary of BESI.

ESSI Investimentos, SGPS, S.A.

Registered in Portugal with a registered share capital of €1,050,000, the object of the company is the management of other companies as an indirect form of conducting economic activity. The Company also has small holdings in several companies. It is a wholly owned subsidiary of BESI.

ESSI, Sociedade Gestora de Participações Sociais, S.A. (ESSI SGPS)

Registered in Portugal with a registered share capital of €45,763,300, the object of the company is the management of holdings in credit and financial institutions as an indirect form of conducting economic activity. During 2000 the company altered the denomination of its share capital and of the shares representing it to euros and increased its share capital by €43,269,311. The sole shareholder is ESSI Comunicações, SGPS, SA with 94.55%, and the remaining 5.45% became own shares held by ESSI SGPS, with no voting rights, following the acquisition of the same from BESI in December 2003.

Espírito Santo Investimentos, S.A.

Registered in Brazil with a registered share capital of R\$100,000,000, the corporate objective of the company is the provision of economic, financial, administrative, and corporate advisory and consultancy specialised services, business mediation and commercial representation and the participation in other companies, both civil and commercial, as a shareholder or as a partner, as well as the participation in joint ventures and partnerships with one publicised partner and one undisclosed partner. Espírito Santo de Investimentos, S.A. is 100% owned by ESSI SGPS. During September and October 2000, the company acquired 50% of an investment bank and 50% of a broker in Brazil, BES Investimento do Brasil, S.A., – Banco de Investimento (**BESI Brazil**) and BES Securities do Brasil, S.A. – CCVM (**BES Securities Brazil**). Both holdings were increased to 80% in November 2001, and in December 2001 BESI Brazil increased its share capital from R\$20,000,000 to R\$46,467,758 and acquired 100% of BES Securities Brazil. In May 2004, BESI Brazil acquired 100% of C.J.S.P.E. – Empreendimentos e Participações, Ltda and renamed it BESAF – BES Activos Financeiros, Lda (**BESAF**). With a share capital of R\$4,000,000, BESAF commenced operations as the Group's Brazilian securities funds management company. With a view to expanding the fund management activities in Brazil, Espírito Santo de Investimentos, S.A. acquired a new company in April 2005, re-registered as Morumbi Capital, S.A., with a share capital of R\$1,000,000. Morumbi Capital, S.A. secured the management of hedge funds, for which purpose authorisation was granted by the Brazilian Securities Market Commission (Comisso de Valores Mobiliários) in July 2005. In November 2007, the management of Morumbi Capital Funds was transferred to BESAF – BES Activos Financeiros, Lda. At the beginning of 2008, Morumbi Capital, S.A. changed its name to Espírito Santo Capital Brasil, S.A., a company that undertakes the Private Equity business in Brazil, and which is 50% owned by BESI Brazil and 50% owned by Espírito Santo Capital – Sociedade de Capital de Risco, S.A. In August 2008, BESI Brazil sold 50% of BESAF to Espírito Santo Activos Financeiros (ESAF). The transaction was designed to maximize synergies between the Banco Espírito Santo Group's two asset management companies. In April 2009, BESI Brazil increased its share capital from R\$150,000,000 to R\$200,000,000.

Espírito Santo Capital – Sociedade de Capital de Risco, S.A. (ES Private Equity)

Registered in Portugal with a registered share capital of €25,000,000, the company's purpose is the taking of non strategic financial holdings in unlisted companies with a view to realising gains with the sale of such shareholdings. ES Private Equity, incorporated in September 1988 under the denomination of SFIR – Sociedade de Financiamento e Investimento de Risco, S.A., by Banco Espírito Santo, S.A. and subsidiaries, coordinates all of Banco Espírito Santo Group's private equity business either investing Group's funds or raising and managing funds of third parties. Its activity is focused mainly in Iberia. At 30 December 2005 BESI acquired through ESSI SGPS, the control of the entire share capital of ES Private Equity, given that its risk capital/private equities business was complementary to BESI's strategy and activities in the Iberian Peninsula. In December 2008, the total portfolio and funds under management by ES Private Equity amounted to €204 million.

Espírito Santo Investment Sp. z.o.o.

Formed and registered in Warsaw on 25 October 2005, with a registered share capital of PLN 4,800,000, Espírito Santo Investment is a boutique designed to run advisory and financial consultancy services in the areas of capital restructuring, M&A and Project Finance. BESI held 49% of its share capital through ESSI SGPS, with the remainder being held by Concordia Sp. z.o.o., a Polish company which since 1995 has been active in advising Polish and other multinational companies on large M&A deals. In December 2007, BESI increased its participation in Concórdia Espírito Santo to 75% with the objective of expanding its M&A and Origination activities in Central Europe at a faster pace. In October 2008 and January 2009, BESI increased its participation to 85.4177% and 100%, respectively. In March 2009, the company changed its legal name from Concordia Espírito Santo Investment Sp. z.o.o. to Espírito Santo Investment Sp. z.o.o.

Recent developments

At the beginning of 2008, BESI announced the acquisition, for €35.5 million, of 9.95% of Evolution Group, Plc. (EVG), a UK based investment bank specialised in Brokerage and Capital Markets activities, present in the UK, U.S. and Asia. BESI's aim is to promote new business opportunities by combining EVG's distribution capabilities with BESI's current origination activities.

In September 2008, Banco Espírito Santo de Investimento, S.A acquired, through its subsidiary ESSI, SGPS, S.A., a 4.9% shareholding in E.S. Financial Services, Inc., a Miami-based brokerage house, whose New York branch will distribute Espírito Santo Investment capital market products, particularly Iberian and Brazilian products, to US Clientes.

In 2008, Banco Espírito Santo de Investimento decided to alter its current organisational and management structure in order to decentralise, create responsibility and enhance the decision-making capacity of each operating unit. The implementation of the new model is currently underway. During 2009, a group of Senior Managing Directors (SMD's) were elected by the current members of the board, enlarging the top management tier of the bank.

In December 2008, BESI's New York Branch commenced operations.

Based on the consolidated financial statements as at 31 December 2008 the total assets of BESI were €5,331 million and its net results amounted to €47.6 million.

Total assets decreased by €148.3 million (2.71%) from 31 December 2007, mainly due to: (i) decrease in loans and advances to banks of €119.3 million (11.5%); (ii) financial assets at fair value through profit or loss decreased by €221.2 million (15.41%) (iii) decrease in Available for sale financial assets of €67.3 million (12.4%), the remaining being justified by decreases in other assets totalling €143.6 million, which is off-set by an increase in loans and advances to customers of €273.9 million (18.8%). Liabilities decreased by €52.9 million (1.04%) mainly as the result of the decline of (i) debt securities of €351 million (20.7%); (ii) non-current liabilities held for sale decreased by €221.7 million; (iii) Other liabilities and taxes decreased by €350.6 million (53.0%) and €51.9 million (78.2%), respectively and (iv) a decrease in deposits to customers of €67.9 million (5.76%). This was offset by (i) an increase in deposits from banks of €526.3 million (80.8%); (ii) an increase in deposits from central banks of €100 million (100%), (iii) an increase in financial liabilities held for trading of €239.5 million (50.8%) and (iv) an increase in derivatives for risk management purposes and subordinated debt totalling €124.4 million.

Operating income for the year decreased by €16.8 (8.5%) to €181.3 million. This was recorded by net interest income (€50.9 million) and net fees and commissions (€94.3 million), and other operating income amounting to €36.1 million.

General administrative costs ran to €88.4 million, resulting in an increase of €3.7 million in relation to the figure recorded on 31 December 2007.

Provisions showed a net increase of €29.9 million to €30.3 million, mainly due to the increase in provisions for loan impairment and impairment on financial and other assets.

Gains on disposal of investment in subsidiaries and associates amounted to €1.4 million.

BESI's risk profile showed a selective exposure not only regarding country-risk and counter-party risk but also in view of the market risk, namely currency and interest rate risks.

Capital Markets – Equity, Fixed Income and Risk Management Department

The capital markets origination team holds a reference position in the primary equity, equity-linked and fixed income markets, having participated in the most high profile transactions in Portugal, Spain and Brazil in recent years.

Equity and Equity-Linked

In 2007, in Portugal BESI was Global Coordinator and Bookrunner of the IPO of Martifer, Joint Bookrunner of the Exchangeable Bonds Offering of Portugal Telecom, Co-Leader of the IPO of REN and was also responsible for the organisation of the listing process of Benfica SAD shares. In Spain, BESI acted as Co-manager in five IPOs: Iberdrola Renovables, Criteria, Realia, Solaria and Fluidra. Additionally, BESI acted as sub-underwriter of the Capital Increase of La Seda de Barcelona. In Brazil, BESI acted as co-manager in 12 IPOs and three Follow-on Equity Offerings, in a total of approximately R\$ 13.4 billion. The equity offerings in which BESI participated in 2007 in Brazil were of the following companies: Banco do Brasil, Usiminas, Banco Daycoval, GVT, Inpar, Banco Panamericano, Agrenco, Banco ABC Brasil, Tegma, Camargo Corrêa Desenvolvimento Imobiliário, Anhanguera Educacional, Romi, Providência, SEB and Bematech.

In 2008 the crisis in the financial sector, which spread rapidly to the other areas of the economy, led to a drastic global reduction in the number of equity and equity-linked offerings, as many companies postponed plans for public primary and/or secondary transactions. Despite adverse market conditions, in the first half of 2008 BESI led two large offerings in Portugal, acting as:

- (i) Joint Global Coordinator and Bookrunner of the IPO of EDP Renováveis, which raised gross proceeds of €1,567 million and was the biggest European IPO in 2008;
- (ii) Joint Bookrunner of BES Finance Ltd U.S.\$1 billion Guaranteed Exchangeable Bonds Linked to the Common Shares of Banco Bradesco.

In the second half of 2008 BESI was the Bookrunner in the €200 million capital increase of Espírito Santo Financial Group and Global Coordinator of Sumolis €30 million rights offering.

In Spain during 2008 all IPO transactions were postponed and there were no equity offerings in the primary market. In Brazil BESI acted as co-manager in a R\$400 million secondary offering of ordinary shares of COPASA – Companhia de Saneamento de Minas Gerais.

In 2009 some rights issues were launched, mainly in the financial sector, but the IPO market in Europe remains closed. To date, BESI acted in Portugal as Joint Global Coordinator and Bookrunner of the most relevant equity transaction in Portugal: the Banco Espírito Santo €1,2 billion rights issue.

Fixed Income

Over the last years BESI has led some of the most important Eurobond Deals and commercial paper programmes issued by Portuguese companies as well as Bonds issued by Brazilian entities.

During 2007, BESI acted as joint lead manager of several Eurobonds issued by Banco Espírito Santo and the Republic of Portugal “10-years Obrigações do Tesouro” benchmark issue. Furthermore, the Bank was the leader or co-leader of several Eurobonds and domestic bond issues, commercial paper programmes and syndicated loans in its major target markets: Portugal, Spain and Brazil.

With regard to the Portuguese market, BESI doubled the number of new commercial paper programmes led (as compared with 2006) having been mandated for 48 new Programmes. The main transactions were the arranging and issuance of commercial paper programmes for Sonae Distribuição and Celulose Beira Industrial (Celbi). In addition, BESI was sole Lead Manager of a domestic bond issue for Banco Mais and Joint Lead Manager of bond issues for its Portuguese clients Jerónimo Martins Retalho and Benfica SAD. In Spain, BESI was mandated as arranger and mandated lead manager in several syndicated loans for Grupo Sacyr and Abengoa. Apart from the syndicated loans, BESI led and successfully syndicated a club deal for the Mac Puar group. In the Brazilian market the bank acted as Lead Manager of bonds issued by Banco Fibra do Brasil and Banco Panamericano.

In 2008 the worsening of the credit crisis increased aversion to risk, which impacted positively on public debt securities but led to significant losses in the equity and credit markets. In a global scenario of high spreads and scarce liquidity the activity in the Eurobonds market suffered a considerable reduction until mid-November when a gradual and moderate recovery began in response to measures implemented or announced by governments and monetary authorities, aiming at rebuilding confidence in the financial system and providing an economic stimulus. The major transactions carried out in the Portuguese market by BESI were the Joint Lead Management of the €1.25 billion Floating Rate Notes and the €1.25 billion Covered Bond issue for Banco Espírito Santo and as Joint Lead Manager of Portugal's only public bond offering in this year – the Sporting SAD €19 million issue. BESI also acted as lead-manager of two other bond issues: ESFIL (€25 million) and Espírito Santo Financial Portugal (€60 million),

The Bank was particularly active in arranging Commercial Paper Programmes, leading in 2008 41 new Programmes which resulted in a total debt issuance of €1.5 billion, twice the amount in 2007. For its importance we should mention the Commercial Paper Programmes for Brisa (€200 million), Teixeira Duarte (€120 million), Zon Multimedia (€100 million) and Refer (€100 million).

The Brazilian market long-term issues totalled R\$6 billion, and BESI acted as Joint Lead Manager for a Banco Panamericano U.S.\$ Bond Issue of U.S.\$130 million, as Co-Manager on the U.S.\$125 million Banco Sofisa Eurobonds Offering, as Mandated Lead Arranger on the IFC A/B Loans to Banco Sofisa (U.S.\$185 million) and Latapack (U.S.\$135 million) and as Arranger on the IFC A/B Loans to Banco FIBRA (U.S.\$70 million). The Bank was also Co-Arranger on the U.S.\$120 million BicBanco Syndicated Loan Facility and Co-Manager on the R\$180 million American banknote Debentures issue.

In the Structured Trade Finance markets BESI acted as Arranger on the U.S.\$120 million Pre-Export Finance Facility for Companhia Nacional de Açúcar e Alcool and as Participant on the U.S.\$600 million Senior Export Prepayment Facility and the U.S.\$ 600 million Senior Revolving Facility for Usiminas.

In 2009 to date there have been a significant number of deals in the debt markets, due to corporate refinancing needs as this market was closed for a long time in 2008. Consequently, primary debt markets continue to enjoy high liquidity and spreads narrowing. In Portugal, so far corporate companies as well as banks were very successful in raising debt and BESI acted as Joint Lead Manager in: (i) Banco Espírito Santo €1.5 billion Government Guaranteed Senior Notes; (ii) Portugal Telecom International Finance BV €1 billion 6% Notes; (iii) Galp Energia €700 million Floating Rate Notes; (iv) Banco Espírito Santo €1.75 billion 5.625% Notes; (v) EDP Finance BV €1 billion 4.75% Notes and Lead Manager of Djebel SGPS U.S.\$25 million Private Placement Bonds and as Manager of ESFIL €150 million 4.50% Guaranteed Notes. Additionally, acted as Senior Co-Lead Manager of €1.5 billion of Banco Comercial Português Government Guaranteed Senior Notes, as Co-Lead Manager of (i) Caixa Geral de Depósitos €1.25 billion 5.125% Notes; (ii) Banco Comercial Português €1 billion 5.625% Notes and (iii) HSBC Holdings plc €1.75 billion 6% Notes.

To date, BESI organised Commercial Paper Programmes totalling €112.5 million, of which the most important were the Commercial Paper of Martifer (€49 million), Benfica SAD (€25 million) and Ongoing Strategy Investments (€16 million).

In Brazil, until May 2009 four successful transactions were closed: Bradespar Commercial Paper Programme (R\$690 million), OHL Commercial Paper Programme (R\$200 million), Odebrecht Eurobond (U.S.\$ 200 million) and BESI Brazil Eurobond (U.S.\$150 million).

Brokerage

BESI is leader in the secondary market of Euronext Lisbon with an annual market share of 11.7% in 2008. In 2009 BESI strengthened its leading position by improving its cumulative market share (from January to May 09) to 12.7%, increasing its distance from #2 ranked Millennium BCP, which had a cumulative market share of 8.2% in the same period (source: Euronext). In Spain, BESI is a trading member for the Spanish cash markets of Madrid, Barcelona and Valencia. BESI's cumulative annual market share in the Spanish equity cash market was 5.6% as at 31 December 2008, corresponding to the fifth position in the ranking (Source: Sociedad de Bolsas). BESI also strengthened its position in the Spanish cash markets during 2009, by improving its cumulative

market share (from January to May 09) to 6.1%. BESI is also active in the Brazilian Brokerage market through BES Securities do Brasil, being a trading member for the Brazilian Futures and Commodities Stock Exchange (BM&F) and for the São Paulo Stock Exchange (Bovespa). Finally, BESI operates in the Polish Brokerage market through BESI Branch in Poland, being a trading member for the Warsaw Stock Exchange.

Privatisations, Mergers and Acquisitions and Restructurings

BESI is a reference bank in the Iberian M&A Market. In 2008, it ranked first among the top M&A players in the Iberian Peninsula (Source: Bloomberg league table, by number of transactions) having participated in more than 40 M&A transactions.

During 2008, in Portugal, BESI was involved in, amongst other projects, advising ESFG in the acquisition of 34% of Banco Best; advising Grupo Leya in the acquisition of Grupo Oficina do Livro; advising Ongoing in the acquisition of Económica; advising Opway and Pragosa in the acquisition of 82.47% of Recigroup; advising individual shareholders in the sale of 38.25% of Manicargas; advising the shareholders of TVTEL in the sale of the company to TV Cabo; advising the shareholders of Pink Construções in the sale of 35% of the company to Opway; and advising GOTAN in the acquisition of NRD.

In Spain, BESI was involved in, amongst other projects, advising the controlling shareholders of Aries Complex in the disposal of the company and advising Beegreen in the acquisition of Evertis.

In Brazil, BESI was ranked seventh among the top M&A players (Source: Bloomberg league table, by number of transactions), again overtaking some of the global investment banks. In 2008, Espírito Santo Investment was involved in, amongst other projects: advising Vivo Participações in the mandatory and voluntary tender offers for the voting and preferred shares of Telemig Celular Participações and Telemig Celular; in the Fairness Opinion and Valuation Report for EDP – Energias do Brasil and Rede Energia Group in relation to the asset swap of Enersul and Rede Lajeado and Investco; the Valuation Report of Quattor Petroquímica for the VTO carried out by Quattor Participações; advising EDP – Energias do Brasil in the sale of ESC 90 Telecomunicações to NET Serviços de Comunicação; and advising Cia Providência Indústria e Comercio in the sale of its PVC tubes and fittings division, Provinil, to Aliaxis Latinoamerica Coöperatief do Grupo Aliaxis.

Project Finance and Securitisation

In 2008 and the first half of 2009, BESI has maintained its strong market position in Project Finance. In 2008 BESI won several important awards for its project finance transactions and for the fifth year in a row won highly prestigious prizes for its work in Portugal and in the other markets where the Bank is present. BESI was granted the following awards: “European Solar Deal of the Year” by Project Finance magazine for leading the financing of a photovoltaic portfolio in Spain, known as Tuin Zonne; “North America Project Bond Deal of the Year” by Project Finance magazine for leading the financing of Capital Beltway motorway, in Virginia, USA; “North America Transport Deal of the Year” by Project Finance magazine for leading the financing of SH 130 road concession in Texas, USA; “North America PPP Deal of the Year” by Project Finance magazine for leading the financing of A 30 road concession in Montreal, Canada; “Americas Infrastructure Deal of the Year” by Project Finance International magazine and “Latin America Deal of the Year” by Project Finance magazine for leading the financing for line 4 of S. Paulo’s metro in Brazil.

In 2008 BESI focused on infrastructure, energy and renewable energy transactions. In addition the Project Finance and Securitisation team’s success with structured transactions has led to synergies on other transactions and allowed BESI to obtain mandates in other business areas. In global terms the Bank ranked 21st and 9th in Europe as per the Dealogic League Tables. Infrastructure Journal’s league tables placed the Bank in fifth place in global renewables. The same league tables placed the bank in 5th and 9th for Mandated Lead Arrangers in PPPs in North America and Latin America, respectively.

In addition to the awards received BESI successfully completed other several important transactions, namely: Financial Adviser and Mandated Lead Arranger on the structuring of a financing transaction for the €765 million Douro Road Concession in Portugal, Mandated Lead Arranger on the structuring of a financing transaction for Elecgás, S.A., a €557.7 million combined

cycle natural gas power plant in Portugal, Mandated Lead Arranger on the structuring a €155 million financing transaction for CUF Químicos Industriais, S.A. part of an investment project, Mandated Lead Arranger on the structuring of a €593.6 million financing transaction for Generg, S.A., the owner of a portfolio of wind farms and mini hydro power plants in Portugal, Mandated Lead Arranger on the €216 million financing of solar-photovoltaic plants in Spain, Abengoa U.S.\$205 million financing for the ATE III power transmission line in the Pará state, Mandated Lead Arranger on the GBP 550 million senior debt financing for the building and operation of an 850MW power plant on the Usk River estuary, in the south of Wales, Senior Lead Arranger on the €398 million senior debt financing for the construction of a new international airport in Enfidha and to the maintenance of the Monastir existing airport, in Tunisia, Financial Adviser to the Angolan Ministry of Transport on both the railway sector and passenger road transport sector reorganisation in the Republic of Angola, Financial Adviser to Ascendi and Grupo Leão on their successful bid for the Marechal Rondon Leste Road Concession in S. Paulo State, Brazil.

In the first half of 2009, BESI successfully completed several important transactions, namely: acting as Mandated Lead Arranger on the structuring of a R\$340 million bridge loan for Concessionária Rodovias do Tietê (Opway/ASCENDI (40%), Grupo Leão Leão (10%) e CIBE (50%)), Mandated Lead Arranger in the C\$ 225 million financing for the Royal Victoria Hospital in Canada, Mandated Lead Arranger in the €463 million financing for Baixo Tejo Road Concession in Portugal, Mandated Lead Arranger in the U.S.\$ 114 million financing for a power transformers industrial plan in Georgia, USA, Financial Adviser and Mandated Lead Arranger in the refinancing of Pebble, a company that owns 33 wind farms in Portugal with a total installed capacity of 681 MW, Joint Arranger and Joint Lead Manager in the €1,258.6 million securitisation transaction by EDP Serviço Universal, S.A. of the right to receive the extraordinary tariff adjustments in respect of 2007 and 2008, that closed in March 2009 (EnergyOn No. 1 Securitisation Notes).

Acquisition/Leveraged Finance

BESI focuses its leveraged finance activities in the Iberian market, pursuing buyouts and acquisition finance opportunities with a view to acting as mandated lead-arranger in their financing. In these markets the Bank successfully implemented its strategy, while maintaining its leadership position in Portugal it also became a market leader in the mid-market buyouts in Spain. In addition, BESI started in early 2008 its coverage of the Polish and greater CEE markets (a BESI branch in Warsaw began operating in July 2008, to cover those markets) and in the rest of the Western European countries (through the origination support of the London branch).

During 2007 BESI was Mandated Lead Arranger in the financing (amongst others) of the following transactions: recap of Gebomsa, buy and build in the publishing sector (Grupo Leya), senior debt refinancing and acquisition of Clavería Transal by Alco, senior debt refinancing of High Tech Hotels. As Mandated Lead Arranger, BESI has financed the acquisition of Grupo A. Silva & Silva by Holgere (MBO), and as Joint Mandated Lead Arranger BESI financed the debt refinancing of Café & Té, the LBO of Viajes Catai by Corpfin Capital and a warehouse facility for Babcock & Brown Group. Additionally, under several roles, the bank has participated in financing deals related with Dinosol, Befesa, Endeka Ceramics, LWB Refractories, La Sirena and Cares Group.

In 2008 BESI closed, as Mandated Lead-Arranger, add-on acquisition facilities for Grupo Impresa, Tagliatela and Grupo Leya and, as Joint Mandated Lead-Arranger, the financing related to the LBO of Pretersa Prenavisa and Enersis, both by Magnum Industrial Partners. BESI intervened also in the LBO of CTL Logistics by Bridgepoint Capital as Arranger and acted as Joint Mandated Lead Arranger in the acquisition of Elilario Italia by Helicapital Inversiones Aéreas (Inaer).

In 2009 to date, BESI has closed, as Joint Mandated Lead-Arranger, the LBO of Generis by Magnum Industrial Partners.

International operations

As a result of its ongoing efforts to expand internationally, BESI has been in the forefront in assisting Portuguese companies to develop international operations. In addition it assists a number of international companies (European, Brazilian, and U.S.) to develop transactions in Portugal and on the relevant geographies for the BES Group.

In particular, BESI recognises cross-border business opportunities and submits proposals, to its clients, especially in M&A, Capital Markets and Project Finance and subsequently once a transaction is mandated it provides the necessary local and international support in all phases of the execution process.

BESI is active in Brazil, where it acts through a 80% indirectly owned local investment bank, BES Investimento do Brasil, S.A. – Banco de Investimento, referred to above, and the latter's brokerage and fund management subsidiary companies.

In Spain, the Bank carries on investment banking and brokerage operations through its local Branch. Through its London Branch it covers other European countries besides Portugal and Spain, mainly in the area of Project Finance.

Operating out of Poland, both through its branch and its subsidiary Espírito Santo Investment Sp. Z.o.o., the Bank carries on Brokerage, M&A and Project Finance activities. BESI also recently initiated operations in the USA with the opening of its New York branch in December 2008, which is planned to become the Bank's hub for the Americas (excluding Brazil), mainly in the areas of Project & Structured Finance, Equity and Fixed Income distribution. Finally in Angola where the bank is operating on a cross-border basis, BESI is planning to open in the near future a local fully fledged investment bank to better address the opportunities of this fast growing economy.

Management and Employees

The overall management of BESI is entrusted to a Board of Directors. The day to day management of BESI is entrusted to an Executive Committee composed of fifteen members, all of which are members of the Board of Directors. There are also two Senior Managing Directors with a seat on the Executive Committee. The supervision of business activities of BESI is entrusted to (i) a Supervisory Board, composed of three permanent members, one of whom acts as chairperson, and one Alternate member and (ii) an independent and registered auditor.

At 30 June 2009, BESI had 376 members of staff, including all its Branches compared to the 369 members employed as at the end of 2008. The staff number runs to 566 inclusive of subsidiary companies domiciled in Brazil, Ireland, Poland and Portugal.

The Board of Directors and the Executive Committee

In a General Meeting held on 16 March 2009, the Board was re-elected for a four year term (2009-2012). The Board met on 23 March 2009 and approved the formation of the Executive Committee, reappointing all of the Board's Executive Directors including Mr. José Maria Ricciardi as Chairman, and nominating the new Directors Mr. Frederico Alegria and Mr. Nigel Purse as members.

The Directors of BESI and their principal other positions and activities as at 30 June 2009 were as follows:

Name	Position with BES INV	Other Principal Activity
Ricardo Espírito Santo Silva Salgado	Chairman of the Board of Directors (Non-Executive)	<p><i>1. Positions held at BES Group Companies</i></p> <p>CEO and Vice-Chairman of the Board of Directors of Banco Espírito Santo, S.A.</p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - BEST – Banco Electrónico de Serviço Total, S.A. - ESAF – Espírito Santo Activos Financeiros, Sociedade Gestora de Participações Sociais, S.A. - Espírito Santo – Empresa de Prestação de Serviços 2, A.C.E. - Espírito Santo Ventures, Sociedade de Capital de Risco, S.A. - ES Tech Ventures, Sociedade Gestora de Participações Sociais, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> - BES Finance, Ltd. - Espírito Santo Bank - Espírito Santo Financial Services Inc. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - BESPARG – Sociedade Gestora de Participações Sociais, S.A. - Casa dos Pórticos – Sociedade de Administração de Bens, S.A. - ES Bankers (Dubai) Limited - ESFG Overseas, Limited - Espírito Santo Financial (Portugal) – Sociedade Gestora de Participações Sociais, S.A. - Espírito Santo Financial Group, S.A. - Espírito Santo Saúde, Sociedade Gestora de Participações Sociais, S.A. - PARTRAN – Sociedade Gestora de Participações Sociais, S.A. - Sociedade de Administração de Bens Pedra da Nau, S.A. <p>Vice-Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - E.S.Holding Administração e Participações, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> - Banco Bradesco, S.A. - Banque Espírito Santo et de la Vénétie - Banque Privée Espírito Santo, S.A. - E.S. Control Holding, S.A. - Espírito Santo International, S.A. - Espírito Santo Resources Limited - Espírito Santo Services, S.A. <p>Board Director of:</p> <p>NYSE Euronext (Member of Human Resources & Compensation Committee Nominating & Governance Committee)</p>
José Maria Espírito Santo Silva Ricciardi	Vice-Chairman of the Board of Directors and CEO	<p><i>1. Positions held at BES Group Companies</i></p> <p>Member of the Board of Directors and of the Executive Committee of Banco Espírito Santo, S.A.</p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - BES Investimento do Brasil, S.A. – Banco de Investimento

Name	Position with BES INV	Other Principal Activity
		<p>Board Director of:</p> <ul style="list-style-type: none"> - ES, Recuperação de Crédito, A.C.E. Vice-Chairman of the General Meetings Board of: - ESAF – Espírito Santo Gestão de Patrimónios, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - Espírito Santo Financial Group S.A. Member of the Supervisory and General Board of: - EDP – Energias de Portugal, S.A. Vice Chairman of the General Meetings Board of: - Espart – Espírito Santo Participações Financeiras, S.G.P.S., S.A. Vice-Chairman of the Supervisory Board of: - Sporting Clube de Portugal
Francisco Ravara Cary	Vice-Chairman of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Espírito Santo Capital – Sociedade de Capital de Risco, S.A. - ESSI – Comunicações, S.G.P.S., S.A. - ESSI – Investimentos, S.G.P.S., S.A. - ESSI, Sociedade Gestora de Participações Sociais, S.A. - SES Iberia Private Equity, S.A. (Spain) <p>Board Director of:</p> <ul style="list-style-type: none"> - BES Investimento do Brasil, S.A. – Banco de Investimento - Espírito Santo Investimentos, S.A. - Espírito Santo Ventures, Sociedade de Capital de Risco, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - Bradespar, S.A. - Fomentinvest, Sociedade Gestora de Participações Sociais, S.A. - BRB International, S.A - Screen Veintiuno, S.A - Apolo Films, S.L - Pró Sport Comercializaciones Deportivas, S.A - Banque Espírito Santo et de la Vénétie <p>Member of the Supervisory Board of:</p> <ul style="list-style-type: none"> - Casa da América Latina <p>Member of the Conseil de Surveillance of:</p> <ul style="list-style-type: none"> - Financière Mandel - Siparex Developpement
Rafael Caldeira de Castel-Branco Valverde	Vice-Chairman of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - BES Investimento do Brasil, S.A. – Banco de Investimento

Name	Position with BES INV	Other Principal Activity
		<ul style="list-style-type: none"> - ESSI – Comunicações, S.G.P.S., S.A. - ESSI – Investimentos, S.G.P.S., S.A. - ESSI, Sociedade Gestora de Participações Sociais, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - EDP Renováveis S.A. <p>Member of the Supervisory Board of:</p> <ul style="list-style-type: none"> - Sta. Cecília Music Academy - Vice-Chairman of the Portuguese Rugby Federation
Miguel António Igrejas Horta e Costa	Vice-Chairman of the Board of Directors and on Executive Committee	<p><i>1. Positions held Outside BES Group Companies</i></p> <p>Chairman of Board Director of:</p> <ul style="list-style-type: none"> - Sociedade de Administração de Bens Casa da Holanda, S.A. - Bindcity – Soluções de Relacionamento Digital, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> - Carbon Assets Fund (USA) <p>Member of the Advisory Board of Associação Portuguesa para o Desenvolvimento das Comunicações</p> <p>Chairman of the Advisory Board of Orizon – Investimentos Imobiliários e Turísticos, S.A.</p> <p>Other Positions:</p> <ul style="list-style-type: none"> - Honorary Chairman of Club de Golf de Campo Real - Commodore of Clube Naval de Cascais - Honorary Cônsul of Republic of El Salvador in Portugal - Ambassador of the Soberana e Militar Ordem de Malta na República de Cabo Verde - Chairman of Fundação Luso Brasileira - Chairman of the board of Prémio Infante D. Henrique - Member of Fundação Batalha de Aljubarrota - Vice-Chairman of Associação Portuguesa da Soberana e Militar Ordem de Malta - Vice-Chairman of the board of ACP – Automóvel Clube de Portugal - CEO of CIEP – Confederação Internacional dos Empresários Portugueses
Pedro Manuel de Castro Simões Ferreira Neto	Vice-Chairman of the Board do Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - Banco Espírito Santo de Angola, S.A. (Angola) - Banco Espírito Santo do Oriente, S.A. (Macau, China) - BES Investimento do Brasil, S.A. – Banco de Investimento <p>Chairman of the Board of Directors (non-executive functions) of:</p> <ul style="list-style-type: none"> - ES Concessões, S.G.P.S., S.A <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Executive Member of the Board of Directors of:</p> <ul style="list-style-type: none"> - ESCOM – Espírito Santo Commerce, S.A.

Name	Position with BES INV	Other Principal Activity
Ricardo Abecassis Espirito Santo Silva	Vice-Chairman of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Non-executive member of the Board of Directors of Banco Espirito Santo, S.A.</p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Banco Espirito Santo de Angola, S.A. <p>Chairman of the Board of Directors and CEO of:</p> <ul style="list-style-type: none"> - Espirito Santo Investimentos, S.A. <p>Member of the Board of Directors and CEO of:</p> <ul style="list-style-type: none"> - BES Investimento do Brasil, S.A. – Banco de Investimento <p>Vice-Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Espirito Santo Bank (USA) <p>Board Director of:</p> <ul style="list-style-type: none"> - BES Finance Limited <p>Member of Executive Committee of:</p> <ul style="list-style-type: none"> - Gespar S/C Ltda. <p>Chairman of the Supervisory Board of Banco Espirito Santo do Oriente S.A.</p> <p><i>2. Positions held Outside BES Group Companies</i></p> <p>CEO of:</p> <ul style="list-style-type: none"> - E.S. Holding – Administração e Participações, S.A. - InterAtlântico S.A. - Pojuca Administração, S.A. <p>Chairman of the Board of Directors and CEO of:</p> <ul style="list-style-type: none"> - Companhia Agrícola Botacatu <p>Vice-Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Agriways, S.A. <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Pojuca, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> - Bradespar, S.A. - The Portuguese Chamber of Commerce in Brazil - Companhia Brasileira de Desenvolvimento Imobiliário Turístico, Invest. Tur. Brasil - E.S. Control Holding, S.A. - Espirito Santo International, S.A. - Euroamerican Finance Corporation Inc. (BVI) - Monteiro Aranha, S.A. - Espirito Santo Property S.A. - EABS – Serviço de Assistência e Participações S.A. <p>Member of Executive Committee:</p> <ul style="list-style-type: none"> - Associação Espirito Santo Cultura (Brasil) - ESAI – Espirito Santo Activos Imobiliários, Ltda. - ESAP Espirito Santo Agropecuária S.A. - ESAP Brasil Agro-Pecuária - ESCAE – Administração e Participações, Ltda. - ES Consultoria, Ltda. - Quinta da Baroneza, Empreendimentos e Participações Ltda. - Sintra, Empreendimentos Imobiliários, Ltda. - Terras de Bragança Participações Ltda. <p>Member of the Advisory Board of:</p>

Name	Position with BES INV	Other Principal Activity
		<ul style="list-style-type: none"> - Portugal Telecom (Brazil) - Associação Brasileira de Bancos Internacionais, S.A Member of the Supervisory Board of: - Banco Bradesco, S.A.
Christian Georges Jacques Minzolini	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - SES Ibéria Private Equity, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Member of Advisory Board of:</p> <ul style="list-style-type: none"> - Salvago, S.A. Managing Partner of: - Frazolini – Gestão de Investimentos e Consultadoria, Lda.
Diogo Luís Ramos de Abreu	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A - Espírito Santo Capital – Sociedade de Capital de Risco, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Vice Chairman of Board Director of:</p> <ul style="list-style-type: none"> - MCO2 – Sociedade Gestora de Fundos de Investimento Imobiliário, S.A Board Director of: - TLCI 2 – Soluções Integradas de Telecomunicações, S.A. - MMCI – Multimédia, S.A. Partner Manager of: - HiLiving – Soluções Multimédia, Lda.
Félix Aguirre Cabanyes	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - Aernnova Aerospace, S.A. (Spain) - Synergy Industry and Technology, S.A. (Spain) Sole Director of: - Inversiones Feviblan, S.L. (Spain) - Inversiones Finca Los Campillos, S.L.
Luis Miguel Pina Alves Luna Vaz	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. - Espírito Santo Financial Services Inc. <p><i>2. Other Positions Held</i></p> <p>Member of the Advisory Board of the Portuguese Securities Market Commission – <i>CMVM</i> – <i>Comissão do Mercado de Valores Mobiliários</i></p>

Name	Position with BES INV	Other Principal Activity
Paulo José Lameiras Martins	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> – ESSI Fin. – S.G.P.S., S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> – Fin Solutia – Consultoria e Gestão de Créditos, S.A. – Polish Hotel Company sp Z.o.o. – Polish Hotel Capital sp. Z.o.o. – Polish Hotel Management Company sp. Z.o.o.
Tiago Vaz Pinto Cyrne de Castro	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> – Espírito Santo Capital – Sociedade de Capital de Risco, S.A. – Espírito Santo Investment p.l.c. – ESSI – Comunicações, S.G.P.S., S.A. – ESSI – Investimentos, S.G.P.S., S.A. – ESSI, Sociedade Gestora de Participações Sociais, S.A. – ESSI Fin. – S.G.P.S., S.A. – BES Investimento do Brasil S.A. – Banco de Investimento – Cominvest – Sociedade de Gestão e Investimento Imobiliário, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> – MULTIGER – Sociedade de Compra, Venda e Administração de Propriedades, S.A. – Fin Solutia, Consultoria e Gestão de Créditos, S.A.
Amílcar Carlos Ferreira de Morais Pires	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held at BES Group Companies</i></p> <p>Member of the Board of Directors and of the Executive Committee of Banco Espírito Santo, S.A.</p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> – Bank Espírito Santo International Limited – BIC – International Bank, Limited <p>Board Director of:</p> <ul style="list-style-type: none"> – Banco Espírito Santo do Oriente, S.A. – BES Finance Limited – ESAF – Espírito Santo Activos Financeiros, S.G.P.S., S.A. – Espírito Santo p.l.c. – Espírito Santo – Empresa de Prestação de Serviços 2, A.C.E. – ES TechVentures – Sociedade Gestora de Participações Sociais, S.A. <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> – BES-Vida, Companhia de Seguros, S.A. – Portugal Telecom, S.G.P.S., S.A.

Name	Position with BES INV	Other Principal Activity
António Espírito Santo Silva Salgado	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held outside BES Group Companies</i></p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> – Espírito Santo Health & SPA (Portugal), S.G.P.S, S.A. – Companhia Agrícola de Penha Garcia, S.A. – Controlled Sport (Portugal) – Turismo Cinegética e Agricultura, S.A. – Empresa das Águas do Vimeiro, S.A. – Sociedade Agrícola de Vale Feitoso, S.A <p>Member of the Board of Directors and General Manager of:</p> <ul style="list-style-type: none"> – Companhia das Águas da Fonte Santa de Monfortinho, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> – Cinegetur – Empreendimentos Cinegético-Turísticos, S.A. <p>Managing Partner of:</p> <ul style="list-style-type: none"> – Mais Caça – Produção e Venda de Espécies Cinegéticas, Lda. – Sociedade Agrícola das Perdizes, Lda
Bernard Marcel Fernand Basecqz	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held at BES Group Companies</i></p> <p>Chairman of the Board of Directors of ESFIL – Espírito Santo Financière S.A</p> <p>Member of the Board of Directors of: Espírito Santo Financial Group S.A.</p> <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> – Benetton International S.A. – Benetton Real Estate International S.A. – Benetton Holding International NV S.A. – Benetton International Property NV S.A. <p>Manager at:</p> <ul style="list-style-type: none"> – Luxembourg Investment Partners S.A.
Bernardo Ernesto Simões Moniz da Maia	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held outside BES Group Companies</i></p> <p>Board Director/Manager of:</p> <ul style="list-style-type: none"> – Mague S.A. – Euro – Yser, S.A. – FINOVA, S.G.P.S., S.A. – G.P.M.G., S.G.P.S., S.A. – IMOMAGUE, S.A. – RIOS & OCEANOS, S.A. – Sogema Investment Limited – SOGEMA – S.G.P.S., S.A. – TOTALPART – S.G.P.S., S.A. – CIHA, S.A. – Yser, SGPS, SA

Name	Position with BES INV	Other Principal Activity
Duarte José Borges Coutinho Espírito Santo Silva	Member of the Board of Directors (Non-Executive)	No other positions held.
João Filipe Espírito Santo de Brito e Cunha	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held outside BES Group Companies</i></p> <p>Board Director of:</p> <ul style="list-style-type: none"> - Espírito Santo Properties (Spain) - Eunea Investments, S.L. (Spain) - Eunea Desarrollo e Innovación - Eunea Investments Portugal - NSI – Nova Saúde Integral, S.L. (Spain) <p>Manager of:</p> <ul style="list-style-type: none"> - VESB – Gestão de Investimentos e Prestação de Serviços, Lda. - Famicom
José Manuel Pinheiro Espírito Santo Silva	Member of the Board of Directors (Non-Executive)	<p><i>1. Positions held at BES Group Companies</i></p> <p>Member of the Board of Directors and Executive Committee of Banco Espírito Santo, S.A.</p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Espírito Santo Financial Consultants, Gestão de Patrimónios, S.A <p>Board Director of:</p> <ul style="list-style-type: none"> - ESAF – Espírito Santo Activos Financeiros, Sociedade Gestora de Participações Sociais, S.A. - Espírito Santo Bank <p><i>2. Positions held Outside BES Group Companies</i></p> <p>Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - Banque Privée Espírito Santo, S.A. - Fiduprivate – Sociedade de Serviços, Consultoria, Administração de Empresas, S.A. <p>Vice-Chairman of the Board of Directors of:</p> <ul style="list-style-type: none"> - ESFG Overseas Limited - Espírito Santo Financial Group, S.A. - Espírito Santo Financial (Portugal) – Sociedade Gestora de Participações Sociais, S.A. <p>Board Director of:</p> <ul style="list-style-type: none"> - BESPARG – Sociedade Gestora de Participações Sociais, S.A. - Banque Espírito Santo et de la Vénétie - E.S. Control Holding, S.A - Espírito Santo Internacional, S.A. - Espírito Santo Resources Limited - Espírito Santo Services, S.A. - Europ Assistance – Companhia Portuguesa Seguros Assistência S.A
Moses Dodo	Member of the Board of Directors and on Executive Committee	<p><i>1. Positions held at BES Group Companies</i></p> <p>Member of the Board of Directors of BES Investimento do Brasil S.A. – Banco de Investimento..</p>

Name	Position with BES INV	Other Principal Activity
Phillipe Gilles Fernand Guiral	Member of the Board of Directors (Non-Executive)	<i>1. Positions held outside BES Group Companies</i> Chairman of the Board of Directors of: – Banque Espirito Santo et de la Vénétie Vice-Chairman of the Board of Directors of: – Banca Tre Venezie Board Director of: – Espirito Santo Financial Group, S.A. – Pragma Capital Member of the Investment Committee of: – East Capital
Nigel Keith Purse	Member of the Board of Directors and on Executive Committee	<i>1. Positions held Outside BES Group Companies</i> Board Director of: – ES Bankers Dubai Limited
Frederico dos Reis de Arrochela Alegria	Member of the Board of Directors and on Executive Committee	<i>1. Positions held at BES Group Companies</i> Board Director of: – BES Investimento do Brasil S.A. – Banco de Investimento

As mentioned-above, the Executive Committee is composed of fifteen members of the Board of Directors. There are also two Senior Managing Directors with a seat on the Executive Committee. The roles of the members of the Executive Committee are the following:

Chairman:

José Maria Espírito Santo Silva Ricciardi

Chief Executive Officer (CEO), Vice-Chairman of the Board of Directors, Chairman of the Global Management Committee, (Compliance, Legal, Human Resources, Organisational Resources and Information and Management Reporting systems).

Members:

Francisco Ravara Cary

Deputy Chief Executive Officer, Vice-Chairman of the Board of Directors, Chief Financial Officer (Assets and Liabilities Committee (ALCO), Risk Policies Committee, Global Credit and Risk Management Committee, Europe Credit and Risk Management Committee, Operational Committee, Treasury, Espírito Santo Capital – Sociedade de Capital de Risco, S.A).

Rafael Caldeira de Castel-Branco Valverde

Executive Vice-Chairman of the Board of Directors, Senior Country Officer for Portugal, Chairman of the Portugal Geography Committee (Portugal Client Origination, Acquisition Finance, Family Offices, London Branch, London Client Origination and Information & Documentation).

Miguel António Igrejas Horta e Costa

Executive Vice-Chairman of the Board of Directors (Corporate Communication and Image, Institutional Relations and Premium Clients).

Pedro Manuel de Castro Simões Ferreira Neto

Executive Vice-Chairman of the Board of Directors (Senior Country Officer for Angola, Chairman of the Angola Geography Committee, Project Finance and Securitisation).

Ricardo Abecassis Espírito Santo Silva

Executive Vice-Chairman of the Board of Directors (Senior Country Officer for Brazil, Chairman of the Brazil Geography Committee, Joint-Chairman of the Americas Credit and Risk Management Committee, Private Banking, Espírito Santo Investimentos, S.A., BES Investimento do Brasil, S.A. – Banco de Investimento and its subsidiaries, Brazil Client Origination).

Christian Georges Jacques Minzolini

Executive Board Member (Poland Branch, Senior Country Officer for Poland, Chairman of the Poland Geography Committee, Espírito Santo Investment Sp. Z.o.o., Secretary General and Corporate Development).

Diogo Luís Ramos de Abreu

Executive Board Member (Capital Structure Advisory, BESAF – BES Activos Financeiros, Lda.).

Felix Aguirre Cabanyes

Executive Board Member (Spain Branch, Senior Country Officer for Spain, Chairman of the Spain Geography Committee and Spain Client Origination).

Frederico dos Reis de Arrochela Alegria

Executive Board Member (Proprietary Trading and Equity Derivatives and Hedging).

Luís Miguel Pina Alves Luna Vaz

Executive Board Member (Capital Markets – Origination, Secondary Markets – Equities, Fixed Income, Asset Management and Equity Derivatives – Sales).

Moses Dodo

Executive Board Member (New York Branch, Senior Country Officer for the United States, Chairman of the United States Geography Committee, Joint-Chairman of the Americas Credit and Risk Management Committee).

Nigel Keith Purse

Executive Board Member (Project Finance and Securitisation).

Paulo José Lameiras Martins

Executive Board Member (Corporate Finance and Mid Cap Financial Advisory).

Tiago Vaz Pinto Cyrne de Castro

Executive Board Member, Chief Risk Officer, Chief Operations Officer (Risk – Risk Control and Credit Risk, Accounting, Operations, Information Technology, Operational Risk Management (including the Compliance Department), Information and Management Reporting Systems and Espírito Santo Investment, Plc.).

BESI is not aware of any potential conflict of interest between the duties of each of the members of its Board of Directors and his/her private interests or other duties.

BESI complies with the current corporate governance regime of Portugal.

The business address of each of the Directors of BESI is at Edifício Quartzo, Rua Alexandre Herculano, 38, 1269-161 Lisbon, Portugal. BESI can be contacted on: +35 121 319 69 00 (main reception) and by fax on: +35 121 330 95 00.

RELATIONSHIP OF ESIP WITH BESI

Keep Well Agreement

ESIP and BESI have entered into a Keep Well Agreement dated 25 July 2007 (the **Keep Well Agreement**) governed by English law. The following is the text of the Keep Well Agreement:

This Keep Well Agreement is made on 25 July 2007 by and between (1) BANCO ESPÍRITO SANTO DE INVESTIMENTO, S.A., whose registered office is at Edifício Quartzo Rua Alexandre Herculano 38, 1269-161 Lisboa, Portugal (**BESI**) and (2) ESPÍRITO SANTO INVESTMENT p.l.c., whose registered office is at Riverside One, Sir John Rogerson's Quay, Dublin 2, Ireland (the **ESIP**).

WHEREAS:

- (A) ESIP is a wholly-owned subsidiary of BESI; and
- (B) ESIP intends to raise funds by the issue of unsubordinated notes (the **Senior Notes**), dated subordinated notes (the **Dated Subordinated Notes**) and undated subordinated notes (the **Undated Subordinated Notes** and, together with the Senior Notes and the Dated Subordinated Notes, the **Notes**) under a €2,500,000,000 Euro Medium Term Note Programme (the **Programme**) and to use such funds for its general corporate purposes; and
- (C) the Notes will be constituted by a trust deed dated 23 April 1999 (as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) between ESIP, BESI and Citicorp Trustee Company Limited as trustee (the **Trustee**).

NOW, THEREFORE, BESI and ESIP hereby agree as follows:

1. In consideration of the sum of £1 paid by ESIP to BESI (receipt of which BESI hereby acknowledges), BESI will own, directly or indirectly, the entire issued share capital of ESIP and will control the composition of the board of directors of ESIP so long as any Notes are outstanding. BESI will not, directly or indirectly, pledge, grant a security interest in or encumber or otherwise dispose of any of such share capital or permit its subsidiaries to do so.
2. (A) Subject to the provisions of clauses 3 and 4 below, at all times, while any Notes are outstanding, BESI will cause ESIP to maintain or will make available to ESIP, before the due date of any relevant payment obligations under the Notes, funds sufficient to enable ESIP to satisfy such payment obligations in full as they fall due. ESIP shall use the funds made available to it by BESI solely for the satisfaction when due of such payment obligations.

(B) Any and all funds from time to time provided by BESI to ESIP pursuant to clause 2(A) above shall be either (i) by way of the subscription for and payment of share capital (other than redeemable share capital) or (ii) by way of subordinated loan, that is to say a loan which, and interest on which, is not permitted to be, and is not capable of being, repaid or paid unless, and then only to the extent that, ESIP is, and immediately thereafter would continue to be, solvent in all respects and is subordinated on a winding up of ESIP to all of the other unsecured creditors (whether subordinated or unsubordinated) of ESIP.
3. The obligations of BESI under clause 2(A) above in respect of Dated Subordinated Notes are unsecured and will be subordinated to the extent that, in the event of the bankruptcy or winding up of BESI, and to the extent permitted by Portuguese law, payment by BESI under this Agreement (insofar as such payment relates to payment obligations of ESIP in respect of Dated Subordinated Notes) will be conditional upon BESI being able to satisfy in full the claims of all unsubordinated creditors of BESI.
4. The obligations of BESI under clause 2(A) above in respect of Undated Subordinated Notes are unsecured and are subordinated, to the extent permitted by Portuguese law, to the claims of Senior Creditors (as defined below) of BESI in that payment by BESI under this Agreement (insofar as such payment relates to payment obligations of ESIP in respect of Undated Subordinated Notes) is conditional upon BESI being solvent (as defined below) at the time of payment by BESI to ESIP pursuant to clause 2(A) above and in that no

such payments shall be made except to the extent that BESI could make such payment and still be solvent immediately thereafter. For this purpose, BESI shall be considered to be solvent if both (i) it is able to pay its debts to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors.

A report as to the solvency of BESI by (a) two directors of BESI or, if the directors have not reported to ESIP within fourteen days before any payment made pursuant to this clause (4), the auditors of BESI or (b) if BESI is being wound up, its liquidator shall, in each case in the absence of manifest error, be treated and accepted by ESIP as correct and sufficient evidence thereof.

For the purposes of this clause 4:

- (A) **Assets** means the total consolidated gross assets of BESI and **Liabilities** means the total consolidated gross liabilities of BESI, all as shown by the latest published audited balance sheet of BESI but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors, liquidator or examiner, as the case may be, may determine to be appropriate; and
- (B) **Senior Creditors of BESI** means creditors of BESI who (x) are depositors or other unsecured creditors of BESI or (y) are subordinated creditors of BESI other than those whose claims rank *pari passu* with or junior to the claims of ESIP against BESI under the Keep Well Agreement in respect of Undated Subordinated Notes.

In order to allow BESI to continue its business activity the amounts that would otherwise be payable to ESIP for payment of principal and interest on the Undated Subordinated Notes will be available to meet the losses of BESI.

- 5. If, otherwise than for the purposes of a Permitted Reorganisation (as defined below) or for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders (as so defined), an order is made or an effective resolution is passed for the winding up of BESI, BESI shall, in lieu of any other payment to ESIP under this Agreement in respect of the Undated Subordinated Notes be obliged to pay such amounts as would have been payable to ESIP if ESIP had, on the day preceding the commencement of such winding up, become a holder of preference stock or shares in the capital of BESI forming or being part of a class having a preferential right in the winding up over the holders of all other classes of stock or shares in the capital of BESI and entitled to receive in such winding up an amount equal to the full amount payable under this Agreement in respect of the Undated Subordinated Notes.

Permitted Reorganisation means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by BESI with the consent of the Trustee or the sanction of an Extraordinary Resolution of the Noteholders under which:

- (a) the whole of the business, undertaking and assets of ESIP or, as the case may be, BESI are transferred to and all the liabilities and obligations of BESI are assumed by the new or surviving entity resulting from such amalgamation, merger, consolidation, reorganisation or other similar arrangement either:
 - (i) automatically by operation of the laws of Portugal; or
 - (ii) upon terms and subject to the satisfaction of such conditions as the Trustee shall have previously approved in writing in order to satisfy the Trustee that the new or surviving entity will be bound by the terms of the Trust Deed and the Notes as fully as if it had been named in the Trust Deed and the Notes in place of BESI; and, in either case,
- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to the same regulation and supervision by the Regulatory Authority (as defined in the Trust Deed) as BESI was subject immediately prior thereto.

6. BESI warrants and agrees that the obligations of BESI which may arise hereunder in respect of:
 - (i) Senior Notes constitute unsecured and unsubordinated obligations of BESI and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of BESI, present and future, subject to mandatory provisions of law affecting creditors' rights generally and statutorily preferred obligations;
 - (ii) Dated Subordinated Notes constitute unsecured and, in accordance with clause 3 above, subordinated obligations of BESI and will rank, in the event of a bankruptcy or winding up of BESI, to the extent permitted by Portuguese law, at least *pari passu* with all other Subordinated Indebtedness (as defined below), present and future, of BESI; and
 - (iii) Undated Subordinated Notes constitute unsecured obligations of BESI, subordinated in accordance with clause 4 above, and rank *pari passu* without preference among themselves.

For the purposes paragraph (ii) above, **Subordinated Indebtedness** means all indebtedness of BESI which is subordinated, in the event of the winding up of BESI, in right of payment to the claims of depositors and other unsubordinated creditors of BESI and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

7. This Agreement is not, and nothing herein contained and nothing done by BESI pursuant hereto shall be deemed to constitute, a guarantee, direct or indirect, by BESI of any Notes or any payment obligations arising out of or in connection with any Notes.
8. If ESIP shall be in liquidation, administration or receivership or other analogous proceedings, and BESI shall be in default of its obligations hereunder, BESI shall be liable by way of liquidated damages to ESIP for such breach in an amount equal to the sum that BESI would have paid had it performed in full its obligations hereunder and ESIP (and any liquidator, administrator or receiver of ESIP or other analogous officer or official) shall be entitled to claim accordingly.
9. This Agreement may be modified or terminated only by the written agreement of BESI and ESIP.
10. This Agreement is governed by, and shall be construed in accordance with, English law except that clauses 3 and 4 are governed by, and shall be construed in accordance with, the laws of Portugal. Each of BESI and ESIP hereby irrevocably agrees that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement and that accordingly any suit, action or proceedings (together **Proceedings**) arising out of or in connection with this Agreement may be brought in such courts and each waives any objection to Proceedings in such courts whether on the grounds that the Proceedings have been brought in an inconvenient forum or otherwise. Each of BESI and ESIP hereby appoints Banco Espírito Santo, S.A., London Branch as its agent to accept service of process on its behalf in England in respect of any Proceedings and agrees that, in the event of Banco Espírito Santo, S.A., London Branch ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by applicable law.
11. This Agreement and any supplements hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party to this Agreement or any agreement supplemental hereto may enter into the same by executing and delivering, a counterpart.

IN WITNESS WHEREOF this Agreement has been entered into on the date which appears first on page 1.

BANCO ESPÍRITO SANTO DE INVERSTIMENTO, S.A.

By:

ESPÍRITO SANTO INVESTMENT p.l.c.

By:

Note:

The Keep Well Agreement is not, and should not be regarded as equivalent to, a guarantee by BESI of any payment in respect of the ESIP Notes. ESIP has, under the terms of the Trust Deed, assigned its rights under the Keep Well Agreement by way of security to the Trustee for the benefit of the holders of the Notes issued by ESIP as security for payment of principal and interest on such Notes. Following an Event of Default, the Trustee will be entitled, on behalf of the holders of the ESIP Notes, to enforce such security and to enforce ESIP's rights under the Keep Well Agreement against BESI in accordance with the terms of the Trust Deed. Enforcement in the English courts will be subject, among other things, to the powers of such courts to stay proceedings and other principles of law and equity of general application.

BESI's participation, signature and execution of any of the programme documentation and the existence of Keep Well Agreement does not correspond to, nor can it be construed as, any form of undertaking of liability by BESI against the holders of the ESIP Notes, without prejudice to the assignment by way of security of the rights of ESIP under the Keep Well Agreement pursuant to the Trust Deed.

DESCRIPTION OF THE PORTUGUESE BANKING SECTOR

Recent History

The Portuguese financial system has undergone a steady process of deregulation and liberalisation since 1983, which has resulted in important structural and operational changes. The most significant measures included the privatisation process (initiated in 1989), the opening of the banking system to foreign competition, the gradual lifting of restrictions on capital movement and the implementation of legislation which brought Portuguese banking regulations into line with EC legislative practice.

The relevant regulations for financial institutions have undergone a series of amendments since 1991 to reflect the changes to the financial system. In particular, the so-called Legal Framework of Credit Institutions and Financial Companies, enacted through Decree-Law no. 298/92 dated 31 December 1992 (as amended) (the **New Banking Law**) introduced a comprehensive regulatory framework into Portugal in line with EC directives. This included the abolition of the distinction between investment and commercial banks and the creation of the distinction between Credit Institutions (*Instituições de Crédito*) and Financial Companies (*Sociedades Financeiras*) the establishment of prudential and supervisory rules on a consolidated basis, the adoption of the EU passport and the creation of a deposit guarantee fund in order to protect depositors.

Credit Institutions are, broadly, banks, leasing and factoring companies, while Financial Companies are mainly brokers, dealers, fund managers (other than pension fund managers), capital development companies and foreign exchange agencies.

The most extensive amendment to the Legal Framework of Credit Institutions and Financial Companies, enacted through Decree-Law no. 201/2002, dated 26 September 2002, introduced a number of new financial entities – *Sociedades de Garantia Mútua, Instituições de Moeda Electrónica, Sociedades Gestoras de fundos de Titularização de Créditos, Instituições Financeiras de Crédito* – as well as a set of new rules on several matters, including relevant participations.

Banks, brokers, dealers and fund managers are also, pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*), under the supervision of the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*).

In 1996, Portugal adopted new legislation on investment services, credit institutions and prudential supervision, through the Decree-Law no. 232/96 dated 5 December, which implemented the Council Directive 93/22/EEC, dated 10 May, on Investment Services in the securities field, the European Parliament and Council Directive 95/26/EC, dated 29 June, on reinforcement of prudential supervision (which amended Directive 77/780/EEC, dated 12 December and Directive 89/646/EEC, dated 15 December in the field of Credit Institutions as well as the Council Directive 96/13/EC, dated 11 March, in respect of the list of permanent exclusion of certain credit institutions, which also amended Directive 77/780/EEC. Additionally, Decree-Law no. 357-A/2007, dated 31 October, implemented in Portugal Directive 2004/39/CE on markets in financial instruments, which amended Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealed Council Directive 93/22/EEC.

These changes to the banking environment have increased competition in the Portuguese banking market and have led to an expansion of domestic branch networks and an extension of the range of bank products offered. In addition, the possibilities for expansion, in terms of both geography and business activity, have been enhanced.

On 3 March 2007 Decree-Law no. 104/2007 was published, which implemented the European Parliament and Council Directive 2006/48/EC, dated 14 June, (as amended by Commission Directive 2007/18/EC, dated 27 March) relating to the taking up and pursuit of the business of credit institutions and Decree-Law no. 145/2006, dated 31 July, which implemented European Parliament and Council Directive 2002/84/EC, dated 16 December, on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC and 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council. Since 1997, the Portuguese financial sector has benefited from significant economic growth, exchange rate stability

and falling inflation and interest rates. It was confirmed in May 1998 by the European Union that the Portuguese Republic has met the necessary criteria for participation in EMU, and accordingly the Portuguese Republic participated at the commencement of the third stage of EMU on 1 January, 1999. Although Portugal was not directly exposed to the subprime crisis, the economy suffered in 2008 from the impact of a crisis of confidence in the international financial system, an increase in raw material prices (during the first half of 2008) and a slowdown in external demand. In this context, annual GDP growth fell from 1.9% in 2007 to 0.4%, with successive quarterly contractions of growth in the second half of the year. Annual average inflation rose from 2.5% in 2007 to 2.6% in 2008. Public sector deficit fell to 2.2% of gross domestic product (**GDP**) in 2008, down from 2.6% in the previous year.

Against the background of this rapid liberalisation, Portuguese banks have had to operate in an increasingly competitive environment. This has been characterized by a number of mergers between Portuguese banks, broader and more balanced geographic coverage of bank branch networks, more cross-selling initiatives, increased focus on the expanding market for personal loans, mortgages and credit cards, more frequent advertising campaigns, competitive pricing strategies and cost control programmes.

The Group faces intense competition in all of its principal areas of operation; however, competitors in the Portuguese banking market have the most significant effect on the Group's results and operations. The Group's competitors in the Portuguese banking markets are Portuguese state and privately owned commercial banks, savings and investment banks, foreign banks (many of which have recently entered the Portuguese market) and non-deposit-taking financial institutions (investment companies). The Portuguese banking industry has been characterised by increasing consolidation through mergers and acquisitions by the major Portuguese banks. This consolidation began in 1995 with the acquisition of Banco Português do Atlântico (**BPA**) by Banco Comercial Português (**BCP**), and continued with a number other acquisition and merger transactions, of which the mergers between BCP, BPA and Banco Mello as well as the consolidation into a single legal entity – Banco Santander Totta, S.A. – of Banco Totta e Açores, S.A., Crédito Predial Português, S.A. and Banco Santander (Portugal), S.A. are an example. There has also been an unsuccessful takeover bid involving two major Portuguese banks, which was launched by BCP over Banco Português de Investimento, S.A. (**BPI**).

Meanwhile, following the Portuguese government's rejection of the initial deal between the Champalimaud Group (consisting of Banco Pinto e Sotto Mayor (**BPSM**), Banco Totta & Açores (**BTA**), and Crédito Predial Português (**CPP**) and Banco Santander Central Hispano (**BSCH**)), a new agreement was reached. This agreement has resulted in the acquisition of BTA and CPP by BSCH and the sale of BPSM, to BCP, in an auction process.

The remaining banks are 1) Banco BPI, S.A., which resulted from the merger between Banco de Fomento Exterior, S.A., Banco Borges e Irmão, S.A., and Banco Fonsecas & Burnay, S.A., and holds an investment banking unit and 2) Banco Espírito Santo (**BES**), which controls Banco Espírito Santo de Investimento S.A (**BESI**).

As of 31 December 2008 BES held an average market share of 20.7%. BES ranked 3rd, after CGD and BCP, with a 17.7% market share in terms of consolidated Net Assets and 14.6% in terms of Advances to Costumers) (source: calculated based on Bank of Portugal information for the sector).

Development of investment banking activity has been actively encouraged by the Portuguese authorities in order to foster modernisation and competition within the financial sector. In addition, liberalisation of officially set interest rates and credit ceilings has increased the competition for both deposits and loans within the Portuguese banking system. Under current law, all Portuguese financial institutions are now permitted to perform all types of financial services. Since 1993, EU banking directives have allowed cross-border reciprocity with EU countries for any bank formed within the EU.

Banking Regulation in Portugal

Summary

The Bank of Portugal which became a member of the European System of Central Banks on 1 June, 1998, enjoys extensive supervisory and regulatory powers in relation to all credit and deposit taking institutions in Portugal. In order to guarantee the stability and the soundness of the financial system and to ensure the efficiency of its operation, the safety of the depositors and the deposits, as well as the protection of consumers in the area of financial services, it is incumbent upon the Bank to supervise credit institutions and financial companies.

Moreover, according to the above mentioned Legal Framework of Credit Institutions and Financial Companies, it is specially incumbent upon the Bank of Portugal to authorise the setting up of credit institutions and financial companies when the decision is based solely on technical-prudential criteria, to monitor the activity of the institutions under its supervision, to control compliance with the rules set forth for their activities, to issue recommendations for the correction of any deviations, to sanction breaches, should they occur, and to take extraordinary measures of reorganisation.

Portuguese banks are subject to capital adequacy ratios in line with EC Directive 2000/12/EC of the European Parliament and the Council, dated 20 March (as amended by the European Parliament and Council Directive 2006/48/EC, dated 14 June, (as amended by Commission Directive 2007/18/EC, dated 27 March)) relating to the taking up and pursuit of the business of credit institutions and which sets forth rules regarding the establishment of common standards for measurement of capital, risk weighted assets and commitments. However, there are some minor differences between EC requirements and the Bank of Portugal's approach, the latter imposing more onerous requirements in respect of the treatment of overdue loan losses and pension fund provisions.

There are specific regulations regarding regular audits by the Bank of Portugal, a specified accounting plan, limits on large exposures, minimum levels of provisions for loan losses and mandatory contribution to the deposit guarantee fund. Compliance is monitored through periodic inspections and regular reviews of financial statements and returns.

Application to the Group and ESIP

The Banco Espírito Santo Group is regulated on a consolidated basis by the Bank of Portugal. The Group must comply with the regulations issued by the Bank of Portugal and the general regime governing credit institutions and financial companies under the **New Banking Law** of December 1992. The principal rules which must be complied with include the following:

- (a) *Solvency Ratio.* The Group's own funds must correspond to at least 8% of its total risk-weighted assets and off-balance-sheet contingent liabilities and Tier I must not be less than 4% of this amount.

Further to Law n. 63-A/2008, of 24th November, 2008 – referring to the reinforcement of financial stability of credit institutions, namely to capitalisation measures through public investment – the Portuguese Government may, by ministerial order, mandatorily define the level of own funds of credit institutions in such a capitalisation context and it is expected that the minimum level of Tier 1 capital will be fixed at 8 per cent. before the end of 2009.

Still as far as the required minimum level of own funds is concerned, the Bank of Portugal has also recommended, through Disclosure Letter (Carta Circular) n. 83/2008, of 12 November 2008, that all credit institutions should until 30 September 2009 reinforce their Tier 1 rácio to a minimum level of 8 percent.

- (b) *Limitations on credit risk concentration.* Exposure is classified as a large exposure where the liabilities of a counterparty (or such counterparty's group) represent 10% or more of the Group's own funds. The total exposure of the Group to a counterparty (or such counterparty's group) cannot exceed 25% of the Group's own funds and the global value of large exposures cannot be greater than 8 times the amount of such own funds.

- (c) *Limitations on equity participations in relation to own funds.* The direct and indirect equity participation held by the Group in the share capital of entities other than credit institutions, financial companies, financial institutions, management companies of pension funds and insurance companies cannot exceed 15% (individually) and 60% (in aggregate) of the Group's own funds.
- (d) *Limitations on participating interests in relation to the share capital of certain companies.* The direct and indirect participating interests to be held for three years or more by a Credit Institution in non-financial entities are limited to 25% of the voting rights in the share capital of such non-financial entities.
- (e) *Fixed assets.* The global value of fixed assets (net of depreciation and provisions) excluding the elements deducted to calculate the Group's own funds cannot exceed the value of those funds.
- (f) *Limitation on the share portfolio and other equities not classified as participating interests.* The total value of shares or other equities of any entity not classified as participating interests cannot exceed 40% of the own funds of the Group.

BESI is, in addition to the Group, regulated on an individual basis by the Bank of Portugal under Notices (*Avisos*) no. 12/92, no. 4/2007, no. 5/2007, no. 6/2007 and no. 8/2007 (as amended) of the Bank of Portugal. In contrast to the Group's solvency ratio, the individual solvency ratio is indicative rather than compulsory, affording BESI a degree of flexibility provided that the consolidated solvency ratio for the Group is maintained in accordance with the Bank of Portugal regulations. Despite this flexibility BESI's consolidated solvency ratio on 31 December 2008 was 8.25% (8% on an individual basis).

TAXATION

IRISH TAXATION

The following is a general summary of the Issuers' understanding of the current law and practice in Ireland relating to the taxation of Notes issued by ESIP or any Note where the Relevant Tax Jurisdiction is Ireland (*Irish Notes*) under this Programme and is subject to any change that may come into effect after the date of this Offering Circular. The summary relates only to the position of the persons who are the absolute beneficial owners of Irish Notes and the interest on them and some aspects may not apply to certain classes of taxpayers (such as dealers). Any Noteholders who are in any doubt as to their tax position should seek their own professional advice.

Irish Withholding Tax on the Irish Notes

In general, withholding tax at the rate of 20% must be deducted from payments of yearly interest within the charge to Irish tax. This includes interest payments made by a company that is resident in Ireland for the purposes of Irish tax (**Irish Resident**) such as ESIP. For this purpose, interest includes any uplift in principal on redemption of Indexed Notes. No withholding for or on account of Irish income tax will be required to be made from interest arising on the Irish Notes in a number of circumstances.

1. Payments of interest in respect of the Irish Notes will be made without deduction of withholding tax where the maturity of the Irish Notes is less than one year because the interest is not yearly interest.
2. No Irish withholding tax will apply to interest payments on the Irish Notes where the Irish Notes are:
 - (a) quoted on a recognised stock exchange;
 - (b) carry a right to interest (thus excluding Zero Coupon Notes); and
 - (c) either:
 - (i) interest payments are made by a paying agent not in Ireland; or
 - (ii) the Irish Notes are held in a recognised clearing system (Clearstream Banking SA, and Euroclear have been so recognised), or
 - (iii) the person who is the beneficial owner of the Irish Notes and who is beneficially entitled to the interest is not Irish Resident and has made a declaration to a relevant person in a form specified by the Revenue Commissioners of Ireland (the **Revenue Commissioners**).
3. Irish withholding tax will not be deducted from interest payments made to persons whose usual place of abode is outside Ireland on the Irish Notes issued in the course of carrying on the trading operations specified in the certificate that was issued to it under section 446 of the Taxes Consolidation Act, 1997, as amended (**TCA 1997**), its "IFSC Certificate", notwithstanding the fact that the IFSC Certificate expired on 31 December 2005. This is on the basis that the Irish Notes were issued in the course of ESIP carrying on trading operations certified under section 446 TCA 1997, its "IFSC Trade" (i.e. before expiry of the IFSC Certificate on 31 December 2005) on terms which oblige ESIP to redeem the Irish Notes within a period of 15 years after the date on which the Irish Notes were issued. The Revenue Commissioners have confirmed that holders of unlisted bearer Irish Notes will be regarded as having their place of abode outside of Ireland provided that (i) interest is paid on those Irish Notes through a paying agent located outside of Ireland; (ii) those Irish Notes have a minimum denomination of €500,000 or its equivalent; (iii) those Irish Notes are cleared through a recognised clearing system; and (iv) certain restrictions apply in relation to the sale of those Irish Notes in Ireland. The required restrictions in relation to the sale of those Irish Notes in Ireland were included in the Offering Circular and in the Programme Agreement at the time those Irish Notes were issued.

4. Under the provisions of section 246A TCA 1997, the Issuer will not be required to deduct Irish withholding tax from interest paid in respect of Exempted Wholesale Debt Instruments which are Irish Notes where:
 - (a) the Irish Notes;
 - (i) recognise an obligation to pay a stated amount; and
 - (ii) mature within two years; and
 - (iii) carry a right to interest; or
 - (iv) are issued at a discount; or
 - (v) are issued at a premium; and
 - (b) the Irish Notes are held in a recognised clearing system in denominations of not less than U.S.\$500,000 or €500,000, or if denominated in any currency other than U.S. dollar or euro, the equivalent of €500,000 at the date the programme is first publicised; or
 - (c) the person by whom, or the person through whom the payment is made is Irish Resident or the payment is made by an Irish branch or agency of that person; and
 - (i) the person beneficially entitled to the interest is Irish Resident and has provided their Irish tax reference number to the relevant Issuer; or
 - (ii) the person who is the beneficial owner of the Irish Notes and who is beneficially entitled to the interest is not Irish Resident and has made the appropriate declaration of non-residence to the relevant Issuer.
5. There is no requirement for an Issuer to deduct Irish withholding tax from interest payments made on the Irish Notes in the ordinary course of ESIP's trade or business to a company that is a tax resident of a territory with which Ireland has a double taxation treaty that is either in effect or has been concluded but not made effective, or in a Member State of the European Communities (other than Ireland) under the laws of that Member State or territory as the case may be. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by that company through a branch or agency.

Irish withholding tax on interest in respect of the Irish Notes may be avoided or reduced pursuant to the provisions of an appropriate double taxation treaty.

In all other cases interest will be paid under deduction of Irish income tax (calculated at the standard rate of Irish income tax, which is currently 20%).

The Revenue Commissioners have confirmed that any discounts arising on the Irish Notes will not be subject to Irish withholding tax.

Encashment tax

If interest on an Irish Note satisfies the conditions for exemption from Irish withholding tax at 2 above and it is paid or realised by an agent in Ireland on behalf of a Noteholder, the agent will be required to withhold tax at the standard rate of Irish income tax (currently 20%) unless it is proved, on a claim made in the required manner to the Revenue Commissioners, that the person owning such Irish Notes and entitled to such interest is not Irish Resident. It is also necessary that such interest is not deemed under the provisions of Irish tax legislation to be income of another person that is Irish Resident.

Interest or distributions on any Note issued by BESI paid:

- (a) by a paying agent in Ireland; or
- (b) to an agent in Ireland on behalf of a holder of the Note,

will be subject to Irish encashment tax at the standard rate of Irish income tax (currently 20%) unless it is proved, on a claim made in the required manner to the Revenue Commissioners, that the beneficial owner of that Note entitled to the interest or distribution is not Irish Resident and such

interest or distribution is not deemed, under the provisions of Irish tax legislation, to be income of another person that is Irish Resident.

Irish Source Income

Holders of Irish Notes who are not Irish Resident (nor ordinarily resident in Ireland for purposes of Irish tax (**Ordinarily Resident**) in the case of persons who are not companies) and who do not carry on a business in Ireland through a branch, agency or a permanent establishment to which, or to whom the Irish Notes are attributable will in relation to payments on or arising from the Irish Notes, not be liable to;

- (a) Irish corporation tax;
- (b) Irish income tax (provided they fall within an exemption below); or
- (c) Irish capital gains tax provided that either the Irish Notes are quoted on a stock exchange or they do not derive their value or a greater part of their value from certain specified assets (e.g. Irish land or mineral rights).

Section 198 TCA 1997 provides that a company that is not Irish Resident will not be chargeable to Irish income tax in respect of interest (including any uplift in principal on redemption of indexed redemption Irish Notes) paid by an Issuer that satisfies the conditions of the exemption from Irish withholding tax at 3 above. For individuals to qualify for this exemption, they must not be Ordinarily Resident. A person who has been Irish Resident for three consecutive tax years becomes Ordinarily Resident with effect from the commencement of the fourth tax year that they are Irish Resident. A person who has been Ordinarily Resident is no longer Ordinarily Resident with effect from the commencement of the fourth consecutive tax year in which they are not Irish Resident.

There is also an exemption from Irish income tax under Section 198 TCA, 1997 for interest paid by any Irish company in the ordinary course of its trade or business to a company which is not Irish Resident and which is resident in a member state of the European Communities (other than Ireland) under the laws of that Member State or is a resident of a territory with which Ireland has a double taxation treaty, that is either in effect or has been concluded but not made effective, under the provisions of that treaty.

Section 198 TCA, 1997 also exempts interest paid to persons who are not Irish Resident and who are resident in a Member State of the European Communities (other than Ireland) under the laws of that Member State or is a resident of a territory with which Ireland has a double taxation treaty, that is either in effect or has been concluded but not made effective, under the provisions of that treaty and the interest satisfies the conditions for exemption from Irish withholding tax at 2 or 4 above, as the case may be.

In addition, section 198 TCA 1997, exempts discounts arising on Irish Notes issued in the ordinary course of a trade or business of the Issuer where the discount arises to a person who is not Irish Resident and who is resident in a Member State of the European Communities (other than Ireland) under the laws of that Member State or is a resident of a territory with which Ireland has a double taxation treaty, that is either in effect or has been concluded but not made effective, under the provisions of that treaty.

Irish tax on interest and discount in respect of the Irish Notes may be avoided or reduced pursuant to the provisions of an appropriate double taxation treaty.

Interest payments and discounts realised, which do not fall within the exemptions outlined above, will be subject to Irish income tax. However, there is no mechanism by which the Irish Revenue Commissioners may collect this Irish income tax liability, where:

- (a) the holder of the Irish Note is not Irish Resident;
- (b) the holder of the Irish Note is not chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the discount; and

- (c) the holder of the Irish Note is not liable to Irish corporation tax on income from an Irish branch or agency or to Irish income tax on the profits of a trade carried on in Ireland, to which the discount is attributable.

For this reason the liability is not in practice generally enforced. However, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Capital Acquisitions Tax

A gift or inheritance of the Note may give rise to a liability to Irish capital acquisitions tax in the hands of the donee or successor, if:

- (a) the Note which is the subject of the disposition is in bearer form and is physically located in Ireland with a depository or otherwise; or
- (b) the disponent or the donee or successor is either Irish Resident or Ordinarily Resident at the date of the gift or inheritance.

For the purposes of Irish capital acquisitions tax, a non-Irish domiciled person will not be treated as Irish Resident or Ordinarily Resident except where that person has been Irish Resident for the five consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

Irish capital acquisitions tax is payable at the rate of 25% on the taxable value of a gift or inheritance.

Capital Gains Tax

A charge to capital gains tax should not arise on the disposal or redemption of a Note by an investor who is neither resident nor ordinarily resident in Ireland, unless the Note is used in or for the purposes of a trade carried on by such person in Ireland through a branch or agency, or which was used or held or acquired for use by or for the purposes of the branch or agency. Corporation tax or capital gains tax will apply at the rate of 25% on capital gains arising on a disposal of a Note by a person who is resident or ordinarily resident in Ireland where the gain does not arise in the course of a trade.

Stamp Duty

No Irish stamp duty will be payable on the issue of the Irish Notes.

No Irish stamp duty will be payable on Notes issued by BESI.

Irish stamp duty is not chargeable on the transfer by delivery of Irish Notes. In the event of a written transfer of Irish Notes no Irish stamp duty is chargeable provided that the Irish Notes:

- (a) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right,
- (b) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation,
- (c) are issued for a price which is not less than 90% of their nominal value (e.g. Irish Notes issued at a discount such as Zero Coupon Notes may not qualify for this exemption), and
- (d) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities) specified in any instrument or other document relating to the Irish Notes (thus the Indexed Notes could be excluded from this exemption).

In the event of a written transfer of Notes issued by BESI no Irish stamp duty is chargeable provided that the transfer does not relate to any immovable property situated in Ireland or any right over or interest in such property or to any stocks or marketable securities of an Irish incorporated company other than an investment undertaking within the meaning of section 739B of the TCA 1997.

No stamp duty will be payable on redemption of the Notes.

Where Irish stamp duty does apply, a written transfer of a Note (wherever executed) is liable to Irish stamp duty at the rate of 1% of the consideration paid under the transfer (or, if greater, the market value of the Note).

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment (which would include any payments of interest or similar income if made by the Irish Paying Agent) to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a “residual entity” then that interest payment is a “deemed interest payment” of the “residual entity” for the purpose of this legislation. A “residual entity”, in relation to “deemed interest payments”, must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the “deemed interest payments”.

Residual entity means a person or undertaking established in Ireland or in another Member State or in an “associated territory” to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an “associated territory”, or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive on the Taxation of Savings Income.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an “associated territory” and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an “associated territory” apply since 1 July 2005. For the purposes of these paragraphs “associated territory” means Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands Andorra, Liechtenstein, Monaco, San Marino and the Swiss Confederation.

PORTUGUESE TAXATION

The following is a summary of the material Portuguese tax consequences with respect to the Notes. The summary does not purport to be a comprehensive description of all the tax consequences that may be relevant to any particular Noteholder, including tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. This discussion is based on Portuguese law as it stands at the date of this Offering Circular and is subject to any change in law that may take effect after such date. Prospective investors in the Notes should consult their professional advisers with respect to particular circumstances and the effects of state, local or foreign laws to which they may be subject. Noteholders who are in doubt as to their tax position should consult their professional advisers.

Notes issued by BESI acting through London branches are subject to the following specific tax considerations:

Payments to be made by BESI acting through its London Branch of investment income (including interest) arising from Notes issued by them and payable to an individual or legal person who is a non-resident in Portuguese territory for tax purposes are not subject to Portuguese withholding tax provided those payments correspond to costs or charges concerning the activities of that branch. It should be taken into account that according with the legal provision dealing with this matter the Secretary of State for Fiscal Affairs (currently *Secretário de Estado dos Assuntos Fiscais*) has issued the governmental order no. 1132/2006-XVII, of 12th September stating that, if the proceeds of the Notes issued by foreign financial branches of Portuguese credit institutions are transferred to the respective headquarters or to another branch of such Portuguese credit institutions, the investment income (including interest) arising from such Notes and payable to Noteholders with no residence, effective management or permanent establishment in Portugal will be considered subject to Portuguese withholding tax at a general rate of 20%, which may be reduced in accordance with any applicable double taxation treaty signed by Portugal. In order to benefit from such reduction Noteholders shall comply with certain procedures and certification requirements of the Portuguese tax authorities, aimed at verifying the non-resident status and eligibility for the respective tax treaty benefits (currently the form 21 RFI).

Notes issued by BESI acting through its head office in Lisbon are subject to the following specific tax considerations:

Economic benefits derived from interest, amortisation, reimbursement premiums and other types of remuneration arising from the Notes are designated as investment income for Portuguese tax purposes.

General tax regime applicable on debt securities

According to the general tax provisions, investment income on the Notes paid to a holder of Notes (who is the effective beneficiary thereof (the **Beneficiary**)) considered to be resident for tax purposes in the Portuguese territory or to a non-Portuguese resident having a permanent establishment in the Portuguese territory to which income is imputable, is subject to withholding tax at a rate of 20%, except where the Beneficiary is either a Portuguese resident financial institution (or a non-resident financial institution having a permanent establishment in the Portuguese territory to which income is imputable) or benefits from a reduction or a withholding tax exemption as specified by current Portuguese tax law. In relation to Beneficiaries that are corporate entities resident in the Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), withholding tax is treated as a payment in advance and, therefore, such Beneficiaries are entitled to claim appropriate credit against their final corporate income tax liability. In relation to Beneficiaries that are individuals resident in the Portuguese territory, withholding tax shall be considered as final unless the individual elects to include it in his taxable income, subject to tax at progressive rates of up to 42 per cent. In this case, the tax withheld is deemed to be a payment on account of the final tax due.

Investment income on the Notes paid to Beneficiaries considered as non-residents in the Portuguese territory (and having no permanent establishment therein to which income is imputable) is also subject to withholding tax at a flat rate of 20%. This withholding tax rate may be reduced in accordance with any applicable double taxation treaty signed by Portugal, subject to compliance with certain procedures and certification requirements of the Portuguese tax authorities, aimed at verifying the non-resident status and eligibility for the respective tax treaty benefits (currently the form 21 RFI).

Special debt securities tax regime

Pursuant to Decree-Law 193/2005, of 7th November, 2005 (**Decree-Law 193/2005**), as amended from time to time, investment income paid to Noteholders in respect of debt securities integrated with a clearing system recognised by the Portuguese Securities' Code, as well as capital gains derived from a sale or other disposition of such Notes, will be exempt from Portuguese income tax, provided the following requirements are met. Regarding the investment income derived on the Notes, for the

withholding tax exemption to apply, Decree-Law 193/2005 requires that the Beneficiaries are: (i) neither residents in the Portuguese territory or having any registered or deemed permanent establishment therein to which interest is imputable; (ii) nor residents in the countries and territories included in the Portuguese “blacklist” (countries and territories currently listed in Portaria 150/2004, of 13th February, 2004), with the exception of central banks and governmental agencies of those blacklisted jurisdictions and (iii) in the case of being non-resident legal entities, provided that not more than 20% of its share capital is held, whether directly or indirectly, by Portuguese residents. Regarding capital gains, such exemption will apply provided that: (i) those gains are realised by non-Portuguese resident entities having no permanent establishment located in the Portuguese territory to which such gains are imputable; (ii) the non-resident entities are not residents in the countries and territories included in the Portuguese “blacklist” (those countries and territories listed in Portaria 150/2004, of 13th February, 2004); (iii) in the case of legal entities, such non-residents are not held, directly or indirectly, more than 25% by Portuguese residents, as required by Article 27 of the Portuguese Tax Benefits Statute. For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures and certifications. Under these procedures (which are aimed at verifying the non-resident status of the Beneficiary), the Beneficiary is required to hold the Notes through an account with one of the following entities: (i) a direct register entity, which is an entity affiliated with the clearing system recognised by the Portuguese Securities’ Code; (ii) an indirect register entity, which, although not assuming the role of the “direct register entities”, is a client of the latter; or (iii) entities managing an international clearing system, which are entities operating with the international market to clear and settle securities’ transactions. For the purposes of the exemption granted under Decree-Law 193/2005, the Portuguese Government has recognised each of Euroclear and Clearstream, Luxembourg as entities managing an international clearing system.

Domestic Cleared Notes – held through a direct register entity

Direct register entities are required, for the purposes of Decree-Law 193/2005, to register the Beneficiaries in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration of the Notes in the exempt account is crucial for the exemption to apply. For this purpose, the registration of the non-resident Beneficiaries in an exempt account, allowing application of the exemption upfront, requires evidence of the non-resident status, to be provided by the Beneficiary to the direct register entity before or at the Income Payment Date (as defined below), as follows:

- (i) if the Beneficiary is a central bank, public institution, international body, credit or financial institution, a pension fund or an insurance company, with its head office in any OECD country or in a country with which the Portuguese Republic has entered into a double tax treaty, the Beneficiary will be required to prove its non-resident status by providing: (a) its tax identification; or (b) a certificate issued by the entity responsible for its supervision or registration, confirming the legal existence of the Beneficiary and its head office; or (c) a declaration of tax residence issued by the Beneficiary itself, duly signed and authenticated, if the Beneficiary is a central bank, a public law entity taking part in the public administration (either central, regional or peripheral, indirect or autonomous of the relevant country), or an international body; or (d) proof of non-residence pursuant to the terms of paragraph (iii) below;
- (ii) if the Beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Portuguese Republic has entered into a double tax treaty, it shall make proof of its non-resident status by providing any of the following documents: (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iii) below. When the Notes are held by central banks or governmental agencies the respective proofs of non-residence in the Portuguese territory is provided just once, its periodical renewal not being necessary; or

- (iii) other investors will be required to make proof of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country. The Beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months.

Income Payment Date means any date on which the Beneficiaries are entitled to receive interest or other investment income, either in the form of accrued interest or coupon.

Internationally Cleared Notes – held through an entity managing an international clearing system

If the Notes are registered in an account with an international clearing system (either with Euroclear or Clearstream, Luxembourg) and the management entity of such international clearing system undertakes not to provide registration services in respect of the Notes to (i) Portuguese tax residents that do not benefit from either an exemption or waiver of Portuguese withholding tax, and (ii) to non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, the proof required to benefit from the exemption will be made before or at the Income Payment Date as follows:

- (i) through the presentation of a certificate, on a yearly basis, with the name of each beneficial owner, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The form of the notice is set out in Annex 1 to this “*Taxation*” section (which corresponds to the wording and contents of the form of certificate for exemption from Portuguese withholding tax on income from debt securities, as contained in Order (Despacho) no 4980/2006, published in the Portuguese official diary, second series, no 45, of 3rd March 2006, issued by the Portuguese Minister of Finance and Public Administration (currently, *Ministro das Finanças e da Administração Pública*)); or
- (ii) alternatively, through a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of each beneficial owner’s identification, with the name of each beneficial owner, address, tax payer number (if applicable), the identity of the securities, the quantity held and also the reference to the legislation supporting the exemption or the waiver of Portuguese withholding tax. The form of the declaration is set out in Annex 2 to this “*Taxation*” section (which corresponds to the wording and contents of the form of statement for exemption from Portuguese withholding tax on income from debt securities, as contained in Regulatory Notice (Aviso) no 3714/2006, published in the Portuguese official diary, second series, no 59, of 23rd March, 2006, issued by the Portuguese Secretary of State for Fiscal Affairs (currently, *Secretário de Estado dos Assuntos Fiscais*).

The two documents referred to in (i) or (ii) above, which are reproduced in Annexes 1 and 2 (on pages 159-163 below, shall be provided by the participants (i.e. the entities that operate in the international clearing system) to the direct registering entities, through the international clearing system managing entity, and must take into account the total accounts under their management relating to each Beneficiary that is tax exempt or benefits from the waiver of Portuguese withholding tax. The delivery of the documents referred to in (i) or (ii) above, which are reproduced in Annexes 1 and 2, by the participants to the respective international clearing system managing entities shall follow the procedures that are from time to time applicable for this purpose by said international clearing system managing entities. The international clearing system managing entities shall inform the direct registering entity of the income paid to each participant for each security payment.

No Portuguese withholding tax exemption shall be granted under Decree-Law 193/2005 if the requirements set forth therein are not complied with and, consequently, the general Portuguese tax

provisions shall apply as described above. This will be the case whenever the Notes are not integrated in/cleared through Interbolsa or in any other centralised depository system for securities recognised under the Portuguese Securities Code and complementary legislation.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree-law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special tax form for these purposes was approved by Order (*Despacho*) n. 4980/2006 (2nd series), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently *Ministro das Finanças e da Administração Pública*) and may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax in other circumstances or after the above 90 day period is to be claimed from the Portuguese tax authorities under the general procedures and within the general deadlines.

EU Savings Directive

Portugal has implemented the Directive on taxation of savings income into the Portuguese law through Decree-Law no. 62/2005 of 11 March 2005, as amended by Law no. 39-A/2005, of 29 July 2005.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are beneficial owners of Notes, is a summary of the relevant Issuer's understanding of current law and Her Majesty's Revenue and Customs practice in the United Kingdom as at the date of this Offering Circular relating to the withholding tax treatment of interest paid on the Notes and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. Prospective Noteholders who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Payments of interest on ESIP Notes or BESI Notes issued by BESI through its Lisbon or New York branches may be made without withholding on account of United Kingdom income tax.

Payments of interest on BESI Notes issued by BESI through its London branch may have a United Kingdom source. An amount in respect of United Kingdom income tax must generally be withheld from payments of United Kingdom source yearly interest (at the basic rate of 20%).

However, provided BESI continues to be a bank (within the meaning of section 991 of the Income Tax Act 2007 (the **Act**)) and provided that interest on BESI Notes issued by BESI through its London branch is paid in the ordinary course of BESI's business (within the meaning of section 878 of the Act), BESI will be entitled to make payments of such interest without withholding or deduction for or on account of United Kingdom income tax.

Furthermore, payments of interest on BESI Notes issued by BESI through its London branch may be made without deduction or withholding on account of United Kingdom income tax provided that such Notes are "listed" on a "recognised stock exchange" (as defined by section 1005 of the Act). The Irish Stock Exchange is a recognised stock exchange. BESI Notes issued by BESI through its London branch will be treated as "listed" on the Irish Stock Exchange if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Irish Stock Exchange. Provided BESI Notes issued by BESI through its London branch remain so listed, interest on such Notes will be payable without withholding or deduction on account of United Kingdom tax, whether or not BESI carries on a banking business in the United Kingdom and whether or not such interest is paid in the ordinary course of its business.

Noteholders who are individuals may wish to note that HM Revenue & Customs (**HMRC**) has the power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. HMRC also has a power to obtain information from any person in the

United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities (for the purposes of the Income Tax (Trading and Other Income) Act 2005) to, or receives such amounts for the benefit of, an individual (although HMRC's published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2010). Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of other jurisdictions.

UNITED STATES TAXATION

The following discussion is a summary based upon present law of certain U.S. federal income tax considerations for prospective purchasers of the Notes. Other than as specifically provided below, this discussion addresses U.S. Holders (as defined below) purchasing Notes (including Interbolsa Notes) in an original offering that hold such Notes as capital assets and use the U.S. dollar as their functional currency. This discussion is a general summary. It is not a substitute for tax advice. This discussion does not address the tax treatment of prospective purchasers subject to special rules, such as financial institutions, insurance companies, tax-exempt entities, dealers in securities or foreign currencies, traders in securities that elect to mark to market, prospective purchasers liable for the alternative minimum tax, individual retirement accounts and other tax-deferred accounts, persons holding 10 per cent. or more of the Notes of a particular Series or persons holding the Notes as part of a hedge, straddle, conversion, or other integrated financial transaction. This section does not address Notes that are due to mature more than 30 years from the date on which they are issued, Indexed Redemption Amount Notes, Partly Paid Notes or Subordinated Notes. The United States federal income tax consequences of owning Indexed Redemption Amount Notes, Partly Paid Notes, Subordinated Notes or Notes that are due to mature more than 30 years from their date of issue will be discussed in an applicable Final Terms. This summary does not address the tax laws of any state, local or foreign government.

THE STATEMENTS ABOUT U.S. FEDERAL INCOME TAX ISSUES ARE MADE TO SUPPORT MARKETING OF THE NOTES. NO TAXPAYER CAN RELY ON THEM TO AVOID U.S. FEDERAL TAX PENALTIES. EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM AN INDEPENDENT TAX ADVISOR ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN OFFERED SECURITIES UNDER THE LAWS OF PORTUGAL, IRELAND, THE UNITED KINGDOM, THE UNITED STATES AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.

For purposes of this discussion, a “**Holder**” is a beneficial owner of a Note and a “**U.S. Holder**” is a Holder that is (i) a citizen or individual resident of the United States for U.S. federal income tax purposes, (ii) a corporation or other business entity treated as a corporation organised in or under the laws of the United States or its political subdivisions, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source. A “**Non-U.S. Holder**” is any Holder other than a U.S. Holder and that is not engaged in a trade or business within the United States to which income from a Note is effectively connected.

The U.S. federal income tax treatment of a partner in a partnership that holds Notes will depend on the status of the partner and the activities of the partnership. Partnerships are urged to consult their own tax advisers regarding the specific tax consequences to their partners of purchasing, owning and disposing of such Notes.

There may be further discussion of the U.S. federal income tax treatment in the Final Terms for each Series of Notes.

US Holders

Characterization of Notes

The Issuer expects the Notes generally should be characterised as debt for U.S. federal income tax purposes. The tax characterisation of Notes in any particular Series will depend, however, on the

Final Terms of the Series and it is possible that certain Notes, particularly including Notes that are due to mature more than 30 years from the date on which they are issued, Indexed Redemption Amount Notes, Partly Paid Notes or Subordinated Notes, may not be characterized as debt for U.S. federal income tax purposes. While the discussion here generally assumes that the Notes are debt for tax purposes, U.S. Holders must consider any supplemental tax disclosure on the treatment of particular Notes set forth in the Final Terms with respect to such Notes and consult their own tax advisors about the proper tax characterisation of the Notes.

The consequences to a U.S. Holder of purchasing Notes in the original offering and holding Notes that are treated as debt for U.S. federal income tax purposes generally would be as described below.

Interest

Except as discussed below under “Original Issue Discount” and “Contingent Debt Obligations”, interest on the Notes will be includible in the income of a U.S. Holder as ordinary income from sources outside the United States according to such U.S. Holder’s regular method of accounting for tax purposes. Interest on the Floating Rate Notes and Indexed Notes will generally accrue at a hypothetical fixed rate equal to the rate at which the Notes bore interest on their issue date. The amount of interest actually recognised for any accrual period will increase (or decrease) if the interest actually paid during the period is more (or less) than the amount accrued at the hypothetical rate. U.S. Holders of the Floating Rate Notes and Indexed Notes, therefore, generally will recognise income for each period equal to the amount paid during that period.

A cash basis U.S. Holder receiving interest denominated in a currency other than U.S. dollars must include a U.S. dollar amount in income based on the spot exchange rate on the date of receipt whether or not the payment is converted to U.S. dollars. An accrual basis U.S. Holder (or a cash basis U.S. Holder in the case of interest, such as original issue discount (**OID**), that must be accrued prior to receipt) receiving interest denominated in a currency other than U.S. dollars must include in income a U.S. dollar amount based on the average exchange rate during the accrual period (or, if an accrual period spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment in currency other than U.S. dollars, U.S. Holders that have accrued interest will recognise exchange gain or loss equal to the difference, if any, between the U.S. dollar amount of interest previously accrued and the U.S. dollar value of the payment received determined at the spot exchange rate on the date of receipt. Such exchange gain or loss will be U.S. source ordinary income or loss and generally will not be considered additional interest income or expense.

An accrual basis U.S. Holder (and a cash basis U.S. Holder with respect to **OID**, if any) may elect to translate accrued interest into U.S. dollars at the spot exchange rate on the last day of the accrual period (or, if an accrual period spans two taxable years, at the exchange rate on the last day of the first taxable year for the interest accrued through that date). If accrued interest actually is received within five business days of the last day of the accrual period (or the taxable year, in the case of a partial accrual period), an electing accrual basis U.S. Holder instead may translate the accrued interest at the spot exchange rate on the date of actual receipt for purposes of translating accrued interest income into U.S. dollars (in which case no exchange gain or loss will be taken into account upon receipt). Any currency translation elections will apply to all debt instruments that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the U.S. Internal Revenue Service (the **IRS**).

For purposes of this discussion, the “**spot exchange rate**” generally means a rate that reflects a fair market rate of exchange available to the public for currency under a “spot contract” in a free market and involving representative amounts. A “**spot contract**” is a contract to buy or sell a currency other than the U.S. dollar on or before two business days following the date of the execution of the contract. If such a spot rate cannot be demonstrated, the IRS has the authority to determine the spot rate. The “**average rate**” for an accrual period (or partial period) is the average of the spot exchange rates for each business day of such period or other average exchange rate for the period reasonably derived and consistently applied by a U.S. Holder.

Receipt of Foreign Currency

The tax basis of currency other than U.S. dollars received by a U.S. Holder generally will equal the U.S. dollar equivalent of such foreign currency at the spot rate on the date it is received. Upon the subsequent exchange of such foreign currency for U.S. dollars, another currency, or property, a U.S. Holder generally will recognise exchange gain or loss equal to the difference between the U.S. Holder's tax basis in the foreign currency and the U.S. dollars received or the U.S. dollar value of the other currency (at the spot rate on the date of exchange) or property. Such gain or loss will be U.S. source ordinary gain or loss.

Original Issue Discount

A Series of Notes may be issued with OID for U.S. federal income tax purposes. A Note will be issued with OID to the extent that the Note's "stated redemption price at maturity" exceeds its "issue price". A Note generally will not have OID if such excess is less than 1/4 of 1 per cent. of the Note's stated redemption price at maturity multiplied by the number of complete years to maturity or, in the case of a Note payable in instalments, the weighted average maturity (**de minimis OID**).

The issue price of a Note is the initial offering price at which a substantial amount of the Notes are sold (excluding sales to underwriters, brokers or similar persons). The stated redemption price at maturity of a Note is the total of all payments on the Note other than payments of "qualified stated interest". Qualified stated interest means, in general, stated interest that is payable unconditionally in cash or in property at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments.

A U.S. Holder of a Note issued with OID and having a maturity in excess of one year must include OID in income over the term of the Note. An initial U.S. Holder generally must include in gross income the sum of the daily portions of OID that accrue on the Note for each day during the taxable year in which such U.S. Holder held the Note. To determine the daily portion of OID, OID accruing during an accrual period (generally the period not exceeding one year between dates on which interest is paid) is divided by the number of days in the accrual period.

The amount of OID accruing during an accrual period is determined by using a constant yield to maturity method. For any accrual period, the OID allocable to the accrual period is the excess of (i) the product of the Note's adjusted issue price at the beginning of the accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted for the length of the accrual period) over (ii) the sum of any qualified stated interest payments allocable to the accrual period. A Note's adjusted issue price generally equals the issue price of the Note increased by the aggregate amount of OID accrued on a Note in all prior accrual periods (determined without regard to the amortisation of any acquisition premium, as discussed below, or bond premium, as discussed below) and reduced by the amount of all payments previously received (other than payments of qualified stated interest).

As described below in "Optional Redemption", certain of the Notes may be subject to special redemption features. These features may affect the determination of whether a Note has a maturity of one year or less and thus is a Short-Term Note, as discussed below.

Notes bearing interest at a variable rate, including Floating Rate Notes and Indexed Interest Notes, are subject to special OID rules. In the case of a Floating Rate Note, both the yield to maturity and qualified stated interest will be determined as though the Note will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable on the date of issue or, in the case of certain Floating Rate Notes and Indexed Interest Notes, the rate that reflects the yield to maturity that is reasonably expected for the Note. In certain cases, Floating Rate Notes that bear stated interest and are issued at par may have OID, with the result that the inclusion of interest in income may vary from the actual cash payments of interest made on such Notes.

OID on a Note that is denominated in a single currency other than U.S. dollars will be determined for any accrual period in the applicable currency and then translated into U.S. dollars in the same manner as other interest income accrued by an accrual method U.S. Holder, as described above under "Interest". A U.S. Holder will recognise exchange gain or loss when OID is paid to the extent of the difference between the U.S. dollar value of the accrued OID and the U.S. dollar value of the currency received at the spot rate on the date of receipt. For this purpose, all payments (other

than qualified stated interest) on a Note will first be viewed as payments of previously accrued OID, with payments considered made for the earliest accrual periods first.

A U.S. Holder may elect to treat all interest on a Note as OID applying the constant yield method described above to accrue such interest, with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis OID, acquisition discount, and unstated interest, as adjusted by any amortisable bond premium or acquisition premium. In applying the constant yield method to a Note with respect to which this election has been made, the issue price of a Note will equal the electing U.S. Holder's adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing U.S. Holder, and no payments on the Note will be treated as payments of qualified stated interest. If a U.S. Holder makes this election, it will apply only to the Note with respect to which it is made and the U.S. Holder may not revoke it. A U.S. Holder making this election with respect to a Note with bond premium will be deemed to have made the elections (discussed below in "Note Premium") to amortise bond premium currently with respect to all debt instruments with bond premium held or acquired by such U.S. Holder as of the beginning of that taxable year.

Short-Term Notes

A U.S. Holder of a Note with a maturity of one year or less (a **Short-Term Note**) will be subject to special rules.

The OID rules do not treat interest payments on a Short-Term Note as qualified stated interest, but instead treat a Short-Term Note as having OID determined by including stated interest payments in a Short-Term Note's stated redemption price at maturity. Except as noted below, a cash-basis U.S. Holder of a Short-Term Note generally will not be required to accrue OID currently, but will be required to treat any gain realised on a sale or other disposition of a Short-Term Note as ordinary income to the extent such gain or loss does not exceed the OID accrued with respect to the Short-Term Note during the period the U.S. Holder held it. Accrual basis (and electing cash-basis) U.S. Holders will include OID on a Short-Term Note in income on a current basis.

A U.S. Holder will accrue OID on a Short-Term Note on a straight-line method unless it elects a constant yield method. If a U.S. Holder makes this election, it will apply only to the Short-Term Note with respect to which it is made, and the U.S. Holder may not revoke it. Furthermore, unless a U.S. Holder elects to include OID into income on a current basis as described above, a U.S. Holder of a Short-Term Note having OID may be required to defer the deduction of all or a portion of the interest expense on any debt incurred or maintained to purchase or carry such Short-Term Note.

Contingent Debt Obligations

A Series of Notes may provide for contingent payments (**Contingent Debt Obligations**). Special rules govern the tax treatment of Contingent Debt Obligations. These rules generally require a U.S. Holder to treat all interest as OID and to accrue OID at a rate equal to the comparable yield on a non-contingent fixed rate debt instrument of the Issuer with similar terms and conditions and a projected payment schedule that provides such comparable yield. The amount of OID will then be allocated on a rateable basis to each day in the period that the U.S. Holder holds the Contingent Debt Obligation. The OID would be ordinary income from sources outside of the United States.

If the actual payments made on a Contingent Debt Obligation in a year differ from the projected contingent payments, U.S. Holders will recognise additional interest income or ordinary loss (after offsetting and reducing OID for such periods). U.S. Holders therefore might be required to recognise income greater or less than the interest and other cash payments on the Contingent Debt Obligations.

The OID rules do not treat Notes as having OID by reason of the contingent U.S. dollar values of payments on Notes denominated in a single currency other than U.S. dollars. U.S. Holders of Contingent Debt Obligations denominated in a single currency other than U.S. dollars generally are required to accrue interest at a comparable yield in units of foreign currency and translate OID into U.S. dollars in accordance with the rules for accrual basis taxpayers. Special rules apply to the conversion of adjustments.

Gain on the sale or other disposition of a Contingent Debt Obligation generally will be treated as ordinary income from sources outside of the United States. Loss will be treated as ordinary loss to the extent of prior net interest inclusions and capital loss to the extent of any excess. Loss generally would be treated as arising from U.S. sources.

Dual Currency Notes

The principles governing Contingent Debt Obligations generally apply to Dual Currency Notes in the predominant currency of the Notes. If the predominant currency is the U.S. Holder's functional currency, the regulations governing Contingent Debt Obligations apply. Payments denominated in a currency other than the predominant currency are treated as contingent payments.

Optional Redemption

If the Issuer has an option to redeem a Note or a U.S. Holder has an option to cause a Note to be repurchased prior to the Note's stated maturity, the option will be presumed to be exercised if, utilising an early redemption or repurchase and the amount payable on such date, the yield on the Note would (i) in the case of an option of the Issuer, be lower than its yield to stated maturity, or (ii) in the case of an option of the U.S. Holder, be higher than its yield to stated maturity. A determination of the payment schedule most likely to occur is binding upon all U.S. Holders of the Notes except for a U.S. Holder that explicitly discloses on its U.S. federal income tax return for the taxable year in which it acquired the Note that it has determined the yield and maturity of the Note on a different basis. If the option is not exercised when presumed to be exercised, the Note would be treated as if it were repurchased or redeemed and a new Note were issued on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

Bond Premium

A U.S. Holder that has a tax basis in a Note that is greater than its principal amount may elect to treat the excess as amortisable bond premium. If a U.S. Holder makes this election, it will reduce the amount required to be included in income each year with respect to interest on the Note by the amount of amortisable bond premium allocable to that year. If a U.S. Holder makes an election to amortise bond premium, it will apply to all the debt instruments of a U.S. Holder with bond premium that the electing U.S. Holder holds or acquires as of the beginning of that taxable year. A U.S. Holder may not revoke this election without the consent of the IRS.

In the case of a Note denominated in a currency other than U.S. dollars, bond premium is computed in units of the relevant foreign currency and amortisable bond premium reduces interest income in units of such foreign currency. At the time amortised bond premium offsets interest income, foreign currency exchange gain or loss (taxable as ordinary income or loss, but not generally as interest income or expense) is realised based on the difference between spot rates at that time and at the time of the acquisition of the Note.

If a Note can be optionally redeemed after the U.S. Holder acquires it at a price in excess of its principal amount, special rules would apply that could result in a deferral of the amortisation of some bond premium until later in the term of the Note.

With respect to a holder that does not elect to amortise bond premium, the amount of bond premium constitutes a capital loss when the bond matures. In the case of a Note denominated in a currency other than U.S. dollars, foreign currency exchange gain or loss with respect to the premium is realised based on the difference between the spot rates on the sale or other disposition of the Note and at the time of the acquisition of the Note. In such case, the amount of capital loss relating to the premium may be offset or eliminated by exchange gain.

Special rules apply to Notes issued with OID that are purchased at a premium.

Disposition of Notes

A U.S. Holder generally will recognise capital gain or loss upon a sale or other disposition of a Note in an amount equal to the difference between the amount realised from such disposition (less any accrued unpaid qualified stated interest) and the U.S. Holder's adjusted tax basis in the Note. Gain or loss on the sale or other disposition of the Note generally will be long-term capital gain or

loss if the Note has been held for more than a year. Special rules apply to gains or losses on Contingent Debt Obligations as described above.

A U.S. Holder's adjusted tax basis in a Note generally will equal the U.S. Holder's cost of the Note, increased by any OID included in income and decreased by the amount of any amortised bond premium or payment (other than qualified stated interest) received with respect to the Note. The cost of a Note denominated in a currency other than U.S. dollars will be the U.S. dollar value of the currency on the date of purchase determined at the spot rate.

A U.S. Holder that receives currency other than U.S. dollars upon sale or other disposition of the Notes will realise an amount equal to the U.S. dollar value of the currency on the date of sale. If the Notes are traded on an established securities market, a cash basis U.S. Holder or electing accrual basis taxpayer will determine the amount realised on the settlement date. A U.S. Holder will have a tax basis in the currency equal to the U.S. dollar amount realised. Any gain or loss realised by a U.S. Holder on a subsequent conversion of currency for U.S. dollars will be U.S. source ordinary income or loss.

The election available to accrual basis U.S. holders in respect of the sale of Notes traded on an established securities market must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

In the case of a Note denominated in a currency other than U.S. Dollars, to the extent recognised gain or loss is attributable to changes in the exchange rates with respect to the relevant foreign currency between the date of acquisition and disposition of the Note, the exchange gain or loss will be treated as U.S. source ordinary income or loss and generally will not be considered additional interest income or expense. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction. Generally, any gain or loss realised on the transaction in excess of such exchange gain or loss will be U.S. source capital gain or loss and will be long-term capital gain or loss if the Note has been held for more than one year.

Non-U.S. Holders

Payments of interest and principal on Notes issued by BESI's New York branch to a Non-U.S. Holder and OID, if any, will not be subject to U.S. withholding or other gross basis taxation, provided that:

- (i) the Non-U.S. Holder does not actually or constructively own 10 per cent. or more of the combined voting power of all classes of BESI's voting stock;
- (ii) the Non-U.S. Holder is not a bank receiving interest on the Note on an extension of credit entered into in the ordinary course of its trade or business;
- (iii) such interest is not contingent on an Issuers' or an affiliates' receipts, sales, income or profits, changes in values of property, dividend payments made and is not otherwise described in Section 871(h)(4) of the United States Internal Revenue Code of 1986, as amended (the **Code**); and
- (iv) in the case of Registered Notes, the Non-U.S. Holder has provided to the Agent and any other relevant paying agent a duly completed U.S. tax certification of non-U.S. status, generally an Internal Revenue Service Form W-8 (or applicable successor form).

Where the requirements described above are satisfied, a Non-U.S. Holder will not be required to disclose its nationality, residence, or identity to an Issuer, any paying agent with respect to the Notes (except to the extent required in paragraph (iv) above), or any U.S. governmental authority in order to receive payments on the Note outside the United States (although the beneficial owner of an interest in a Temporary Global Note will be required to provide a certification as to non-U.S. beneficial ownership to Euroclear and/or Clearstream, Luxembourg in order to receive a beneficial interest in a Permanent Global Note or Definitive Note and any coupons or talons thereon or to receive payment on its beneficial interest in a Temporary Global Note).

If the requirements described above are not satisfied, payments of premium, if any, and interest (including OID) made to a Non-U.S. Holder may be subject to 30 per cent. gross basis taxation unless either (x) the Note has a maturity of 183 days or less or (y) the beneficial owner of the Note

properly establishes its eligibility for the benefits of a tax treaty (generally by providing a properly executed U.S. Internal Revenue Service Form W-8BEN claiming such benefits). Payments made to a Non-U.S. Holder treated as a partnership or trust for U.S. federal income tax purposes generally will be subject to 30 per cent. gross basis tax to the extent those payments are allocable to partners or beneficiaries that would be Non-U.S. Holders who could not satisfy those requirements if they held their interest in a Note directly and that cannot establish eligibility for treaty benefits.

Capital gain realized by a Non-U.S. Holder on the disposition of a Note will not be subject to U.S. tax unless the Holder is an individual present in the United States for at least 183 days during the taxable year of disposition and certain other conditions are met. The exchange of a Temporary Global Note for a Permanent Global Note will not be a taxable event.

Information Reporting and Backup Withholding

Payments of interest (including OID, if any), principal, premium, or the proceeds from sale of Notes that are made within the United States or through certain U.S. related financial intermediaries may be reported to the IRS unless the Holder is a U.S. Holder that is a corporation or otherwise establishes a basis for exemption or a Non-U.S. Holder that provides certification of foreign status. Backup withholding tax may apply to amounts subject to reporting if (i) the Holder is a U.S. Holder that fails to provide an accurate taxpayer identification number, (ii) the Holder otherwise fails to establish a basis for exemption or (iii) the Holder fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. A Holder can claim a credit against U.S. federal income tax liability for amounts withheld under the backup withholding rules, and it can claim a refund of amounts in excess of its liability by timely providing all required information to the IRS. Prospective investors should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for establishing an exemption.

THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE IMPORTANT TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE NOTES.

UNITED STATES ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) imposes certain duties on persons who are fiduciaries of employee benefit Plans (as defined in Section 3(3) of ERISA) (“ERISA Plans”) and of entities whose underlying assets include assets of ERISA Plans by reason of an ERISA Plan’s investment in such entities. Among other things, Section 406(a) of ERISA and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”) prohibit certain transactions (“prohibited transactions”) involving the assets of ERISA Plans or plans described in Section 4975(e)(1) of the Code (together with ERISA Plans, “Plans”) and certain persons (referred to as “Parties-In-Interest” in ERISA and as “Disqualified Persons” in Section 4975 of the Code) having certain relationships to such plans and entities. A Party-In-Interest or Disqualified Person who engages in a non-exempt prohibited transaction may be subject to non-deductible excise taxes and other penalties and liabilities under ERISA and/or the Code. Prohibited transactions could occur if Notes are acquired or held directly or indirectly by Plans or entities treated as holding assets of Plans. Government plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to local, state or other Federal laws that are similar to the foregoing provisions of ERISA and the Code (a “Similar Law”).

The United States Department of Labor, the government agency primarily responsible for administering the ERISA fiduciary rules and the prohibited transaction rules under ERISA and the Code, has issued certain exemptions from the prohibited transaction rules covering transactions effected or entered into by certain categories of fiduciaries or entities, subject to certain conditions. These exemptions include Prohibited Transaction Class Exemption (PTCE) 84-14, relating to qualified professional asset managers; PTCE 90-1, relating to insurance company pooled separate accounts; PTCE 91-38, relating to bank collective investment funds; PTCE 95-60, relating to insurance company general accounts and PTCE 96-23, relating to in-house asset managers. In addition, Section 408(b)(17)

of ERISA and Section 4975(d)(20) of the Internal Revenue Code provide a prohibited transaction exemption for transactions involving plan service providers, and there are other statutory and administrative prohibited transaction exemptions that may apply to transactions involving the acquisition, holding and disposition of Notes.

The United States Department of Labor has also issued a regulation (the “Plan Asset Regulation”), codified at 29 C.F.R. § 2510.3-101, which provides that if a Plan owns an equity interest in an entity that is not an “operating company” (defined as an entity that is “primarily engaged, directly or through a majority owned subsidiary or subsidiaries, in the production or sale of a product or service other than the investment of capital”), each underlying investment made by entity is treated as a “plan asset” subject to the fiduciary provisions of ERISA and section 4975 of the Code for purposes of such investment vehicle under certain circumstances. An equity interest under the Plan Asset Regulation is an interest other than an interest that is treated as debt under applicable law and which has no substantial equity features. The Plan Asset Regulation also provides that where the value of a plan’s equity interest in an entity relates solely to identified property of the entity, such property is to be treated as the sole property of a separate entity and thus potentially subject to being treated as a plan asset.

The Issuers believe that they should generally be characterized as operating companies and thus their underlying assets should generally not be treated as plan assets under the Plan Asset Regulation. However, there may be circumstances where Notes which could be treated as equity due to their subordinated character or other substantial equity features are linked to identified property of either of the Issuers. Although there is little authority on the issue, it is possible that such property could be treated as “plan assets” if a Plan holds such Notes.

The Plan Asset Regulation provides, however, that if equity participation in any entity by “Benefit Plan Investors” is not significant then the “look-through” rule will not apply to such entity. “Benefit Plan Investors” include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4 of Title I of ERISA, (2) any plan described in section 4975(e)(1) of the Code, including, without limitation, individual retirement accounts and Keogh plans, and (3) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute “plan assets” under Section 401 (c) of ERISA, or a wholly-owned subsidiary thereof).

If for any reason any assets of the Issuers were deemed to be “plan assets” of a Plan subject to Title I of ERISA or Section 4975 of the Code because one or more such Plans is an owner of Notes, certain transactions that the Issuers might enter into, or may have entered into, in the ordinary course of their businesses might constitute “prohibited transactions” under Section 406 of ERISA or Section 4975 of the Code and might have to be rescinded. In addition, if any assets of the Issuers are deemed to be “plan assets” of a Plan subject to Title I of ERISA or Section 4975 of the Code, the payment of certain of the fees by the Issuers might be considered to be a non-exempt “prohibited transaction” under Section 406 of ERISA or Section 4975 of the Code. Moreover, if any underlying assets of the Issuers were deemed to be plan assets, (i) such assets of the Issuer could be subject to ERISA’s reporting and disclosure requirements, (ii) a fiduciary causing a Benefit Plan Investor to make an investment in the Notes characterized as equity of the Issuers could be deemed to have delegated its responsibility to manage the assets of the Benefit Plan Investor, (iii) various providers of fiduciary or other services to the Issuers, and other parties with authority or control with respect to the Issuers, could be deemed to be Plan fiduciaries or otherwise Parties in Interest or Disqualified Persons by virtue of their provision of such services, and (iv) it is not clear that Section 404(b) of ERISA, which generally prohibits plan fiduciaries from maintaining the indicia of ownership of assets of plans subject to Title I of ERISA outside the jurisdiction of the district courts of the United States, would be satisfied in all instances.

Except in situations where, as described below “Benefit Plan Investors” (defined below) will not be permitted to acquire or hold Notes or beneficial interests therein, each beneficial owner of a Restricted Registered Note will be deemed to represent and warrant that (1) either (a) it is not (and for so long as it holds any such Note or any interest therein will not be), and is not (and for so long

as it holds any such Note or interest therein will not be) acting on behalf of a “Benefit Plan Investor” as defined in section 3(42) of ERISA or a governmental, church or non-U.S. plan which is subject to any Federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (any such law or regulation, a “Similar Law”), or (b) its acquisition, holding and disposition of such Note or interest will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law); and (2) it will not sell or otherwise transfer such Note or interest to any person without first obtaining these same foregoing representations and warranties.

To avoid issues that could arise if the assets of the Issuers were deemed to be “plan assets,” the Issuers may in their sole discretion require in the Final Terms for a particular issue of Notes that each holder of a Note covered by such Final Terms or a beneficial interest therein be deemed to represent and warrant that for so long as it holds a Note or any interest therein (1) it is not (a) a Benefit Plan Investor (as defined in section 3(42) of ERISA, or (b) a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any entity whose assets are treated as assets of any such plan, and (2) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing representations and warranties.

There can be no assurance, however, that these representations and warranties will be effective to prevent prohibited transactions from occurring or property of the Issuers from being treated as “plan assets” for purposes of ERISA as a result of Plans holding Notes.

SUBSCRIPTION AND SALE

The Dealers have in a programme agreement dated 23rd April, 1999, (as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) agreed with ESIP and BESI a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Notes*” above. In the Programme Agreement, ESIP and BESI have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act (**Regulation S**) or pursuant to an exemption from the registration requirements of the Securities Act. Each Dealer has represented that it has offered and sold, and agreed that it will offer and sell, Notes of any Series (1) as part of their distribution at any time and (2) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, as determined, and certified to the Issuer and each relevant Dealer, by the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager, only in accordance with Rule 903 of Regulation S under the Securities Act or Rule 144A as set forth below. Accordingly, each Dealer has represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and shall comply with the offering restrictions requirement of Regulation S. Each Dealer and its affiliates has also agreed to notify the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager, when it has completed the distribution of its portion of the Notes of any identifiable tranche so that the Fiscal Agent or, in the case of a Syndicated Issue, the Lead Manager may determine the completion of the distribution of all Notes of that tranche and notify the other relevant Dealers of the end of the distribution compliance period. Each Dealer and its affiliates has also agreed that, at or prior to confirmation of sale of Notes (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

“The securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the **Securities Act**) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable tranche of which such Notes are a part, except in either case in accordance with Regulation S or Rule 144A under the Securities Act. Terms used above have the meanings given to them by Regulation S.”

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Dealer has represented it has not entered and agreed that it will not enter into any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the Notes, except with its affiliates or with the prior written consent of the Issuer.

Each Dealer has represented and agreed that neither it nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Notes in the United States.

Only Registered Notes may be offered or sold in the United States pursuant to an exemption under the Securities Act.

The Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of the Notes in the United States to Qualified Institutional Buyers (as defined in Rule 144A).

In addition, unless the Final Terms relating to one or more Tranches specifies that the D Rules (as defined below) are “not applicable”, each Dealer has represented and agreed in relation to each Tranche of Bearer Notes:

- (a) except to the extent permitted under U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (the **D Rules**):
 - it has not offered or sold, and during the restricted period shall not offer or sell, directly or indirectly Notes in bearer form to a person who is within the United States or its possessions or to a United States person; and
 - it has not delivered and shall not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
- (b) it has and agrees that throughout the restricted period it shall have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and if it retains Notes in bearer form for its own account, it shall only do so in accordance with the requirements of U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, it either (i) repeats and confirms the representations contained in Clauses (a), (b) and (c) of this paragraph on behalf of such affiliate or (ii) agrees that it shall obtain from such affiliate for the benefit of the Issuer the representations contained in Clauses (a), (b) and (c) of this paragraph; and
- (e) it shall obtain for the benefit of the Issuer the representations and agreements contained in Clauses (a), (b), (c) and (d) of this paragraph from any person other than its affiliate with whom it enters into a written contract, as defined in U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D)(4), for the offer or sale during the restricted period of Notes in bearer form.

Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder, including the D Rules.

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

Notes in bearer form with a maturity of one year or less may be subject to special rules, which shall be described in the applicable Final Terms.

Each issuance of index-, commodity- or currency-linked Notes shall be subject to such additional U.S. selling restrictions as the relevant Dealer(s) shall agree with the Issuer as a term of the issuance and purchase or, as the case may be, subscription of such Notes. Each Dealer has agreed that it shall offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a **Non-exempt Offer**), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (d) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive. For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) in relation to any Notes having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the **FSMA**) by the relevant Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or (where the Issuer is ESIP) BESI; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended; the **FIEL**) and disclosure under the FIEL has not been and will not be made with respect to the Notes. Accordingly, each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will not offer, sell, resell or otherwise transfer, any Notes nor any interest therein, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering, resale or otherwise transferring, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities.

Ireland

Each Dealer represents and agrees that it will not underwrite, offer, place or do anything in with respect to the Notes in or involving Ireland:

- (a) otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007, as amended (the **MiFID Regulations**) and, if acting under and within the terms of an authorisation to do so for the purposes of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments (**MiFID**) it has complied with any applicable requirements of the MiFID Regulations or as imposed, or deemed to have been imposed, by the Financial Regulator pursuant to the MiFID Regulations and, if acting within the terms of an authorisation granted to it for the purposes of Directive 2006/48/EC of the European Parliament and the Council of the 14 June 2006 relating to the taking up and the pursuit of the business of credit institutions as amended, replaced or consolidated from time to time, it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended) and any applicable requirements of the MiFID Regulations or as imposed pursuant to the MiFID Regulations;
- (b) otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Financial Regulator; and
- (c) otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Financial Regulator.

Portugal

Each Dealer has represented and agreed that:

- (i) it has not, directly or indirectly, advertised, offered, distributed, submitted to an investment intentions gathering procedure or sold and will not, directly or indirectly, advertise, offer, distribute, submit to an investment intentions gathering procedure or sell the Notes other than in compliance with the Portuguese Securities Code (Código dos Valores Mobiliários, the “PSC”) and any applicable regulations issued by Comissão do Mercado de Valores Mobiliários (Portuguese Securities Market Commission, the “CMVM”).

- (ii) it shall comply with all applicable laws and regulations in force in Portugal and with the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading, regarding the placement of any Notes in the Portuguese jurisdiction or to any entities which are resident in Portugal, including the publication of a Prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

The private placement in Portugal or with Portuguese residents of Notes is subject to subsequent notification to the CMVM for statistical purposes.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer nor any other Dealer shall have any responsibility therefor.

Neither the relevant Issuer nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

Transfer Restrictions

Restricted Registered Notes

Each purchaser of Notes within the United States, by accepting delivery of this Offering Circular, will be deemed to have represented, agreed and acknowledged that:

- (1) It is (a) a qualified institutional buyer within the meaning of Rule 144A (**QIB**), (b) acquiring such Notes for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.
- (2) The Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), in each case in accordance with any applicable securities laws of any State of the United States.
- (3) Such Notes, unless the Issuer determines otherwise in compliance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON

AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO IN RULE 144(K) UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (1) TO THE ISSUER OR AN AFFILIATE OF THE ISSUER, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (3) OUTSIDE THE UNITED STATES IN AN OFF-SHORE TRANSACTION TO NON-US PERSONS IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE.

EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT (1) IT IS A QIB; (2) IT IS HOLDING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QIB; (3) IT WAS NOT FORMED FOR THE PURPOSE OF INVESTING IN THE ISSUER OR THIS NOTE; AND (4) IT WILL PROVIDE NOTICE OF THE FOREGOING TRANSFER RESTRICTIONS TO ITS SUBSEQUENT TRANSFEREES. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A PERSON WHO IS NOT A QIB.

EACH BENEFICIAL OWNER OF A RESTRICTED REGISTERED NOTE WILL BE DEEMED TO REPRESENT AND WARRANT THAT (1) EITHER (A) IT IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN WILL NOT BE), AND IS NOT (AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST THEREIN WILL NOT BE) ACTING ON BEHALF OF A "BENEFIT PLAN INVESTOR" AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1986, AS AMENDED ("ERISA") OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW OR REGULATION THAT IS SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") (ANY SUCH LAW OR REGULATION, A SIMILAR LAW), OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS NOTE OR INTEREST HEREIN WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL, CHURCH PLAN OR NON-U.S. PLAN, WILL NOT RESULT IN A VIOLATION OF ANY SIMILAR LAW); AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER SUCH NOTE OR INTEREST TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING REPRESENTATIONS AND WARRANTIES. "BENEFIT PLAN INVESTORS" INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(e)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (INCLUDING, FOR THIS PURPOSE, THE GENERAL

ACCOUNT OF AN INSURANCE COMPANY, ANY OF THE UNDERLYING ASSETS OF WHICH CONSTITUTE “PLAN ASSETS” UNDER SECTION 401 (c) OF ERISA, OR A WHOLLY-OWNED SUBSIDIARY THEREOF).¹

¹ In the discretion of the Issuer, the Final Terms relating to a particular issue of Notes may provide that the legend on such Notes will include the following paragraph in lieu of the paragraph set forth in the text above (see “UNITED STATES ERISA CONSIDERATIONS” above):

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN WILL BE DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING REPRESENTATIONS AND WARRANTIES. “BENEFIT PLAN INVESTORS” INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN’S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (INCLUDING, FOR THIS PURPOSE, THE GENERAL ACCOUNT OF AN INSURANCE COMPANY, ANY OF THE UNDERLYING ASSETS OF WHICH CONSTITUTE “PLAN ASSETS” UNDER SECTION 401 (C) OF ERISA, OR A WHOLLY-OWNED SUBSIDIARY THEREOF).

- (4) It understands that Notes offered in reliance on Rule 144A will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate of the same Series, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (5) Either (a) it is not (and for so long as it holds such Notes or any interest therein will not be), and is not (and for so long as it holds such Notes or interest therein will not be) acting on behalf of a “Benefit Plan Investor” as defined in section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”) or a governmental, church or non-U.S. plan which is subject to any Federal, state, local or non-U.S. law or regulation that is similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the United States Internal Revenue Code (the “Code”) (any such law or regulation, a “Similar Law”), or (b) its acquisition, holding and disposition of such Notes or interest will not constitute a non-exempt prohibited transaction in violation of Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church plan or non-U.S. plan, will not result in a violation of any Similar Law); and (2) it will not sell or otherwise transfer such Notes or interest to any person without first obtaining these same foregoing representations and warranties. “Benefit Plan Investors” include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4 of Title I of ERISA, (2) any plan described in section 4975(e)(1) of the Code, including, without limitation, individual retirement accounts and Keogh plans, and (3) any entity whose underlying assets include plan assets by reason of a

plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute "plan assets" under Section 401 (c) of ERISA, or a wholly-owned subsidiary thereof).²

² In the discretion of the Issuer, the Final Terms relating to a particular issue of Notes may provide that the each purchaser of such Notes will be deemed to have represented, agreed and acknowledged as follows in lieu of the paragraph set forth in the text above (see "*UNITED STATES ERISA CONSIDERATIONS*" above):

- (1) It is not and for so long as it holds this Note or interest herein will not be (a) a Benefit Plan Investor (as defined in section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (b) a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code") or any entity whose assets are treated as assets of any such plan, and (2) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing representations and warranties. "Benefit Plan Investors" include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4 of Title I of ERISA, (2) any plan described in section 4975(e)(1) of the Code, including, without limitation, individual retirement accounts and Keogh plans, and (3) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute "plan assets" under Section 401 (c) of ERISA, or a wholly-owned subsidiary thereof).
- (6) It agrees that it will give to each person to whom it transfers any Notes notice of any restrictions on transfer of such Notes.
- (7) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more qualified institutional buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Unrestricted Registered Notes

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (as used in "*Subscription and Sale*"), by accepting delivery of this Offering Circular and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (1) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.
- (2) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB or (b)

in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

- (3) It understands that such Notes, unless otherwise determined by the Issuer in accordance with applicable law, will bear a legend to the following effect:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 AS AMENDED, (THE “SECURITIES ACT”). THIS NOTE IS BEING OFFERED OUTSIDE THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS THOSE TERMS ARE DEFINED IN REGULATION S UNDER THE SECURITIES ACT.”*

- (4) It understands that the Issuer, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

- (5) It understands that Notes in registered form offered in reliance on Regulation S will be represented by an Unrestricted Global Certificate. Prior to the expiration of the distribution compliance period, before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in an Unrestricted Global Certificate of the same Series, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.**

* In the discretion of the Issuer, the Final Terms relating to a particular issue of Notes may provide that the legend on such Notes will include the following paragraph (see “*UNITED STATES ERISA CONSIDERATIONS*” above):

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN WILL BE DEEMED TO REPRESENT AND WARRANT THAT (1) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS NOTE OR INTEREST HEREIN WILL NOT BE (A) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”), OR (B) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY SUCH NOTE OR INTEREST TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING REPRESENTATIONS AND WARRANTIES. “BENEFIT PLAN INVESTORS” INCLUDE (1) ANY EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), THAT IS SUBJECT TO PART 4 OF TITLE I OF ERISA, (2) ANY PLAN DESCRIBED IN SECTION 4975(E)(1) OF THE CODE, INCLUDING, WITHOUT LIMITATION, INDIVIDUAL RETIREMENT ACCOUNTS AND KEOGH PLANS, AND (3) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN’S INVESTMENT IN THE ENTITY PURSUANT TO THE PLAN ASSET REGULATION ISSUED BY THE UNITED STATES DEPARTMENT OF LABOR, 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA (INCLUDING, FOR THIS PURPOSE, THE GENERAL ACCOUNT OF AN INSURANCE COMPANY, ANY OF THE UNDERLYING ASSETS OF WHICH CONSTITUTE “PLAN ASSETS” UNDER SECTION 401 (C) OF ERISA, OR A WHOLLY-OWNED SUBSIDIARY THEREOF).

** In the discretion of the Issuer, the Final Terms relating to a particular issue of Notes may provide that the each purchaser of such Notes will be deemed to have additionally represented, agreed and acknowledged as follows (see “*UNITED STATES ERISA CONSIDERATIONS*” above):

(1) It is not and for so long as it holds this Note or interest herein will not be (a) a Benefit Plan Investor (as defined in section 3(42) of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or (b) a governmental, church or non-U.S. plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or any entity whose assets are treated as assets of any such plan, and (2) it will not sell or otherwise transfer any such note or interest to any person without first obtaining these same foregoing representations and warranties. “Benefit Plan Investors” include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Part 4 of Title I of ERISA, (2) any plan described in section 4975(e)(1) of the Code, including, without limitation, individual retirement accounts and Keogh plans, and (3) any entity whose underlying assets include plan assets by reason of a plan’s investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (including, for this purpose, the general account of an insurance company, any of the underlying assets of which constitute “plan assets” under Section 401 (c) of ERISA, or a wholly-owned subsidiary thereof).

GENERAL INFORMATION

Authorisation

The update of the Programme and the issue of Notes has been duly authorised by a resolution of the Executive Committee of ESIP dated 21 July, 2009 and a resolution of the Executive Committee of BESI dated 20 July, 2009. The entering into of the Keep Well Agreement was duly authorised by a resolution of the Board of Directors of ESIP dated 19 July 2007 and by a resolution of the Executive Committee meeting of BESI dated 23 July 2007.

Listing of Notes

Application has been made to the Irish Stock Exchange for Notes to be admitted to the Official List and to trading on its regulated market.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing on the Irish Stock Exchange or any other listing authority, stock exchange or quotation system or which will be admitted to listing, trading or quotation on such listing authority, stock exchange or quotation system as the relevant Issuer and Dealer(s) may agree.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection, in physical and electronic form, from the registered office of each of ESIP and BESI and from the specified office of the Agent in London and the Paying Agent in Ireland:

- (i) the constitutional documents of ESIP and the constitutional documents (with an English translation thereof) of BESI;
- (ii) the auditors' report and the audited consolidated annual financial statements of BESI in respect of the financial years ended 31 December 2007 and 31 December 2008;
- (iii) the auditors' report and the audited annual financial statements of ESIP in respect of the years ended 31 December 2007 and 31 December 2008;
- (iv) the summary unaudited consolidated interim financial statements of BESI for the three months ended 31 March 2009;
- (v) the most recently published audited annual financial statements of BESI and ESIP and the most recently published unaudited interim financial statements (if any) of BESI and ESIP, (with an English translation thereof) in each case together with any audit or review reports prepared in connection therewith;
- (vi) the Programme Agreement, the Agency Agreement and the Trust Deed which contains the forms of the Temporary Global Notes, the Permanent Global Notes, the definitive Registered Certificates, the Global Certificates, the Definitive Notes, the Receipts, the Coupons and the Talons, and the Keep Well Agreement;
- (vii) a copy of this Offering Circular;
- (viii) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms for Notes that are listed on the Irish Stock Exchange and admitted to trading by the Irish Stock Exchange (save that the Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer or the Agent, as the case may be, as to its holding and identity) to this Offering Circular and any other documents incorporated herein or therein by reference;
- (ix) each subscription agreement (or equivalent document) for Notes that are admitted to trading on the Irish Stock Exchange's Official List; and
- (x) a copy of the Keep Well Agreement.

Clearing Systems

The Notes (other than Interbolsa Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records in respect of such Notes). The appropriate Common Code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. The Interbolsa Notes will be cleared through LHC Clearnet, S.A., the clearing system operated at Interbolsa; the appropriate ISIN Code for each Tranche of Interbolsa Notes will be specified in the applicable Final Terms. At the date hereof Interbolsa only accepts to clear notes denominated in euro, U.S. dollars, Sterling, Yen and Swiss Francs. In addition, the relevant Issuer may make an application with respect of any Notes of a Registered Series to be accepted for trading in book-entry form by DTC. Acceptance by DTC of Notes of each Tranche of a Registered Series will be confirmed in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of Interbolsa is Av. da Boavista, 3433-4100-138 Porto, Portugal.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

Since 31 December 2008 ESIP has seen a significant decrease in profit on ordinary transactions before taxation, primarily as a result of an increase in loss on options linked to the Medium Term Note Programme, an increase in loss on trading equity options, a decrease in interest income from credit loans and money markets and a decrease in profit on available for sale bonds. Similarly, in the period from 1 January 2009 to 30 June 2009 BESI has experienced a decrease in net consolidated income of 36% (a decline of €12.6 million) compared with the corresponding period in the preceding year. Save as disclosed in this paragraph, there has been no significant change in the financial or trading position of ESIP since 31 December 2008 or BESI and/or its subsidiaries since 31 December 2008 and there has been no material adverse change in the financial position or prospects of ESIP since 31 December 2008, the date of the last published audited annual accounts of ESIP or in the financial position or prospects of BESI and/or its subsidiaries since 31 December 2008, the date of the last published audited annual accounts of BESI and/or its subsidiaries.

Litigation

Neither ESIP, BESI nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ESIP or BESI are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of ESIP, BESI or the Group.

Auditors

The auditors of ESIP are KPMG (members of the Institute of Chartered Accountants in Ireland) who have audited ESIP's accounts, without qualification, in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board for each of the two years ended on 31 December 2007 and 31 December 2008.

The auditors of ESIP have given, and have not withdrawn, in writing, their consent to (i) the incorporation by reference into the Offering Circular of their auditors' reports for the financial years ended on 31 December 2007 and 2008, and (ii) the references in this Offering Circular to their name, in the form and context in which it appears, and have authorised those parts of the Offering Circular

for the purposes of section 45 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland.

The auditors of BESI for statutory and stockmarket reporting purposes are Amável Calhau, Ribeiro da Cunha e Associados, who have audited BESI's accounts, without qualification, in accordance with generally accepted auditing standards in Portugal for each of the two years ended on 31 December 2007 and 31 December 2008. Amável Calhau, Ribeiro da Cunha e Associados are members of BESI's Audit Committee, are in the list of the Statutory Auditors with number 19 (Companies), registered in the Register of

Auditors of CMVM with number 319, are Member Advisers of Portuguese non regulated stock exchange Pex, are managed by the company Opex , since 2003, and are members of Kreston International Limited (since 1998). Kreston is a worldwide network of accounting and audit companies; it was established in 1971, its head-office is in the United Kingdom and it has members in 72 countries.

The auditors of BESI are KPMG Auditors (Chartered Accountants), who have audited BESI's accounts, without qualification, in accordance with the Technical Standards and Guidelines issued by the Portuguese Institute of Statutory Auditors for each of the two years ended on 31 December 2007 and 31 December 2008. KPMG Auditors are members of the Portuguese Institute of Statutory Auditors (No. 189) and are registered as an Auditor with the CMVM (the Portuguese Securities Market Commission) (No. 9093).

The Trust Deed provides that any certificate or report of the auditors of the relevant Issuer or (where the relevant Issuer is ESIP) BESI or any other person called for by or provided to the Trustee in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein whether or not such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of such auditors or such other person in respect thereof.

Material contracts

There are no material contracts having been entered into outside the ordinary course of the business of ESIP or BESI and which could result in any group member being under an obligation or entitlement that is material to the ability of ESIP or BESI to meet its obligations to holders of Notes.

Save as provided in the applicable Final Terms, so far as the relevant Issuer is aware, no person involved in the offer of Notes has an interest material to the offer.

Post-issuance information

Neither ESIP nor BESI intends to provide any post-issuance information in relation to any issues of Note.

Companies (Amendment) Act, 1986 of Ireland

The financial information in relation to ESIP contained in this document does not constitute full accounts within the meaning of Section 19 of the Companies (Amendment) Act, 1986 of Ireland. Full accounts of ESIP have been prepared for each financial year to which the financial information relates and the auditors have given unqualified reports on such accounts which have been annexed to the relevant annual returns delivered to the Registrar of Companies in Ireland.

Websites

No website referred to in this Offering Circular forms part of this Offering Circular.

Annex 1

CERTIFICATE FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME FROM DEBT SECURITIES (PARAGRAPH 1 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE-LAW NR. 193/2005, 7 OF NOVEMBER)

The undersigned Participant hereby declares that he holds debt securities covered by the special tax regime approved by the Decree-Law nr. 193/2005, 7 of November, (the “Securities”), in the following securities account number (the “Account”) with (*name and complete address of the international clearing system managing entity*).

We will hold these Securities in our capacity of beneficial owner or in our capacity of intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:

Name:

Residence for tax purposes (full address):

.....

Tax ID Number:

2. We hereby certify that, from the date hereof until the expiry date of this certificate:

A. We are the Beneficial Owner of the following Securities:

<i>Security ISIN or Common Code</i>	<i>Security description</i>	<i>Nominal position</i>

and we hereby declare that we are not liable to Portuguese withholding tax, in accordance with the applicable legislation, indicated hereafter:

- Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November
- Art. 90 of *CIRC* (Corporate Income Tax Code) – Exemption from withholding tax

B. We are intermediaries of the following Securities:

<i>Security ISIN or Common Code</i>	<i>Security description</i>	<i>Nominal position</i>

which are held on behalf of:

Name:

Residence for tax purposes (full address):

Tax ID Number:

and we attach a statement of beneficial ownership, which includes the justification for the exemption of personal or corporate income withholding tax.

3. We hereby undertake to provide the (*name of the international clearing system managing entity*) with a document proving the exemption of personal or corporate income withholding tax referred in the attached statement of beneficial ownership, whenever the beneficial owner is not a central bank, public institution, international body, credit institution, financing company, pensions fund and insurance company resident in any OECD country or in a country with which Portugal has concluded a Convention for the Avoidance of International Double Taxation, on behalf of which we hold Portuguese debt securities in the Account.

4. We hereby undertake to notify the (*name of the international clearing system managing entity*) promptly in the event that any information contained in this certificate becomes untrue or incomplete.

5. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (*name of the international clearing system managing entity*) and its Depository to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.

6. *THIS CERTIFICATE IS VALID FOR A PERIOD OF TWELVE MONTHS AS FROM THE DATE OF SIGNATURE.*

PLACE: _____

DATE: _____

Authorised Signatory

Name

Title/Position

Authorised Signatory

Name

Title/Position

APPENDIX

STATEMENT OF BENEFICIAL OWNERSHIP

The undersigned beneficiary:

- Name:
- Address:
- Tax ID number:

Holding via the following financial intermediary:

- Name of the financial intermediary:.....
- Account number:.....

The following securities:

- Common /ISIN code:.....
- Security name:.....
- Payment date:.....
- Nominal position:.....

1. Hereby declares that he/she/it is the beneficial owner of the above-mentioned securities and nominal position at the payment date ___/___/___ ; and
2. Hereby declares that he/she/it is not liable to withholding tax, in accordance with the applicable legislation, indicated herein after (tick where applicable):

- Special Tax Regime approved by the Decree-Law no. 193/2005, 7 of November.....
- Art. 90 of *CIRC* (Corporate Income Tax Code) – Exemption from withholding tax.....
- Art. 9 of *CIRC* – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions.....
- Art. 10 of *CIRC* – General Public Interest Companies, Charities and other non-governmental social entities; exemption by Ministerial Regulation no., published in the *Diário da República*
- Art. 14 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
- Art. 21 of EBF – Retirement Savings Funds (FPR).....
- Art. 23 of EBF – Venture Capital Investment Funds.....
- Art. 26 of EBF – Stock Savings Funds (FPA)
- Other legislation (indicate which).....

This document is to be provided to the Portuguese tax authorities, if requested by the latter, as foreseen in the Article 17 of the Special Tax Regime approved by the Decree-Law nr. 193/2005, 7 of November.

Authorized signatory: Name:

Function:

Signature:

ANNEX 2

STATEMENT FOR EXEMPTION FROM PORTUGUESE WITHHOLDING TAX ON INCOME ARISING FROM DEBT SECURITIES (PARAGRAPH 2 OF ARTICLE 17 OF THE SPECIAL TAX REGIME APPROVED BY THE DECREE-LAW 193/2005, OF 7 NOVEMBER)

The undersigned Participant hereby declares that he holds or will hold debt securities covered by the special tax regime approved by Decree-Law 193/2005, of 7 November (the Securities), in the following securities account number (the Account) with (name and complete address of the international clearing system managing entity).

We hold or will hold these Securities in our capacity of beneficial owner or in our capacity of intermediary, holding Securities on behalf of one or more beneficial owners, including ourselves, if applicable, all of whom are eligible for exemption at source from Portuguese withholding tax according to Portuguese legislation.

1. We are:
Name:
Residence for tax purposes (full address):
.....
Tax ID Number:
2. We hereby undertake to provide the (name of the international clearing system managing entity) with a list of Beneficial Owners at each relevant record date containing the name, residence for tax purposes, Tax Identification Number and nominal position of Portuguese debt Securities for each Beneficial Owner, including ourselves if relevant, on behalf of which we hold or will hold Portuguese debt securities in the Account.
3. We hereby undertake to notify the (name of the international clearing system managing entity) promptly in the event that any information contained in this certificate becomes untrue or incomplete.
4. We acknowledge that certification is required in connection with Portuguese law and we irrevocably authorise (name of the international clearing system managing entity) and its Depository to collect and forward this certificate or a copy hereof, any attachments and any information relating to it, to the Portuguese authorities, including tax authorities.
5. This certificate is valid for a period of twelve months as from the date of signature:

Place: _____ Date: _____

Authorised Signatory Name Title/Position

Authorised Signatory Name Title/Position

APPENDIX

LIST OF BENEFICIAL OWNERS

For:

Interest due ___/___/___

Security code (ISIN or Common Code): _____

Security description: _____

Securities Clearance Account Number: _____

We certify that the above Portuguese debt securities are held on behalf of the following Beneficial Owners:

<i>Name</i>	<i>Tax identification number</i>	<i>Residence for tax purposes</i>	<i>Quantity of Securities</i>	<i>Legal basis of the exemption from withholding tax</i>	
				<i>Code (*)</i>	<i>Legislation(*)</i>

(*) Indicate the legal basis of the exemption from withholding tax in accordance with the following table:

<i>Code</i>	<i>Legal basis of the exemption</i>
1	Special tax Regime approved by the Decree-Law 193/2005, 7 of November
2	Art. 90 of CIRC (Corporate Income Tax Code) – Exemption from withholding tax
3	Art. 9 of CIRC – State, Autonomous Regions, local authorities, their associations governed by public law and social security federations and institutions
4	Art. 10 of CIRC – General Public Interest Companies, Charities and other non-governmental social entities
5	Art. 14 of EBF (Tax Incentives Statute) – Pension Funds and assimilated funds
6	Art. 21 of EBF – Retirement Savings Funds (FPR)
7	Art. 23 of EBF – Venture Capital Investments Funds
8	Art. 26 of EBF – Stock Savings Funds (FPA)
9	Other legislation

(**) The fulfilment of this column is mandatory when the code “9” is indicated in the previous column.

REGISTERED OFFICE OF ESIP

Espírito Santo Investment p.l.c
Riverside One,
Sir John Rogerson's Quay
Dublin 2
Ireland

REGISTERED OFFICE OF BESI

Banco Espírito Santo de Investimento, S.A.
Edifício Quartzo
Rua Alexandre Herculano, 38
1269-161 Lisboa
Portugal

TRUSTEE

Citicorp Trustee Company Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

AGENT, TRANSFER AGENT, EXCHANGE AGENT AND DTC CUSTODIAN

Citibank, N.A.
21st Floor, Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
England

REGISTRAR

Citigroup Global Markets Deutschland AG & Co. KGaA
Reuterweg 16
60323 Frankfurt
Germany

PAYING AGENTS

Citibank International plc Ireland Branch
1 North Wall Quay
Dublin 1
Ireland

The Bank of New York Mellon
Rue Montoyer 46
B-1000 Brussels
Belgium

Banco Espírito Santo de Investimento, S.A.
Edifício Quartzo
Rua Alexandre Herculano, 38
1269-161 Lisboa
Portugal

COMMON REPRESENTATIVE

**Vieira de Almeida & Associados
Sociedade de Advogados R.L.**
Av. Duarte Pacheco, 26
1070-110 Lisboa
Portugal

LEGAL ADVISERS

To BESI as to Portuguese law

**Vieira de Almeida & Associados
Sociedade de Advogados R.L.**

Av. Duarte Pacheco, 26
1070-110 Lisboa
Portugal

To ESIP as to Irish law

McCann FitzGerald

Riverside One,
Sir John Rogerson's Quay
Dublin 2
Ireland

*To the Arranger, the Dealers and the Trustee
as to English and U.S. law*

Freshfields Bruckhaus Deringer LLP

65 Fleet Street
London EC4Y 1HS
England

AUDITORS

To BESI

Statutory and Regulatory Auditors

Amável Calhau, Ribeiro de Cunha e Associados

Rua Artiharia 1
104-4E
1099-053 Lisboa
Portugal

To ESIP

KPMG

1 Harbourmaster Place
IFSC
Dublin 1

To BESI

Independent Auditors

KPMG & Associados, SROC, S.A.

Edifício Monumental
Av. Praia da Vitoria, 71-A, 11.º
1069-006 Lisboa
Portugal

DEALERS

Banco Espírito Santo de Investimento, S.A.

Edifício Quartzó
Rua Alexantre Herculano, 38
1269-161 Lisboa
Portugal

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB
England

Merrill Lynch International

Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
England

Morgan Stanley & Co. International plc

25 Cabot Square
Canary Wharf
London E14 4QA
England

NATIXIS

30 avenue Pierre Mendès France
75013
Paris
France

The Royal Bank of Scotland plc

135 Bishopsgate
London EC2M 3UR
England

ARRANGER

Merrill Lynch International

Merrill Lynch Financial Centre
2 King Edward Street
London EC1A 1HQ
England

IRISH LISTING AGENT

McCann FitzGerald Listing Services Limited

Riverside One,
Sir John Rogerson's Quay
Dublin 2
Ireland