

Date: 8th June 2010

APPLICABLE FINAL TERMS

ESPIRITO SANTO INVESTMENT p.l.c.
(incorporated with limited liability in Ireland)

EUR BES RENDIMENTO PORTUGAL MAIO 2010 due on 20th June 2013 (the "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 ESPIRITO 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

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, as supplemented by the supplement dated 14 May 2010, 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 <http://www.esinvestment.com> and during normal business hours at Rua Alexandre Herculano, 38, 1269-161 Lisbon and copies may be obtained at the same 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 definitions and provisions contained in the 2006 ISDA Definitions and the 2003 ISDA Credit Derivatives Definitions, as supplemented by the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and by the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions, (together the "Definitions"), as published by the International Swaps and Derivatives Association, Inc., are incorporated into this Final Terms (the "Final Terms"). In the event of any inconsistency between the Definitions and this Final Terms, this Final Terms will govern.

The purchase of the Notes 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 merits of an investment in the Notes. Prior to making an investment decision or investing in Notes, prospective investors should carefully consider, in light of their own financial circumstances and investment objectives, all the information set forth in this Contractual Terms, and, in particular, the risk factors set forth below. Prospective purchasers should make such inquiries as they deem necessary without relying on Banco Espirito Santo de Investimento S.A. or any of its authorised branches or the Manager.

All determinations and calculations made by the Issuer and the Calculation Agent relating to the Notes shall be made in good faith in such person's sole discretion, and shall be binding on the Noteholders, absent manifest error.

These Contractual Terms represent all of the undertakings of the Issuer with respect to the subject matter thereof, and there are no additional promises, undertakings, representations or warranties of the Issuer not expressly set forth or referred to herein.

A Note does not represent a claim against the Reference Entity and in the event of any loss a Noteholder will not have recourse under a Note to the Reference Entity. However, investors in the Notes will be exposed to the credit risk of the Reference Entity and the Reference Obligations.

Neither the Issuer nor its affiliates nor its agents will be obligated to hold any Reference Obligation or pursue any remedies they may have with respect thereto (even if the Issuer transfers Reference Obligations to the investor or refers to their market value in connection with the satisfaction of the Issuer's obligations following the declaration of a Credit Event as described below).

This document is for information purposes only and does not constitute an offer or solicitation with respect to the purchase or sale of any security. Any opinion, estimate, or projection herein constitutes a judgment as of the date of this document, and there can be no assurance that future events or results will be consistent with any such opinion, estimate, or projection.

Country and Regional Risk

The price and value of the Reference Obligations may be influenced by the political, financial and economic stability of the country and/or region in which the Reference Entities are incorporated or have their principal place of business or of the country in the currency of which the Reference Obligations 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:

- 1) the prices of emerging markets assets may be subject to sharp and sudden fluctuations and declines;
- 2) 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 for which a quotation has been sought; and
- 3) 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
- 4) delivery of Obligations which are emerging markets securities or other assets may be subject to restrictions or delays arising under local law.

A Note does not represent a claim against the Reference Entity and in the event of any loss a Noteholder will not have recourse under a Note to the Reference Entity. However, investors in the Notes will be exposed to the credit risk of the Reference Entity, the Reference Obligation and the Deliverable Obligations. The occurrence of a Credit Event in respect of the Reference Entity may cause the mandatory redemption of all of the Notes by delivery of an amount of Deliverable Obligations of the Reference Entity with face value equal to the nominal amount of the Notes.

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| 1. Issuer: | Espirito Santo Investment p.l.c. |
| 2. (i) Series Number: | 486 |
| 3. Specified Currency or Currencies: | EUR |
| 4. Aggregate Nominal Amount: | EUR 20,000,000 |
| 5. (i) Issue Price for the Aggregate Nominal Amount: | 100 per cent. of the Aggregate Nominal Amount |
| (ii) Net Proceeds for the Aggregate Nominal Amount: | EUR 20,000,000 |
| 6. Specified Denominations: | EUR 1,000 |

7. (i) Issue Date for the Aggregate Nominal Amount: 11th June 2010
- (ii) Interest Commencement Date (if different from the Issue Date): 11th June 2010
8. Maturity Date: 20th June 2013, subject to Modified Following Business Convention and subject to Redemption Following a Credit Event
9. Interest Basis: Credit Linked Notes
10. Redemption/Payment Basis: The Notes shall be redeemed at par, subject to Redemption Following a Credit Event (as defined below).
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Not Applicable
13. Status of the Notes: Senior
14. Method of distribution: Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: Not Applicable
16. Floating Rate Note Provisions: Not Applicable
17. Zero coupon Note Provisions: Not Applicable
18. Indexed Note Provisions: Not Applicable
19. Dual Currency Note Provisions: Not Applicable
20. Credit Linked Notes/First to Default Linked Notes provisions: Applicable
- (i) Index/Formula: **Coupon (p.a.) = 5% ,**
save that if a Credit Event Notice has been delivered by the Calculation Agent to the Note holders, no Interest shall be payable.
- (ii) Calculation Agent responsible for calculating the principal and/or interest due: Banco Espírito Santo de Investimento, S.A.
- (iii) Interest Period(s): Quarterly on each 20th day of March, June, September and December of each year, from 11th June 2010 until 20th June 2013, including the first day and excluding the last day of each Interest Period
First long Interest Period
- (iv) Specified Interest Payment Dates: Interest will be paid quarterly in arrears, on each 20th day of March, June, September and December, from 20th September 2010 until 20th June 2013 (both included)
- (v) Business Day Convention: Modified Following
- (vi) Additional Business Centre(s): London and Target
- (vii) Day Count Fraction: Actual/360, Adjusted

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call: Not Applicable

22. **Investor Put:** Not Applicable
23. **Final Redemption Amount:** The Notes shall be redeemed at par, subject to Redemption Following a Credit Event (as defined below).
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)):** Not Applicable

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (a) **Form of Notes:** Bearer Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes
- (b) **New Global Note:** No
26. **Additional Financial Centre(s) or other special provisions relating to Payment Dates:** Business Days for payments: London and Target
27. **Talons for further coupons to be attached to Definitive Notes (and dates on which such talons mature):** No
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
29. **Details relating to Instalment Notes:**
- (i) **Instalment Amount(s):** Not Applicable
- (ii) **Instalment Date(s):** Not Applicable
30. **Other final terms:**
- a) **Adjustment following a Credit Event:** If a Credit Event occurs in respect of any Reference Entity or exists at any time on or after the Issue Date and on or before the Maturity Date, then, in the sole discretion of the Issuer:
- All (but not part) of the Notes may be redeemed in accordance with the provisions of the next paragraph ("b"), on the Cash Settlement Date.
 - If the Notes are so redeemed, no payments of interest will be made from (and including) the date on which the Credit Event was determined by the Calculation Agent.

b) Redemption following a Credit Event:

Conditions to Settlement:

Credit Event Notice

Notifying Party: Issuer

Notice of Publicly Available Information: Applicable

If the Issuer elects to redeem the Notes, the Notes shall be redeemed on the Cash Settlement Date.

The parties agree that the Settlement Terms shall apply in relation to the first Reference Entity in respect of which an Event Determination Date occurs (any such entity being the "Affected Reference Entity" as defined in the Preamble).

Settlement Terms:

Settlement Method: Auction Settlement

Fallback Settlement Method: Cash Settlement. The Calculation Agent may establish the Final Price in respect of any Reference Obligation selected by the Calculation Agent on or prior to the Valuation Date and Article VII of the Credit Derivatives Definitions shall be deemed to be amended accordingly.

Calculation Amount: With respect to any day, the Notional Amount minus the aggregate of all Exercise Amounts as of 4:00 p.m. London time on such day.

Exercise Amount: Where an Event Determination Date occurs and Restructuring is the only Credit Event specified in the Credit Event Notice, Exercise Amount shall mean the amount specified by the Notifying Party in accordance with Section 3.9 of the Credit Derivatives Definitions and the provisions contained in this Confirmation. If the Notifying Party elects to specify an Exercise Amount less than the then outstanding Calculation Amount pursuant to Section 3.9 of the Credit Derivatives Definitions, then neither party has any rights or obligations under this Transaction with respect to the other Reference Entities or their respective Obligations. With respect to (a) any Credit Event other than Restructuring or (b) any Credit Event in respect of any Reference Entity to which Section 3.9 of the Credit Derivatives Definitions shall not apply as stated in the applicable Standard Terms, the Exercise Amount shall be equal to the Calculation Amount (and not a portion thereof).

Settlement Currency: The currency of denomination of the Issue

Valuation Date: Single Valuation Date

With respect to each Reference Obligation of a Affected Reference Entity, the Valuation Date shall be a date falling not more than 140 Business Days following the relevant Event Determination Date, as selected by Issuer in its sole and absolute discretion.

Quotation Method: Bid

Dealers: A dealer in obligations of the type of obligations for which Quotations are to be obtained. The Dealers shall be selected by the Calculation Agent or, as the case may be, the Quotation Calculation Agent (as defined below) in its sole and absolute discretion, provided that the Issuer shall in all cases be one of the selected dealers.

Cash Settlement Date: With respect to each Affected Reference Entity, three Business Days after the calculation of the Final Price for all Reference Obligations relating thereto.

Valuation Method: Notwithstanding anything to the contrary in Section 7.5 of the Credit Derivatives Definitions, the Valuation Method shall be Highest.

Deliverable Obligations: In respect of a Reference Entity, any Obligation of that Reference Entity (either directly or as provider of any Qualifying Guarantee) described by the Deliverable Obligation Category specified in the relevant Annex hereto and having the Deliverable Obligation Characteristics specified in such relevant Annex (in each case, as of the Valuation Date) and each Reference Obligation.

For the avoidance of doubt, there shall be no Physical Settlement in respect of this Transaction. Deliverable Obligations are used for valuation purposes only, adjusted by the value (positive or negative) of the IR swap done for hedging purposes, as calculated by the Calculation Agent.

Settlement Protocol: If a protocol or other market standard valuation procedure sponsored by the International Swaps and Derivatives Association, Inc. or other internationally recognized association or organization (the "Protocol") is adopted by such association or organization in respect of one or more Reference Entities, then the Final Price relating to any such Reference Entity shall, at the Calculation Agent's sole and absolute discretion, be determined on the basis of the procedures set forth in such Protocol in lieu of the procedures set forth in this Issue.

- c) **Reference Price:** 100%
- d) **Reference Entities :** Each entity identified as such in Schedule A and, in each case, any Successor. References in this Applicable Final Terms to "Standard Terms" means in respect of a Reference Entity the corresponding standard terms set out in Schedule A as the Applicable Annex.
- e) **Reference Obligation(s):** Either the obligation(s) (if any) identified as the "Benchmark Obligation(s)" in respect of a Reference Entity in Schedule A or any Obligation of such Reference Entity (whether directly or as provider of any Qualifying Guarantee) falling within the Deliverable Obligation Category specified in respect of such Reference Entity in the corresponding Standard Terms and having the Deliverable Obligation Characteristics specified in the Standard Terms, as selected by the Calculation Agent in its sole discretion on any date which occurs after delivery of a Credit Event Notice and on or before the Valuation Date. For the purposes of this Transaction, references in the Credit Derivatives Definitions to "Deliverable Obligations" shall be construed as references to "Reference Obligations".
- f) **Substitution:** Applicable
- g) **All Guarantees:** In respect of a Reference Entity, "Applicable" or "Not Applicable" shall apply as specified in the applicable Standard Terms.
- h) **Credit Events:** In respect of a Reference Entity, the Credit Events specified in the applicable Standard Terms.

- i) Event Determination Date:** The day on which the Calculation Agent notifies the occurrence of a Credit Event by the way of a Credit Event Notice and a Notice of Publicly Available Information.
- j) Obligation(s):** In respect of a Reference Entity, in accordance with Section 2.14 of the Credit Derivatives Definitions on the basis of the Obligation Category and the Obligation Characteristic(s) specified in the applicable Standard Terms.
- k) Excluded Obligation(s):** None
- l) Calculation Agent:** Banco Espírito Santo de Investimento, S.A.

DISTRIBUTION

- 31. If syndicated, names and addresses of Managers and underwriting commitments:** Not Applicable
- 32. If non syndicated, name and address of relevant Dealer:** Banco Espírito Santo de Investimento, S.A.
Rua Alexandre Herculano, 38
1269-161 Lisbon, Portugal
See further Paragraph 10 of Part B below
- 33. Total commission and concession:** Not Applicable
- 34. U.S. Selling Restrictions:** Tefra D
- 35. Non exempt Offer:** An offer of the Notes may be made by the Dealer or by Banco Espírito Santo, S.A./other parties authorised by the Dealer (together with the Dealer, the Financial Intermediaries) other than pursuant to Article 3(2) of the Prospectus Directive in Ireland, the United Kingdom and Portugal (**Public Offer Jurisdictions**), during the period from 17th May 2010 until 07th June 2010 (Offer Period). See further Paragraph 10 of Part B below.
- 36. Additional Selling Restrictions:** Not Applicable

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue of the Notes described herein pursuant to the €2,500,000,000 Euro Medium Term Note Programme of Espirito Santo Investment plc. and Banco Espirito Santo de Investimento, S.A.

RESPONSIBILITY

The Issuer and Banco Espirito Santo de Investimento, S.A. accept responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: John Mady
Duly authorised

By: [Signature]
Duly authorised

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

By: Marta Carvalho
Duly authorised

By: [Signature]
Duly authorised

Marta Carvalho
DRF- Fixed Income
Assistant Vice President

Carlos Nogueira
Treasury director

KEEP WELL AGREEMENT

Banco Espirito 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 Espirito Santo de Investimento, S.A.:

By: Marta Carvalho
Duly authorised

By: [Signature]
Duly authorised

Marta Carvalho
DRF- Fixed Income
Assistant Vice President

Carlos Nogueira
Treasury director

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING:

Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading and listing on the Regulated Market of the Irish Stock Exchange with effect from the Issue Date.

2. RATINGS

Ratings: Not Applicable

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

Save for any fees payable to the Dealer, as far as the Issuer is aware, no person involved in the issue of Notes has an interest material to the offer.

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

- (i) **Reasons for the offer:** The net proceeds will be applied by the Issuer in the ordinary course of its business, which includes making a profit.
- (ii) **Estimated Net Proceeds for the Aggregate Nominal Amount:** EUR 20,000,000
- (iii) **Estimated total expenses:** None



5. **YIELD (Fixed Rate Notes Only):** Not applicable
6. **HISTORIC INTEREST RATES (Floating Rate Notes only):**
Not applicable
7. **PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index Linked Notes only)**
Not applicable
8. **PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT (Dual Currency Notes only):**
9. **OPERATIONAL INFORMATION**

- (i) **ISIN Code:** XS0507800406
- (ii) **Common Code:** 50780040
- (iii) **Any clearing system(s) other than Euroclear bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification numbers:** Not applicable
- (iv) **Delivery:** Delivery against payment
- (v) **Names and addresses of additional Paying Agent(s) (if any):** Banco Espírito Santo de Investimento, S.A.
- (vi) **Intended to be held in a manner which would allow Eurosystem eligibility:** No

10. TERMS AND CONDITIONS OF THE OFFER

- Re-offer Price: Issue Price
- Other Information: The Maximum Aggregate Nominal Amount is EUR 20,000,000

SCHEDULE A

Reference Entity	Benchmark Obligation(s) (ISIN)	Seniority	Doc Terms	Applicable Annex to Schedule A
Brisa Finance BV	XS0177256889	Senior	European Corporate	Annex A
EDP - Energias De Portugal SA	XS0126990778	Senior	European Corporate	Annex A
Portugal Telecom Int Fin	XS0215828913	Senior	European Corporate	Annex A

SCHEDULE B

STANDARD TERMS

The standard terms relating to each Entity Type are set out in the Annexes to this Schedule B.

ANNEX A

STANDARD TERMS FOR EUROPEAN CORPORATE

Business Days:	London and TARGET Settlement Day(s)
All Guarantees:	Applicable
Substitution:	Applicable
Credit Events:	Bankruptcy Failure to Pay Restructuring Modified Restructuring Maturity Limitation and Conditionally Obligation: Applicable
	Transferable
Obligation:	
	Obligation Category: Borrowed Money
	Obligation Characteristics: None

SCHEDULE C

ADDITIONAL PROVISIONS

1. Successor Provisions:

- Amendments to Section 2.2 of the Credit Derivatives Definitions:
- (1) Section 2.2(e)(i) of the Credit Derivatives Definitions is replaced in its entirety with the following:

“each Successor will be a Reference Entity for the purposes of one of the New Credit Derivative Transactions and each of the Reference Entities that is not a subject of the applicable Succession Event shall be a Reference Entity for the purposes of each and every one of the New Credit Derivative Transactions;”
 - (2) Section 2.2(d) of the Credit Derivatives Definitions is replaced in its entirety with the following:

“(d) Where:

 - (i) a Reference Obligation has been specified with respect to a Reference Entity;
 - (ii) one or more Successors to the Reference Entity have been identified; and
 - (iii) any one or more Successors have not assumed the Reference Obligation,

a Substitute Reference Obligation will be determined in accordance with the

provisions of Section 2.30 with respect to each such Successor.”

No duplication:

Where the effect of the Successor Provisions would be to specify a Reference Entity more than once with respect to a single New Credit Derivative Transaction, that Reference Entity shall be deemed to be specified once only for the purposes of that Transaction.

2. Additional Provisions where Substitution is Not Applicable:

Treatment of certain Succession Events:

1) Subject to clause (2), where any Reference Entity (the “Surviving Reference Entity”) (other than the Reference Entity that is subject to the Succession Event) would be a Successor to any other Reference Entity (the “Legacy Reference Entity”) pursuant to a Succession Event through the application of Section 2.2(a) of the Credit Derivatives Definitions:

a) such Surviving Reference Entity shall be deemed not to be a Successor to the Legacy Reference Entity; and

b) the Replacement Reference Entity selected in accordance with the terms of “Selection of Replacement Reference Entity” shall be deemed to be a Successor to the Legacy Reference Entity pursuant to that Succession Event.

(2) In the event that the Successors to the Legacy Reference Entity would include two or more Surviving Reference Entities as a result of the application of Section 2.2(a) of the Credit Derivatives Definitions, the number of New Credit Derivative Transactions shall continue to be equal to the number of Successors and the terms of “Selection of Replacement Reference Entity” shall apply.

Selection of Replacement Reference Entity:

The entity selected by the Calculation Agent (with the consent of the Note holder) in accordance with the foregoing shall be the Replacement Reference Entity. The Standard Terms applicable to any Replacement Reference Entity shall be the Standard Terms that applied to the relevant Surviving Reference Entity as at the Trade Date as determined by the Calculation Agent.

Eligible Reference Entity:

An entity:

1) that is in the same Moody’s or S&P industry group (the “Industry Requirement”) as the relevant Surviving Reference Entity, where:

“Moody’s” means Moody’s Investors Service, Inc.; and

“S&P” means Standard and Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc.;

2) that has a bid-side credit spread (at the time the proposed Reference Entity List is provided to Seller) no greater than 110% of the bid-side credit spread of the relevant Surviving Reference Entity at that same time (the “Credit Spread Requirement”), in each case based on a credit default swap:

a) on market standard terms for the relevant entity as at the time of such determination;

b) in respect of a floating rate payer calculation amount equal to at least 50 per cent., but not more than 100 per cent., of the Floating Rate Payer Calculation Amount; and

c) with a term equal to the period from and including the date of the determination to and including the Scheduled Termination Date (the “Remaining Term”), provided that if Buyer, having used reasonable endeavours, cannot obtain Quotations from at least three Dealers in respect of the Remaining Term, the term for the purposes of this sub-clause (c) shall be five years.

The bid-side credit spreads for the purpose of the Credit Spread Requirement shall be the unweighted arithmetic mean of the spread quotations obtained by Buyer (on the basis of the terms set out above) from at least three Dealers, as determined by the Calculation Agent in good faith in a commercially reasonable manner.

3) that is principally traded in the credit derivatives market in respect of the same Geographical Region as the relevant Surviving Reference Entity, as determined in good faith and a commercially reasonable manner by the Calculation Agent II, where:



"Geographical Region" means North America, Western Europe, or such region determined in good faith by the Calculation Agent to give best effect to then current market practice in respect of the relevant Surviving Reference Entity; and

4) that is not an Affiliate of any Reference Entity hereunder, Seller or Buyer both immediately prior to and following the relevant Succession Event or Seller Merger Event, as applicable.

Effective date for substitution of Reference Entity following a Succession Event or Seller Merger Event:

The substitution of a Reference Entity in accordance with the terms of this Issue shall be deemed to be effective on the legally effective date of the Succession Event or Seller Merger Event, as applicable.

Issuer Merger:

In the event that (i) Issuer or the Calculation Agent becomes a Successor to any Reference Entity as a result of the application of Section 2.2(a) of the Credit Derivatives Definitions, (ii) Issuer or the Calculation Agent and any Reference Entity become Affiliates or (iii) Issuer or the Calculation Agent or a Reference Entity consolidates or amalgamates with, or merges into, or transfers all or substantially all its assets to, a Reference Entity or Issuer or the Calculation Agent, as applicable, ("Issuer Merger Event"), Issuer or the Calculation Agent shall be deemed to be a Surviving Reference Entity and the terms of "Treatment of certain Succession Events" in this Paragraph 7 shall apply accordingly as if such Reference Entity were a Legacy Reference Entity and Issuer or the Calculation Agent were a Surviving Reference Entity.

If a Issuer Merger Event occurs and Substitution is applicable under this Paragraph 7, Section 2.31 of the Credit Derivatives Definitions shall not apply to this Transaction.