

CONDITIONS OF THE BONDS

The €1,015,150,000 3.250 per cent. Exchangeable Bonds due 2014 exchangeable into ordinary shares of EDP – Energias de Portugal, S.A. (**EDP**) (the **Bonds**, which expression shall in the Conditions, unless the context otherwise requires, include any further bonds issued pursuant to Condition 14 and forming a single series with the Bonds) of Parública – Participações Públicas (SGPS), S.A. (the **Issuer**) are issued on 18 December 2007 (the **Closing Date**) in accordance with Decree Law no. 382/2007, of 15 November 2007 (*Decreto-Lei n.º 382/2007, de 15 de Novembro 2007*) and the Resolution of the Portuguese Council of Ministers no. 176-A/2007, of 3 December 2007 (*Resolução do Conselho de Ministros n.º 176-A/2007, de 3 de Dezembro*), both issued by the Portuguese Government. The Bonds are issued subject to and with the benefit of an Agency Agreement dated 18 December 2007 (such agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer and Caixa – Banco de Investimento, S.A. as fiscal, paying and exchange agent (the **Fiscal Agent**) and Fortis Banque Luxembourg S.A., as paying and exchange agent (together with the Fiscal Agent, the **Paying and Exchange Agents**). The Fiscal Agent, the Paying and Exchange Agents and the other agents (if any) named in the Agency Agreement are collectively referred to as the **Agents**.

The statements in the Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement. Copies of the Agency Agreement are available for inspection during normal business hours by the holders of the Bonds at the specified office of each of the Agents. In the Conditions **Bondholder** and (in relation to a Bond) **holder** means the person in whose name a Bond is registered in the records of an affiliated member of *Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa)*. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. References in the Conditions to the Fiscal Agent, the Paying and Exchange Agents and the Agents shall include any successor appointed under the Agency Agreement.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Bonds are issued in book-entry form (*forma escritural*) in denominations of €50,000 each (referred to as the **principal amount** of a Bond). Each person shown in the records of an affiliated member of Interbolsa shall be the holder of the principal amount of bonds recorded. One or more certificates in relation to the Bonds (each a **Certificate**) will be delivered by the relevant affiliated member of Interbolsa in respect of its registered holding of Bonds upon the request by the relevant Bondholder and in accordance with that affiliated member's procedures pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários*).

The Bonds are not issuable in bearer form.

1.2 Title

Title to the Bonds passes upon registration in the records of an affiliated member of Interbolsa in accordance with the Portuguese Securities Code (*Código dos Valores Mobiliários*). The holder of any Bond will (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 interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

2. TRANSFERS OF BONDS

A Bond may be transferred in accordance with the applicable procedures established by the Portuguese Securities Code (*Código dos Valores Mobiliários*) and the regulations issued thereunder, Interbolsa and the relevant affiliated member of Interbolsa through which such Bonds are held.

3. STATUS

The Bonds are direct, unconditional and unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. EXCHANGE

4.1 Definitions

For the purpose of the Conditions:

Additional Exchange Property has the meaning set out in paragraph (f) of Condition 4.3 (Procedure for Exchange).

Bond Record Date has the meaning set out in Condition 6.1 (Payments in respect of Bonds).

Business Day means, in respect of any city, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in that city.

Capital Distribution means:

- (a) in relation to an EDP Share, the portion determined as set out below of any Dividend in respect of any financial year, if the Fair Market Value of the proposed Dividend per EDP Share, together with the Fair Market Value per EDP Share of the aggregate of any other Dividend or Dividends on the EDP Shares in respect of such financial year (disregarding for such purpose any amount previously determined to be a Capital Distribution in respect of that financial year), exceeds the amount shown below in respect of such financial year:

	Amount
in respect of the financial year ending	<i>(Euro)</i>
31 December 2007	0.125
31 December 2008	0.140
31 December 2009	0.155
31 December 2010	0.170
31 December 2011	0.185
31 December 2012	0.200
31 December 2013	0.215
31 December 2014	0.230

in which case the amount of such Capital Distribution shall be the amount of such excess; and

- (b) in relation to any Relevant Securities (other than EDP Shares) comprised in the Exchange Property, any Dividend charged or provided for in the financial statements of the issuer thereof for any financial period (whenever paid or made) (the **Relevant Dividend**) if and to the extent that the sum of (i) the Fair Market Value of the Relevant Dividend per Relevant

Security and (ii) the Fair Market Value of any other Dividend per Relevant Security charged or provided for in such financial statements (other than any Dividend or part thereof previously determined to be a Capital Distribution in respect of such financial period), exceeds 5 per cent. of the Reference Amount, in which case the amount of such Capital Distribution shall be the amount of such excess.

For the purpose of this definition:

- (i) **Reference Amount** means the average of the Volume Weighted Average Price of the Relevant Securities on the 10 consecutive Trading Days ending on the Trading Day immediately preceding the date on which the Relevant Dividend is announced;
- (ii) the Fair Market Value of a Dividend shall be determined as at the date of announcement of the relevant Dividend; and
- (iii) in making any such calculation, such adjustments (if any) shall be made as an independent investment bank of international repute selected by the Issuer may consider appropriate to reflect any Sub-division, Consolidation or Redenomination of the Relevant Securities or any change in the number of Relevant Securities comprising Exchange Property pursuant to Condition 4.8 (Adjustments to the Exchange Property) in issue in relation to financial periods being compared.

Cash Alternative Amount means a sum in cash in euro equal to the average of the Value (rounded downwards to the nearest cent) on each Trading Day in the Cash Averaging Period of the relevant Pro Rata Share of the Exchange Property which, had a Cash Election not been made, would otherwise fall to be delivered to such Bondholder upon exercise of Exchange Rights in respect of the relevant Bonds.

Cash Averaging Period means the period of 20 consecutive Trading Days commencing on the fifth Business Day in Lisbon after the Exchange Notice Delivery Date (provided that such date is a Trading Day and, if it is not, on the next Trading Day).

Cash Election has the meaning set out in paragraph (a) of Condition 4.4 (Cash Election).

Cash Payment Date means the date falling five Business Days in Lisbon after the last day of the Cash Averaging Period.

Change Date has the meaning set out in paragraph (b) of Condition 4.4 (Cash Election).

Change of Control Event means either a Merger Event or an Offer.

Change of Control Event Notice has the meaning set out in Condition 4.2 (Exchange Period and Exchange Rights).

Change of Control Event Record Date means the date determined (in its sole and absolute discretion) by the Issuer and notified to Bondholders in accordance with Condition 12 (Notices) as being either:

- (a) in the case of a Merger Event, the record date set for holders of shares on that date to be entitled to vote on the relevant Merger Event; and
- (b) in the case of an Offer, the last day for acceptance of the Offer, provided that, if the Offer is extended, the Change of Control Event Record Date shall be the last day for acceptance of the Offer as so extended.

CVM means the Portuguese centralized system of registration of securities managed by Interbolsa (*Central de Valores Mobiliários*).

Dividend means any dividend or distribution, whether of cash, assets or other property, and whenever paid or made and however described and shall include any distribution or repayment of capital, whether upon a reduction in the par value or nominal value of any Relevant Securities or otherwise, and howsoever described (and a distribution of assets includes, without limitation, an issue of shares or other securities credited as fully or partly paid up) provided that:

- (a) where a cash Dividend is announced which is to be, or may at the election of a holder or holders of Relevant Securities be, satisfied by the issue or delivery of Relevant Securities or other property or assets, then the Dividend in question shall be treated as a Dividend of (i) the Fair Market Value on the date of announcement of such Dividend of the cash Dividend so announced (if and to the extent that the cash Dividend is received in respect of the Relevant Securities comprised in the Exchange Property); and/or (ii) the Fair Market Value on the date of announcement of such Dividend of such Relevant Securities or other property or assets to be issued or delivered in satisfaction of such Dividend (if and to the extent that such Relevant Securities or other property or assets are received in respect of the Relevant Securities comprised in the Exchange Property), the Issuer being entitled to make such election as it may see fit in respect of any such Dividend;
- (b) any issue of Relevant Securities falling within paragraph (a) or (c)(i) of Condition 4.8 (Adjustments to the Exchange Property) shall be disregarded;
- (c) any offer of Relevant Securities or other securities or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities falling within paragraph (b) of Condition 4.8 (Adjustments to the Exchange Property) shall be disregarded; and
- (d) a repurchase or redemption of Relevant Securities shall be disregarded.

EDP Shares means ordinary shares of EDP (ISIN PTEDP0AM0009).

Entitlement has the meaning set out in Condition 4.11 (Maintenance of Exchange Property).

exchange has the meaning set out in paragraph (a) of Condition 4.2 (Exchange Period and Exchange Rights).

Exchange means Euronext Lisbon (as defined in Condition 6.6 (Agents)) or such other stock exchange on which the EDP Shares are, in the determination of the Issuer, traded or quoted as the Issuer may (in its absolute discretion) select and notify to Bondholders in accordance with Condition 12 (Notices) or (in any such case) any transferee or successor exchange.

Exchange Date has the meaning set out in paragraph (c) of Condition 4.3 (Procedure for Exchange).

Exchange Expenses has the meaning set out in paragraph (d) of Condition 4.3 (Procedure for Exchange).

Exchange Notice has the meaning set out in paragraph (a) of Condition 4.3 (Procedure for Exchange).

Exchange Notice Delivery Date means the date of the delivery of a duly completed and executed Exchange Notice and the relevant Certificate (provided that any payment or indemnity required to be made or given under the Conditions in connection with the exercise of such Exchange Right has

been made or given on or before such date and, if it has not, means the date on which such payment is made or indemnity is given).

Exchange Period has the meaning set out in paragraph (b) of Condition 4.2 (Exchange Period and Exchange Rights).

Exchange Property means, subject to adjustment in accordance with Condition 4.8 (Adjustments to the Exchange Property) and excluding any such property as may or may be deemed to have ceased to form part of the Exchange Property pursuant to the Conditions, 151,517,000 EDP Shares.

Exchange Right has the meaning set out in paragraph (a) Condition 4.2 (Exchange Period and Exchange Rights).

Event of Default Notice Date has the meaning set out in Condition 10 (Events of Default).

Fair Market Value means, with respect to any property on any date, the fair market value of that property as determined in good faith by an independent investment bank of international repute (acting as an expert) selected by the Issuer, provided that:

- (a) the fair market value of a cash Dividend paid or to be paid per Relevant Security shall be the amount of such cash Dividend per Relevant Security;
- (b) where shares, options, warrants or other securities or rights are publicly traded in a market of adequate liquidity (as determined in good faith by such investment bank) the fair market value of such shares, options, warrants or other securities or rights shall equal the arithmetic mean of the daily closing prices of such shares, options, warrants or other securities or rights during the period of five trading days on the relevant market commencing on the first such trading day on which such shares, options, warrants or other securities or rights are publicly traded, or such shorter period as such shares, options, warrants or other securities or rights are publicly traded; and
- (c) any amount shall be converted into euro (if expressed in a currency other than euro) at the Relevant Exchange Rate.

First Exchange Date has the meaning set out in paragraph (b)(i) of Condition 4.2 (Exchange Period and Exchange Rights).

Further Amount has the meaning set out in paragraph (b) of Condition 4.4 (Cash Election).

Merger Event means, in respect of any Relevant Securities, any:

- (a) reclassification or change of the Relevant Securities that results in a transfer of or an irrevocable commitment to transfer all of such Relevant Securities outstanding to another entity or person;
- (b) consolidation, amalgamation, merger, reorganisation or binding share exchange of a Relevant Company with or into one or more other entities or persons (other than a consolidation, amalgamation, merger, reorganisation or binding share exchange in which the Relevant Company is the continuing entity and which does not result in reclassification or change of all of such Relevant Securities outstanding);
- (c) consolidation, amalgamation, merger, reorganisation or binding share exchange of a Relevant Company with or into one or more other entities or persons in which the Relevant Company is the continuing entity and which does not result in a reclassification or change of all such Relevant Securities outstanding but results in the outstanding Relevant Securities

(other than Relevant Securities owned or controlled by such other entities or persons) immediately prior to such event collectively representing less than 50 per cent. of the outstanding Relevant Securities immediately following such event; or

(d) scheme of arrangement, compromise or reconstruction involving a Relevant Company.

Offer means an offer to the holders of any Relevant Securities comprising Exchange Property, whether expressed as a legal offer, an invitation to treat or in any other way, in circumstances where such offer is available to some or all holders of the applicable Relevant Securities (or all or substantially all such holders other than any holder who is, or is deemed to be acting in concert with, the person making such offer or to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any stock exchange in any relevant territory, it is determined not to make such an offer) and that could result, if the offer were to be accepted by all the offerees, in the person making the offer acquiring or owning at least 50 per cent. of all such Relevant Securities.

Optional Redemption Date has the meaning set out in Condition 7.2 (Optional Redemption).

Premium Compensation Amount has the meaning set out in paragraph (c) of Condition 4.9 (Offers).

Pro Rata Share means, for each Bond at any time, a fraction of the Exchange Property the numerator of which shall be the principal amount of such Bond and the denominator of which shall be the aggregate principal amount of all the Bonds (including the Bond to which the Pro Rata Share relates) which are outstanding at such time (excluding for this purpose the principal amount of any Bonds in respect of which Exchange Rights have been exercised by a Bondholder but the Exchange Property has not yet been delivered and excluding from the Exchange Property such undelivered Exchange Property).

Realisation Proceeds means the proceeds of sale (after the deduction of costs and expenses of such sale and any taxes determined by the Issuer in its sole discretion to be payable by it in connection with such sale) of the relevant Exchange Property or the relevant dividends or other income or distributions or rights attaching thereto which is carried out by an independent broker or investment bank of international repute, selected by the Issuer, on an arm's length basis (converted if necessary into euro at the Relevant Exchange Rate on the date of receipt of such proceeds).

Registered Securities has the meaning set out in paragraph (f)(ii) of Condition 4.3 (Procedure for Exchange).

Registration Date in respect of any Registered Securities means the date on which the relevant Bondholder is registered as the holder of such Registered Securities.

Relevant Company means (a) EDP, (b) any corporation or company derived from or resulting or surviving from the merger, consolidation, amalgamation, reconstruction, demerger or acquisition of EDP with, into or by such other corporation or company, and (c) any other entity, all or part of the share capital of which is, or all or some of the securities of which are, at the relevant time included in the Exchange Property.

Relevant Event has the meaning set out in Condition 4.8 (Adjustments to the Exchange Property).

Relevant Exchange Rate means the reference exchange rate for the conversion of the relevant currency into euro (or, if no such direct exchange rates are published, the effective rate resulting from the application of rates into and out of one or more intermediate currencies) as the Issuer may determine to be the prevailing spot rate for such exchange.

Relevant Securities means any securities of any Relevant Company which at the relevant time are included in the Exchange Property;

Rights Issue has the meaning set out in paragraph (b) of Condition 4.8 (Adjustments to the Exchange Property).

Settlement Date means the date falling seven Trading Days after the relevant Exchange Date.

Sub-division, Consolidation or Redenomination has the meaning set out in paragraph (a) of Condition 4.8 (Adjustments to the Exchange Property).

Suspension Period has the meaning set out in paragraph (c) of Condition 4.9 (Offers).

Trading Day means (a) in relation to the EDP Shares, a day (other than a Saturday or Sunday) on which the Exchange is open for business and (b) in respect of any other Relevant Securities or any other securities or options, warrants or other rights, a day (other than a Saturday or Sunday) on which the stock exchange or other securities market on which such Relevant Securities or any other securities or options, warrants or other rights are principally traded is open for business.

Value means, on any day, the value of property calculated on the basis that:

- (a) the value of Relevant Securities (or other publicly traded securities) shall be deemed to be the Volume Weighted Average Price of such Relevant Securities (or other publicly traded securities) on such day;
- (b) the value of all other assets and of publicly traded securities for which a value cannot be determined pursuant to (a) above shall be deemed to be the value on such day as certified by an independent investment bank (in the case of securities) or independent appraiser (in the case of other assets (other than cash)) of international repute selected by the Issuer; and
- (c) the value of cash shall be deemed to be the amount thereof,

provided that:

- (i) any amount shall be converted into euro (if expressed in a currency other than euro) at the Relevant Exchange Rate;
- (ii) if on any day any such publicly traded securities are quoted on the Exchange or, as the case may be, such stock exchange or other securities market as aforesaid cum any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (b) above have the benefit of, or are entitled to, or carry the right to, any dividend or other entitlement, in any such case which a Bondholder would not be entitled to pursuant to the Conditions on exercising Exchange Rights on the last day permitted pursuant to the Conditions, then the value of any such assets or publicly traded securities on such day shall be reduced by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an independent investment bank as aforesaid) of any entitlement or dividend where that is other than cash; and
- (iii) if on any day any such publicly traded securities are quoted on the Exchange or, as the case may be, such stock exchange or other securities market as aforesaid ex any dividend or other entitlement, or any assets or publicly traded securities the value of which is to be determined pursuant to (b) above do not have the benefit of, or are not entitled to, or do not carry the right to, any dividend or other entitlement, in any such case which a Bondholder would be entitled to pursuant to the Conditions on exercising Exchange Rights on the last day

permitted pursuant to the Conditions, then the value of any such assets or publicly traded securities on such day shall be increased by an amount equal to the gross amount of any such dividend or other cash entitlement or, as the case may be, the value (as determined by an independent investment bank as aforesaid) of any entitlement or dividend where that is other than cash less the amount (if any) in respect of any such dividend, entitlement or, as the case may be, value to which the Bondholder is otherwise entitled pursuant to any other provision of the Conditions.

Volume Weighted Average Price means:

- (a) in respect of any Trading Day, (i) in the case of EDP Shares, the volume weighted average price of the EDP Shares as obtained or derived from the Exchange on that Trading Day or if no transaction in respect of the EDP Shares takes place on that Trading Day, the average of the closing bid and offer prices on that day in respect of the EDP Shares as derived from the Exchange, and (ii) in the case of any other Relevant Security (or other publicly traded securities), the volume weighted average price as obtained or derived from such stock exchange or other securities market on which such Relevant Security is principally traded on that Trading Day or if no transaction in respect of the Relevant Security takes place on that Trading Day, the average of the closing bid and offer prices on that day in respect of the Relevant Security as derived from such stock exchange or other securities market; and
- (b) in respect of any day which is not a Trading Day, the value determined in accordance with paragraph (a) on the immediately preceding Trading Day.

4.2 Exchange Period and Exchange Rights

(a) Exchange Right

Subject to the right of the Issuer to make a Cash Election, each Bondholder has the right to have all or any of its Bonds redeemed at their principal amount at any time during the Exchange Period referred to below. Forthwith upon such redemption the Bondholder shall have the right and obligation to have that amount applied on its behalf in acquiring a Pro Rata Share of the Exchange Property. Such redemption of a Bond or part thereof and acquisition of a Pro Rata Share of the Exchange Property is referred to herein as an **exchange** and the right of a Bondholder to require an exchange is referred to herein as an **Exchange Right**. Upon exchange, the Issuer shall deliver or procure the delivery of the relevant Pro Rata Share of the Exchange Property and, if applicable, the Premium Compensation Amount as provided herein.

(b) Exchange Period

Subject to and upon compliance with the Conditions, the Exchange Right attaching to any Bond may be exercised by the holder thereof, at any time during the following periods (together, the **Exchange Period**) (and, in the case of paragraphs (ii) and (iii) below, whether or not the Exchange Right attaching to that Bond is then otherwise exercisable):

- (i) from (but excluding) the sixth anniversary of the Closing Date (the **First Exchange Date**) to and including the close of business (in the location of the specified office of the Paying and Exchange Agent where the Bond is deposited for exchange) on the fifth Business Day in Lisbon prior to (A) the Maturity Date, or (B) if the Bonds have been called for redemption under Condition 7.2 (Optional Redemption), the Optional Redemption Date;
- (ii) if the Bonds have been called for redemption under Condition 7.2 (Optional Redemption), from (but excluding) the date notice of redemption is given to Bondholders to and including the close of business (in the location of the specified office of the Paying and Exchange

Agent where the Bond is deposited for exchange) on the fifth Business Day in Lisbon prior to the Optional Redemption Date;

- (iii) if a Change of Control Event Notice has (or should have) been given before the First Exchange Date, from and including the Change of Control Event Notice Date (or, if a Change of Control Event Notice has not been given in accordance with the Conditions, from and including the fifth Business Day in Lisbon after the Change of Control Event has been publicly announced by a Relevant Company (or any person making an Offer)) to and including the close of business (in the location of the specified office of the Paying and Exchange Agent where the Bond is deposited for exchange) of the fifth Business Day in Lisbon prior to (A) the Change of Control Event Record Date, or (B) if the Bonds have been called for redemption under Condition 7.2 (Optional Redemption), the Optional Redemption Date; and
- (iv) if an Event of Default Notice has (or should have) been given before the First Exchange Date, during the period determined in accordance with Condition 10 (Events of Default).

The Issuer undertakes to give notice to the Bondholders if a Change of Control Event has been publicly announced by a Relevant Company (or any person making an Offer) (a **Change of Control Event Notice**) (and the date a Change of Control Event Notice is given shall be referred to as a **Change of Control Event Notice Date**) in accordance with Condition 12 (Notices) promptly upon becoming aware of the same and, in any event, no later than the fifth Business Day in Lisbon after the Change of Control Event has been publicly announced by the Relevant Company (or any person making an Offer). For the avoidance of doubt, if any Exchange Period determined in accordance with paragraph (iii) above ends on or after the First Exchange Date, Bondholders shall continue to be entitled to exercise Exchange Rights after such period ends until the end of the Exchange Period determined in accordance with paragraph (i) (or, if applicable, paragraph (iv)) above.

Subject as provided in this Condition, Exchange Rights shall lapse in the event that any Bond becomes immediately due and payable.

(c) Entitlement upon exchange

Other than where a Cash Election is made by the Issuer, upon a due exercise of Exchange Rights the relevant Bondholder shall be entitled to receive a Pro Rata Share of the Exchange Property and, if applicable, the Premium Compensation Amount, calculated as at the relevant Exchange Date (but taking into account any changes in the composition of such Pro Rata Share of the Exchange Property which occur between the Exchange Date and the date of delivery in accordance with the Conditions).

(d) Fractions

No fraction of an EDP Share or of any other property comprised in the Exchange Property which is not divisible shall be delivered on exercise of the Exchange Rights and the Issuer shall not be under any obligation to make any payment to Bondholders in respect of any such fractions and any such fraction will be rounded down to the nearest whole multiple of an EDP Share or transferable unit of any such other property. If more than one Bond is to be exchanged by a Bondholder pursuant to any one Exchange Notice, the Exchange Property to be delivered to that Bondholder shall be calculated on the basis of the aggregate nominal amount of such Bonds.

4.3 Procedure for Exchange

(a) Exchange Notice

To exercise the Exchange Right attaching to any Bond, the holder thereof must at its own expense complete, execute and deliver, either directly or indirectly through a financial intermediary, to any Paying and Exchange Agent during its usual business hours, a duly completed and signed exchange notice (an **Exchange Notice**) in the form furnished, upon request of any Bondholder, by any Paying and Exchange Agent, together with the Certificate in respect of such Bond and any Exchange Expenses, provided that the Exchange Notice may be delivered in electronic form and, if delivered in electronic form, it need not be signed by the Bondholder. Electronic delivery of an Exchange Notice is subject to the rules of the clearing system through which it is submitted. An Exchange Notice once delivered shall be irrevocable. The Exchange Right attaching to any Bond may only be exercised in respect of the whole of the nominal amount of the Bond.

(b) Non-US certification

A Bondholder exercising Exchange Rights will be required to certify in the relevant Exchange Notice that it and any person(s) for whom it is acquiring a Pro Rata Share of Exchange Property and, if applicable, the Premium Compensation Amount (a) is located outside the United States (within the meaning of Regulation S (**Regulation S**) under the U.S. Securities Act of 1933, as amended (the **Securities Act**)), (b) is not acquiring any shares being delivered as part of the Pro Rata Share of Exchange Property as a result of any directed selling efforts (within the meaning of Regulation S), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media "with a general circulation in the United States" (within the meaning of Regulation S) and will not deposit such shares into any unrestricted depository receipt facility in respect of such shares that may be established or maintained by a depository bank, and (c) purchased such Bonds or a beneficial interest therein in an offshore transaction made in accordance with Regulation S.

(c) Exchange Date

The exchange date in respect of a Bond (the **Exchange Date**) in respect of which the Exchange Right shall have been exercised by a Bondholder will be the fifth Business Day in Lisbon following the Exchange Notice Delivery Date (provided that such date is a Trading Day and, if it is not, will be the next Trading Day).

(d) Exchange Expenses

A Bondholder exercising Exchange Rights must pay any capital, stamp, issue, registration, documentary, transfer or other similar taxes or duties (including interest, fines and penalties relating thereto) whether of the Portuguese Republic or elsewhere arising on exchange and/or on the transfer, delivery or other disposition of Exchange Property arising on or by reference to the exercise of Exchange Rights or provide an indemnity in respect thereof in such form as the Issuer may require (collectively, **Exchange Expenses**). Each Bondholder must bear all, if any, taxes or duties (including any interest, fine or penalty relating thereto) whether of the Portuguese Republic or elsewhere arising by reference to any disposal, deemed disposal, redemption or deemed redemption of a Bond in connection with or by reference to the exercise of Exchange Rights.

(e) Settlement

Other than where a Cash Election is made by the Issuer, the Issuer shall as soon as practicable, and in any event not later than the Settlement Date:

- (i) in respect of EDP Shares comprising the relevant Pro Rata Share of the Exchange Property, effect delivery of such EDP Shares through the CVM to the person designated for such purpose in the relevant Exchange Notice;

- (ii) procure that Relevant Securities (other than EDP Shares) comprising the relevant Pro Rata Share of the Exchange Property to be delivered on exercise of Exchange Rights are transferred into such name as the holder shall direct pursuant to the Exchange Notice and shall procure that forms of transfer and certificates (if certificates for the Relevant Securities are then generally being issued) together with all other documents of title and evidence of ownership and all other documents necessary to transfer or evidence the transfer of such Relevant Securities will be despatched by mail, and free of charge (but uninsured and at the risk of the person entitled thereto) to such address, subject to applicable securities laws, as the holder may request (as specified in the relevant Exchange Notice); and
- (iii) procure that such documents of title and evidence of ownership of any other Exchange Property to be delivered on exercise of Exchange Rights shall be despatched and that payment of any part of the Exchange Property comprising cash to be delivered on exercise of Exchange Rights (converted if necessary into euro at the Relevant Exchange Rate on the relevant Exchange Date) shall be made, in each case in accordance with directions given by the relevant holder in the Exchange Notice.

Notwithstanding the above, in the event that the Issuer determines that the CVM (or, where the Exchange Property is comprised of Relevant Securities other than EDP Shares and certificates for such Relevant Securities are not then generally being issued, the clearing system through which the transfer of such Relevant Securities is required to be effected) has been closed for a continuous period of two or more days (excluding Saturdays and Sundays and save by reason of holidays, statutory or otherwise) in the period between the Exchange Date and the Settlement Date (both inclusive), then the Issuer will notify the relevant Bondholder in accordance with Condition 12 (Notices) or at the address of the holder specified in the relevant Exchange Notice (as the Issuer may determine) and the date for such delivery shall be the later of the period above and the earliest practicable date on which the relevant Exchange Property may be delivered by or through the CVM or, as the case may be, the relevant clearing system.

If, at any time when the transfer or delivery of any Exchange Property (other than cash) is required, such transfer or delivery would, as determined by the Issuer, be unlawful under the laws of any applicable jurisdiction or contrary to any official declaration, order, directive or regulation in any applicable jurisdiction, the Issuer will notify the relevant holder in accordance with Condition 12 (Notices) or at the address of the holder specified in the relevant Exchange Notice (as the Issuer may determine) and the Issuer will make a cash payment equal to the aggregate of the Realisation Proceeds of the relevant Exchange Property. The Issuer will pay any such amount to the relevant holder not later than seven Business Days in Lisbon after the relevant Settlement Date.

(f) Additional Exchange Property

If:

- (i) the Exchange Date in respect of any Bonds shall be on or after the date of any public announcement affecting the composition of any part of the Exchange Property (other than EDP Shares or other securities in registered form (**Registered Securities**) in circumstances where the relevant entitlement is determined by reference to a record date in respect thereof), but before the date on which such change becomes effective; or
- (ii) the Exchange Date in respect of any Bond shall be after the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property but before the date on which adjustment of the Exchange Property becomes effective; or

- (iii) the Exchange Date in respect of any Bonds shall be on or before the record date or other due date for the establishment of the relevant entitlement in respect of any Rights Issue or Sub-division, Consolidation or Redenomination or Relevant Event in respect of any Registered Securities comprising Exchange Property in circumstances where the Registration Date in respect of such Registered Securities is after such record date or other due date for the establishment of the relevant entitlement and the relevant holder would not otherwise receive the relevant entitlement but the Issuer has received or is entitled to receive such entitlement,

then the relevant Bondholder, other than where a Cash Election shall have been made by the Issuer in which case the provisions of paragraph (b) of Condition 4.4 (Cash Election) shall apply, shall be entitled to receive, in respect of the exercise of the relevant Exchange Rights, such *pro rata* amount or, as the case may be, further *pro rata* amount of the Exchange Property (**Additional Exchange Property**) as would have been receivable had the relevant Exchange Date occurred immediately after the date on which such change in the composition of the Exchange Property became effective or, as the case may be, had the relevant Registration Date in respect of such Registered Securities been immediately before such record date.

Unless a Cash Election is made by the Issuer, the relevant Bondholder (or the person designated in the relevant Exchange Notice) will be the owner of the Pro Rata Share of the Exchange Property to be delivered upon exchange with effect from the Exchange Date and, in respect of any Additional Exchange Property, will be entitled to all rights, distributions or payments in respect of such Additional Exchange Property from the Exchange Date for the Exchange Property previously delivered pursuant to such exchange.

Subject as provided herein, Exchange Property delivered on exercise of Exchange Rights shall not include any dividends or other income thereon or other distributions or rights in respect thereof, declared, paid or made by reference to a record date or other due date for the establishment of the relevant entitlement falling prior to the relevant Exchange Date.

Exchange Property delivered or transferred or to be delivered or transferred upon exchange shall rank for and be entitled to all dividends, interest and other income, payments and distributions and rights thereon in respect thereof declared, paid, made or granted by reference to a record date or other due date for the establishment of entitlement falling on or after the relevant Exchange Date.

- (g) Specified account

A Bondholder shall, in the relevant Exchange Notice, specify a euro account with a bank in a city in which banks have access to the TARGET System to which any cash amount payable on or in respect of the relevant exercise of Exchange Rights by that Bondholder (including any Realisation Proceeds and/or Premium Compensation Amount) shall be credited and the Issuer shall pay such sum to the relevant Bondholder in accordance with such directions.

4.4 Cash Election

- (a) Upon a Bondholder's delivery of an Exchange Notice, the Issuer may (but is not required to) elect to pay the Cash Alternative Amount (together with any amounts which may be payable by the Issuer in respect of, or following, such exercise) in lieu of its obligation to deliver the relevant Pro Rata Share of the Exchange Property to the relevant Bondholder (a **Cash Election**). The Issuer must make a Cash Election on or before the third Business Day in Lisbon following the Exchange Notice Delivery Date and, if the Issuer fails to make a Cash Election on or before such date, it will be deemed not to have made a Cash Election. The Issuer shall make a Cash Election by notifying the relevant Bondholder at its address specified in the relevant Exchange Notice. If the Issuer has made a Cash Election, it shall make payment of such amount to the relevant Bondholder not later than the relevant

Cash Payment Date by a euro denominated cheque sent in accordance with instructions contained, or by transfer to a euro account specified, in the relevant Exchange Notice.

- (b) If a Bondholder shall be entitled to receive, in respect of the exercise of Exchange Rights, any Additional Exchange Property pursuant to paragraph (f) of Condition 4.3 (Procedure for Exchange), then, in circumstances where a Cash Election is made in respect of the relevant exercise of Exchange Rights, the Issuer shall, in lieu of delivering such Additional Exchange Property, pay to the relevant Bondholder an amount (the **Further Amount**) equal to the Value of such Additional Exchange Property as at the date on which the relevant change in the composition of the Exchange Property is or would be effective (the **Change Date**), and such Further Amount shall be paid by euro denominated cheque sent in accordance with instructions contained, or by transfer to a euro account specified, in the relevant Exchange Notice by not later than (i) the third Business Day in Lisbon after the Change Date or (ii) if later, the Cash Payment Date.
- (c) If a Bondholder shall be entitled to receive, in respect of the exercise of Exchange Right, any Premium Compensation Amount pursuant to paragraph (c) of Condition 4.9 (Offers), then, if a Cash Election is made in respect of the relevant exercise of Exchange Rights, the Issuer shall pay to the relevant Bondholder the relevant Premium Compensation Amount. Such payment shall be made on the Cash Payment Date and otherwise in accordance with paragraph (a) of this Condition.

4.5 Title to Exchange Property

On the exercise of Exchange Rights, Bondholders will (except where a Cash Election shall have been made by the Issuer) initially be entitled to receive approximately 7,462.7888 EDP Shares for each €50,000 nominal amount of Bonds (based on an initial exchange price of €6.6999 per EDP Share) subject to adjustment pursuant to the Conditions. All Exchange Property transferred or delivered upon exercise of Exchange Rights shall be transferred or delivered free of encumbrances (*livres de ónus ou encargos*). Except in the circumstances described in the Conditions, dividends and other income and other benefits derived from the Exchange Property shall not comprise part of the Exchange Property.

4.6 Release from the Exchange Property

Upon actual delivery of the Pro Rata Share of the Exchange Property to the relevant Bondholder or upon redemption of the Bonds or upon any purchase and cancellation of the Bonds, the relevant Pro Rata Share of the Exchange Property or the relevant part thereof attributable to each relevant Bond shall cease to be part of the Exchange Property and the Exchange Property shall be reduced accordingly.

4.7 Voting Rights

Bondholders shall have no voting rights in respect of any Exchange Property prior to the delivery or transfer thereof to the relevant Bondholders. Subject as provided elsewhere in this Condition 4 (Exchange), the Issuer shall be entitled to exercise any votes or other rights in respect of any Change of Control Event as it may in its sole discretion think fit. Where a cash Dividend is announced by a Relevant Company in respect of Relevant Securities which may, at the election of a holder or holders of such Relevant Securities, be satisfied by the issue or delivery of Relevant Securities or other property or assets, the Issuer shall be entitled to make such election as it may determine in its sole and absolute discretion.

4.8 Adjustments to the Exchange Property

- (a) Sub-division, Consolidation or Redenomination

If any Relevant Securities comprising the Exchange Property shall be sub-divided or consolidated, re-classified or re-denominated or in any other manner have their par value changed (**Sub-division, Consolidation or Redenomination**) then the securities resulting from such Sub-division, Consolidation or Redenomination so far as attributable to the Exchange Property, shall be included in the Exchange Property.

(b) Rights issues

If further Relevant Securities or other securities, or options, warrants or rights to subscribe or purchase further Relevant Securities (or any of them) or other securities, shall be offered by way of rights to holders of Relevant Securities (or any of them) (a **Rights Issue**), then the Issuer shall by not later than the latest day for accepting or taking up any such rights, either:

- (i) on an arm's length basis in good faith, procure the sale by an independent broker or investment bank of international repute selected by the Issuer of sufficient rights to enable the whole of the balance of such rights to be taken up and procure the application of the proceeds of sale, after the deduction of the costs and expenses of such sale, in the taking up of such rights (with any excess proceeds of sale being added to and forming part of the Exchange Property); or
- (ii) in the absence of any election under paragraph (i) above, add to the Exchange Property such number of Relevant Securities or options, warrants or rights as would have been subscribed or purchased if sufficient rights had been sold on an arm's length basis in good faith to enable (after the deduction of the costs and expenses of such sale) the whole of the balance of such rights to be taken up together with an amount equal to what would have been any such excess proceeds of sale as aforesaid,

provided that, if such rights may not be sold, the Issuer shall use any part of the Exchange Property comprising cash to take up such rights and/or, on an arm's length basis, sell sufficient Relevant Securities to enable (after the deduction of the costs and expenses of such sale) the whole of the balance of such rights to be taken up, with, in any such case, any excess proceeds of sale being added to and forming part of the Exchange Property.

Any Relevant Securities or other securities or options, warrants or rights taken up pursuant to this paragraph and any excess proceeds of sale as aforesaid shall be added to and form part of the Exchange Property.

Pending application of the provisions of this paragraph, such rights shall form part of the Exchange Property.

(c) Bonus Issues, Capital Distributions and Reorganisations

If any of the following events occurs (each a **Relevant Event**):

- (i) Relevant Securities or other securities are issued credited as fully paid to holders of Relevant Securities comprised in the Exchange Property by way of capitalisation of profits or reserves or otherwise by virtue of being holders of Relevant Securities (otherwise than in lieu of the whole or any part of a cash dividend which such holders would or could otherwise have received);
- (ii) any Capital Distribution is made in respect of any Relevant Securities comprised in the Exchange Property;

- (iii) a Relevant Company purchases or redeems any Relevant Securities comprising Exchange Property; or
- (iv) pursuant to any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), any further Relevant Securities or other securities, property or assets (including cash) are issued, distributed or otherwise made available to holders of Relevant Securities or other securities comprised in the Exchange Property,

then the further Relevant Securities, securities or other property or assets (including cash) received in relation to the Relevant Event, so far as attributable to the Exchange Property or, as the case may be, the Capital Distribution in respect of the Relevant Securities comprising the Exchange Property, shall be included as part of the Exchange Property.

In relation to any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event of any company or companies (whether or not involving liquidation or dissolution), the Issuer shall at all times be entitled, in relation to any Relevant Securities, to exercise any rights to vote or other rights in respect of, or otherwise participate in, any such any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event as it thinks fit. In voting on, exercising its rights in respect of, or otherwise participating in, any any scheme of arrangement, reorganisation, amalgamation, reconstruction, merger, demerger or any like or similar event, the Issuer is not obliged to take account of the interests of the Bondholders and it is therefore possible that the Issuer may act in a manner which is contrary to the best interests of the Bondholders.

4.9 Offers

- (a) In the event of an Offer, the Issuer shall have absolute discretion to accept such Offer (and as to any alternative consideration) or reject such Offer provided that it will not accept any Offer prior to the fifth Business Day in Lisbon prior to the Change of Control Event Record Date in respect thereof. If the Issuer accepts any Offer for Relevant Securities in a Relevant Company (or if the Relevant Securities are subject to compulsory acquisition), then, with effect from the settlement of such offer, the Exchange Property will consist, in whole or in part, of the consideration (the **Offer Consideration**) received for the Relevant Securities acquired under the Offer (or pursuant to such compulsory acquisition) (less any taxes determined by the Issuer in its sole discretion to be payable by it in connection with such Offer). The Issuer will not accept any offer for Relevant Securities in a Relevant Company in respect of such part of the Exchange Property which would be deliverable to Bondholders who have exercised Exchange Rights for which the Exchange Date falls prior to the commencement of the Suspension Period. In accepting or rejecting any Offer, the Issuer is not obliged to take account of the interests of Bondholders (save as provided in the previous sentence) and it is therefore possible that the Issuer may act in a manner which is contrary to the best interests of Bondholders.
- (b) The Exchange Rights shall be suspended during the period (the **Suspension Period**) from the fifth Business Day in Lisbon prior to the Change of Control Event Record Date in respect of the Offer until the relevant Offer is withdrawn, lapses or becomes or is declared unconditional in all respects (both dates inclusive), and if Exchange Rights are exercised such that the Exchange Date would otherwise fall in the Suspension Period, such exercise shall be null and void. The Issuer shall notify Bondholders in accordance with Condition 12 (Notices) as soon as reasonably practicable of the commencement and last day of the Suspension Period.
- (c) In the event that the Offer Consideration consists wholly or partly of cash, such cash shall be added to and form part of the Exchange Property and if the Exchange Date in respect of any Bond falls after the date the relevant Offer becomes or is declared unconditional in all respects (the **Offer**

Closing Date), then the relevant Bondholder shall be entitled to receive, in addition to a Pro Rata Share of the Exchange Property pursuant to paragraph (a) of Condition 4.2 (Exchange Period and Exchange Rights), an amount (the **Premium Compensation Amount**) in respect of each Bond surrendered for exchange calculated in accordance with the following formula:

$$PC = K^2 * (\text{Principal} - IP) * (T/C) * (CB/(CB+CS))$$

Where:

- PC** = Premium Compensation Amount per Bond
- K** = the lesser of (a) IP/MP and (b) MP/IP
- Principal** = €50,000
- IP** = €34,478.0843
- CB** = the Offered Cash Amount
- CS** = the Offered Property Value
- MP** = Value of the Pro Rata Share of the Exchange Property for one Bond on the Change of Control Event Record Date
- C** = 2,557 days, being the number of days from (but excluding) the Closing Date to (and including) the Maturity Date
- T** = the number of days from (but excluding) the Change of Control Event Record Date to (and including) the Maturity Date (which shall be zero if the Change of Control Event Record Date occurs after such date)

For the purposes of calculating the Premium Compensation Amount:

Offered Cash Amount means the cash amount received by the Issuer in Euro (or, where applicable, converted into Euro at the Relevant Exchange Rate on the Offer Closing Date) as the whole or part of the consideration for one Relevant Security in the Offer (other than cash paid in respect of fractional entitlements to the Offered Property) provided that if the Offered Property comprises securities that are not shares (such as (i) debt instruments not linked to the variation of a share price or debt instruments not giving rights to subscribe for shares by way of conversion, exchange or reimbursement, (ii) securities representing optional contracts or (iii) specific rights (certificates of guaranteed value, warrants to subscribe or acquire shares or others)) having a limited duration, such securities will be deemed, for the purpose this definition to form part of the Offered Cash Amount in an amount equal to their Fair Market Value at the close of business on the Change of Control Event Record Date;

Offered Property means any Offer Consideration received by the Issuer as the whole or part of the consideration for one Relevant Security in the Offer (excluding the Offered Cash Amount); and

Offered Property Value means the Fair Market Value of the Offered Property at the close of business on the Change of Control Event Record Date. If the case of an Offer the Offer Consideration in respect of which is entirely in cash, the Offered Property Value shall be zero.

The provisions of this paragraph (c) shall apply *mutatis mutandis* to any subsequent Offer, with the result that such Bondholder may become entitled to receive more than one Premium Compensation Amount.

4.10 Notice of Change in the Exchange Property

The Issuer shall give notice to the Bondholders in accordance with Condition 12 (Notices) of any change in composition of the Exchange Property as soon as reasonably practicable following such change and, at the same time, shall notify Bondholders of any other information relative to such change relevant to the Bondholder's exercise of its rights under the Conditions.

4.11 Maintenance of Exchange Property

Exchange Rights are not exercisable in respect of any specific EDP Shares or other property comprising Exchange Property from time to time and no EDP Shares or other Exchange Property has been or will be charged or otherwise placed in custody or set aside to secure or satisfy the Issuer's obligations in respect of the Exchange Rights. At any time the Issuer may or may not be the owner of the whole or any part of EDP Shares or other property comprising Exchange Property from time to time and the Issuer is under no obligation to hold any EDP Shares and/or other Exchange Property and may sell or otherwise dispose of the same at any time. The composition of the Exchange Property may also change as a result of the operation of the Conditions.

The arrangements described herein do not amount to any security interest in favour of Bondholders to secure the debt obligations of the Bonds or to secure performance of the Exchange Rights thereunder. Accordingly, in the event that the Issuer ceases at any time to hold any EDP Shares or other property comprising Exchange Property from time to time and such person is or becomes insolvent, bankrupt or in liquidation, such Exchange Property will form part of the assets of such person available on a *pari passu* basis to all unsecured creditors of such person.

If and to the extent that the Issuer does not at any time own Exchange Property sufficient to satisfy the Exchange Rights in respect of all outstanding Bonds, references in the Conditions to Relevant Securities, securities, property or assets (including cash) and/or consideration (an **Entitlement**) received or entitled to be received by the Issuer in respect of the Exchange Property or any part thereof (howsoever expressed) shall operate as if the Issuer had received or was entitled to receive the relevant Entitlement and, where appropriate, the Exchange Property shall be increased and added to as if at all relevant times the Issuer owned the Exchange Property (or the relevant part thereof) and had received or was entitled to receive the relevant Entitlement on the date it would have received or have been entitled to receive such Entitlement had it at all relevant times been the owner of the Exchange Property (or the relevant part thereof), and references in the Conditions to the Exchange Property and to the Exchange Property being added to or increased (howsoever expressed) shall be construed accordingly, and, in particular:

- (a) in the case of a Rights Issue, the Exchange Property shall be increased by the Relevant Securities or other securities or options, warrants or rights and any excess proceeds of sale which would have been added to the Exchange Property had the Issuer owned the Relevant Securities or other securities comprising the Exchange Property at all relevant times and complied with its obligations under paragraph (b)(ii) of Condition 4.8 (Adjustments to the Exchange Property) in relation thereto;
- (b) for the purposes of paragraph (a) to the definition of "Dividend" and Condition 4.7 (Voting rights), if and to the extent that the Issuer does not own the Relevant Securities at the relevant time, then the Issuer shall be entitled to specify by notice to the Fiscal Agent (by not later than the last day on which a holder of the Relevant Securities would be required to make the relevant election referred to in that definition) that it is to be treated as if it had made such election as it shall specify in such notice, failing which the Dividend shall be

treated as a Dividend of (i) the Fair Market Value of the cash Dividend so announced, or (ii) if the Fair Market Value on the date of announcement of such Dividend of such Relevant Securities or other property or assets is greater than the Fair Market Value of cash Dividend so announced, the Fair Market Value on the date of announcement of such Dividend of such Relevant Securities or other property or assets;

- (c) if and to the extent that the Issuer does not own the relevant Exchange Property at the relevant time, then the Realisation Proceeds in respect thereof will nevertheless be calculated as if the Issuer owned the same at the relevant time and had sold the same as provided in the Conditions;
- (d) where any of the provisions of the Conditions require the Issuer to sell any property comprising Exchange Property or deriving therefrom or received in respect thereof, then such provisions shall operate as if the Issuer had sold the same as provided in the Conditions, and an amount equal to that which would have been the net proceeds of such sale and required to be applied as provided in the Conditions (whether in the purchase of other assets or securities to comprise or be added to the Exchange Property, in payment to Bondholders or otherwise) shall be or, as the case may be, be treated as being so applied by the Issuer, with any amount representing what would have been the balance of proceeds of any such sale being treated as being applied as so provided;
- (e) any reference in the Conditions to the time or date of receipt by the Issuer of any property or assets shall be construed as a reference to the time at, or date on, which the Issuer would otherwise have received or would have first been entitled to receive the same had it been owner of the Exchange Property at all relevant times;
- (f) any provisions of the Conditions in respect of the obligation of the Issuer to deliver or distribute all or any part of the Exchange Property or other property or assets (including cash) shall operate as if at all relevant times the Issuer owned the relevant Exchange Property, and the Issuer shall be required to deliver or distribute the same as if at all relevant times it owned such Exchange Property; and
- (g) for the purposes of Condition 4.9 (Offers), the Issuer shall be entitled by notice to the Fiscal Agent to elect to be treated as accepting (including as to any alternative consideration) or (unless the Relevant Securities are subject to compulsory acquisition) rejecting such Offer as if it owned the Relevant Securities the subject of such Offer, but the Issuer may not elect to be so treated in respect of such part of the Exchange Property which would be deliverable to Bondholders who have exercised Exchange Rights for which the Exchange Date falls prior to the commencement of the Suspension Period,

provided that paragraph (c)(iii) of Condition 4.8 (Adjustments to the Exchange Property) shall be disregarded unless and to the extent the Relevant Company purchases or redeems Relevant Securities such that thereafter the total outstanding Relevant Securities are less than the number required to be comprised in the Exchange Property, in which case to the extent of such shortfall, the Issuer shall be treated as if it owned such Relevant Securities and the provisions of paragraph (c)(iii) of Condition 4.8 (Adjustments to the Exchange Property) shall apply accordingly in respect of the number of Relevant Securities representing such shortfall.

4.12 Other adjustments to the Exchange Property

If the Issuer determines that an adjustment should be made to the Exchange Property as a result of one or more events or circumstances not referred to in Condition 4.8 (Adjustments to the Exchange Property) even if the relevant event is or circumstances are specifically excluded from the operation of Condition 4.8 (Adjustments to the Exchange Property), the Issuer shall, at its own expense and acting reasonably, request an independent investment bank of international repute selected by the

Issuer, acting as an expert, to determine as soon as practicable what adjustment (if any) to the Exchange Property is fair and reasonable to take account thereof and the date on which such adjustment should take effect and upon such determination the Issuer shall procure that such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made pursuant to this Condition if such investment bank is so requested to make such determination in writing not more than 21 days after the occurrence of the relevant event or circumstance.

4.13 Issuer's listing undertaking

The Issuer undertakes to use reasonable efforts to maintain the listing of the Bonds on Euronext Lisbon. If the Issuer is unable to maintain such listing, the Issuer undertakes to use reasonable efforts to obtain and maintain a listing for the Bonds on such other market or stock exchange as the Issuer may from time to time determine provided that the relevant market or stock exchange is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC) and the Issuer shall forthwith give notice to the Bondholders in accordance with Condition 12 (Notices) of the listing or delisting of the Bonds by any such market or stock exchange.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Bonds bear interest from and including the Closing Date at the rate of 3.250 per cent. per annum, payable annually in arrear on 18 December (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 18 December 2008.

5.2 Interest Accrual

Each Bond will cease to bear interest (i) where the Exchange Right has been exercised in respect thereof from (and including) the Interest Payment Date immediately preceding the relevant Exchange Date or, if none, the Closing Date (but without prejudice to Condition 5.3 (Interest upon Exchange prior to Early Redemption)) or (ii) where such Bond is redeemed, from (and including), the due date for redemption unless, upon due presentation, payment of the principal in respect of the Bond is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Bond have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Bonds has been received by the Fiscal Agent and notice to that effect has been given to the Bondholders in accordance with Condition 12 (Notices).

5.3 Interest upon Exchange prior to Early Redemption

If:

- (a) any notice requiring the redemption of any Bonds is given pursuant to Condition 7 (Redemption and Purchase) on or after (or within 15 days before) the record date or other due date for the establishment of entitlement in respect of any dividend, distribution or interest payable in respect of the EDP Shares (or other Relevant Securities comprising on such date more than one-quarter by Value of the Exchange Property);
- (b) such notice specifies an Early Redemption Date falling on or before (or within 14 days after) the Bond Record Date in respect of the next following Interest Payment Date; and

- (c) the Exchange Date in respect of any Bond which is the subject of any such notice (a **Relevant Bond**) falls after such record date or other due date for the establishment of entitlement and on or before the Bond Record Date in respect of the Interest Payment Date next following such record date or other due date for the establishment of entitlement,

then interest shall accrue on each Relevant Bond from, and including, the preceding Interest Payment Date (or, if the relevant Exchange Date falls on or before the first Interest Payment Date, from, and including, the Closing Date) to (but excluding), the relevant Exchange Date.

Any such interest shall be paid by the Issuer not later than 14 days after the relevant Exchange Date by, as specified in the relevant Exchange Notice, a transfer to the registered account of the Bondholder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered address of the Bondholder if it does not have a registered account.

5.4 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the **Accrual Date**) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date.

6. PAYMENTS

6.1 Payments in respect of Bonds

Payment of principal and interest will be made by transfer to the registered account of the Bondholder. Interest on Bonds due on an Interest Payment Date will be paid to the holder shown in the records of an affiliated member of Interbolsa at the close of business on the date (the **Bond Record Date**) being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Bondholder's registered account means the euro account maintained by or on behalf of it with a bank that processes payments in euro, details of which appear in the records of an affiliated member of Interbolsa at the close of business, in the case of principal, on the second Payment Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant Bond Record Date, and a Bondholder's registered address means its address appearing in the records of an affiliated member of Interbolsa at that time.

6.2 Payments subject to applicable laws

Payments in respect of principal and interest on Bonds are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8 (Taxation).

6.3 No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Payment Business Day (as defined below), for value the first following day which is a Payment Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Payment Business Day preceding the due date for payment

or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Bondholders will not be entitled to any interest or other payment, including in respect of or relating to the exercise of Exchange Rights, for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition **Payment Business Day** means a day (other than a Saturday or Sunday) on which the TARGET System is open and on which commercial banks are open for business in London, Lisbon and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Fractions

When making payments to Bondholders, if the relevant payment is not of an amount which is a whole multiple of the smallest unit of the relevant currency in which such payment is to be made, such payment will be rounded down to the nearest unit.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be a Fiscal Agent;
- (b) there will at all times be an Agent (which may be the Fiscal Agent) having a specified office in a European city which so long as the Bonds are listed on the regulated securities market of Euronext Lisbon (**Euronext Lisbon**), shall be Lisbon;
- (c) there will at all times be a Paying and Exchange Agent in a Member State of the European Union that is not 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; and
- (d) there will at all times be a Paying and Exchange Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated.

Notice of any termination or appointment and of any changes in specified offices given to the Bondholders promptly by the Issuer in accordance with Condition 12 (Notices).

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Bonds at their principal amount on 18 December 2014 (the **Maturity Date**).

7.2 Optional redemption

On giving not less than 30 nor more than 60 days' notice (an **Optional Redemption Notice**) to the Bondholders in accordance with Condition 12, the Issuer may redeem all but not some only of the

Bonds then outstanding on the date (the **Optional Redemption Date**) specified in the Optional Redemption Notice at their principal amount as at the Optional Redemption Date, together with accrued and unpaid interest to such date (the **Optional Redemption Price**) if, at any time prior to the date the relevant Optional Redemption Notice is given, Exchange Rights shall have been exercised and/or purchases (and corresponding cancellations) and/or redemptions effected in respect of 90 per cent. or more in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 14 and forming a single series with the Bonds). Upon the expiry of any notice as is referred to in this paragraph, the Issuer shall be bound to redeem the Bonds to which the notice refers in accordance with the terms of such paragraph.

7.3 Put Option

The holder of each Bond will have the right to require the Issuer to redeem that Bond on 18 December 2012 (the **Put Exercise Date**) at its principal amount as at the relevant Put Exercise Date, together with accrued interest to the Put Exercise Date (the **Put Redemption Price**). To exercise such right, the holder of the relevant Bond must present the Certificate in respect of such Bond at the specified office of any Paying and Exchange Agent together with a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying and Exchange Agent (a **Put Notice**) no more than 60 and no less than 30 days' prior to the Put Exercise Date. Payment in respect of any such Bond shall be made by transfer to a bank in a city in which banks have access to the TARGET System specified by the relevant Bondholder in the applicable Put Notice. A Put Notice, once delivered, shall be irrevocable and the Issuer shall redeem all Bonds the subject of Put Notices delivered as aforesaid on the Put Exercise Date.

7.4 Purchases

The Issuer may at any time purchase Bonds in any manner and at any price. The Bonds so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (Events of Default) and 13 (Meetings of Bondholders and modification).

7.5 Cancellations

All Bonds which are (a) redeemed or (b) purchased by or on behalf of the Issuer will forthwith be cancelled, and accordingly may not be reissued or resold.

8. TAXATION

8.1 Exemption of taxation and withholding tax

Under current law, all payments in respect of the Bonds to Bondholders who are not Portuguese residents and do not have a permanent establishment in Portugal will benefit from a tax exemption granted under Decree Law no. 193/2005, of 7 November 2005 (*Decreto-Lei n.º 193/2005, de 7 Novembro de 2005*), provided that such Bondholders comply with the applicable certification requirements established in article 17º no. 2 of the above mentioned Decree-Law and that no more than 20 per cent. of the share capital of the Bondholder is held, direct or indirectly, by Portuguese resident entities (the **Withholding Tax Exemption**). Under current law, such payments therefore will be made free and clear of and without a withholding or deduction for or on account of any present or future taxes, duties, levies, additional assessments or governmental charges of whatever nature (including penalties, late payment or delinquent interest and other liabilities related thereto) (hereinafter, **Taxes**) imposed or levied by or on behalf of Portugal or any political subdivision thereof or any authority or agency therein or thereof having power to tax and charge, unless the relevant Bondholder fails to comply with applicable certification requirements. If the above mentioned exemption ceases to apply, interest payments on the Bonds made to Bondholders who are

not Portuguese residents will be subject to a final withholding tax at the current definite rate of 20 per cent, which may be reduced under the provisions of an applicable double taxation treaty by filing a specific form for deduction at source of the Portuguese tax on interest.

8.2 Payment of additional amounts

All payments in respect of the Bonds will be made free and clear of and without any withholding or deduction for or on account of any Taxes imposed or levied by or on behalf of Portugal or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the Issuer is required to withhold or deduct such Taxes by law or by the interpretation or administration thereof.

If the Issuer is so required to withhold or deduct any amount for or on account of such Taxes from any payment in respect of any Bonds, the Issuer will pay such additional amounts as may be necessary so that the net amount received by any Bondholder (including additional amounts) after such withholding or deduction will be equal to the amount the Bondholder would have received if no such withholding or deduction had been required, provided, however, that the foregoing obligation to pay additional amounts does not apply:

- (a) in respect of Taxes that would not have been imposed but for the existence of any present or former connection between the relevant Bondholder and the Portuguese Republic other than receiving payments on the Bonds and owning and/or holding the Bonds; or
- (b) in respect of Taxes that are required to be withheld or deducted by reason of the Bondholder's failure to comply with a written request from the Issuer, after reasonable notice, to provide information to Interbolsa and/or another clearing system through which it holds the Bonds in relation to its identity, residence, country of tax residence in accordance with the applicable provisions of Decree Law no. 193/2005 of 7 November 2005 (*Decreto-Lei n.º 193/2005, de 7 Novembro de 2005*); or
- (c) where a Bond is presented for payment more than 30 days after the Relevant Date, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on such thirtieth day; or
- (d) to the extent such withholding or deduction by the Paying and Exchange Agent could have been avoided by presentation of such Bond to another Paying and Exchange Agent; or
- (e) to the extent such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

8.3 Definitions

In the Conditions, **Relevant Date** means whichever is the later of (i) the date on which such payment first becomes due and payable and (ii) if the full amount payable has not been received in the city in which the specified office of the Paying and Exchange Agent is located by the Paying and Exchange Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders in accordance with Condition 12 (Notices).

8.4 Additional Amounts

Any reference in the Conditions to any amounts in respect of the Bonds shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 (Taxation).

9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 20 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8 (Taxation).

10. EVENTS OF DEFAULT

10.1 Events of Default

If any of the following events (each an **Event of Default**) occurs and is continuing at the option of and upon written demand to the Fiscal Agent by the holder of any Bond (which demand shall be accompanied by a Certificate), the Issuer shall, on the date such written demand is received by the Fiscal Agent, unless prior to such date the Issuer shall have cured the Event of Default in respect of such Bonds, be bound to redeem such Bond at its principal amount plus interest accrued but unpaid to the date of redemption:

- (a) *Non Payment*: the Issuer fails to pay any principal or interest or any amount due under Condition 8 (Taxation) on any of the Bonds, when due and payable, or fails to comply with its payment and/or delivery obligations under the Bonds in relation to an exercise of Exchange Rights and such failure continues for a period of 14 days; or
- (b) *Breach of Other Obligations*: the Issuer fails to perform or comply with any one or more of its other obligations under the Bonds which failure is incapable of remedy or, if such failure is capable of remedy such failure continues for more than 30 days after written notice requiring such failure to be remedied shall have been given to the Issuer at the specified office of the Fiscal Agent by any Bondholder; or
- (c) *Cross Default*: if:
 - (i) any Financial Indebtedness (as defined below) of the Issuer becomes (or becomes capable of being declared) due and repayable prematurely by reason of default or non-performance (howsoever described); or
 - (ii) the Issuer fails to make any payment in respect of any Financial Indebtedness on the due date for payment as extended by any applicable grace period; or
 - (iii) any security given by the Issuer for any Financial Indebtedness becomes enforceable and steps are taken to enforce the same,

provided that the aggregate amount of the relevant Financial Indebtedness, in respect of which one or more of the events mentioned above in this paragraph have occurred equals or exceeds €100,000,000 (or the equivalent at the current exchange rates of denominated in any other currency or currencies); or

- (d) *Enforcement Proceedings*: if an encumbrancer takes possession or a receiver, administrative receiver, administrator or other similar official shall be appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or a distress, attachment, sequestration, execution or other legal process is levied, enforced upon or sued on or against any part of the property, assets or revenues of the Issuer in the amount of €100,000,000 (or the equivalent at the current exchange rates if denominated in any other currency or currencies) and is not discharged or stayed within 60 days; or
- (e) *Security Enforced*: any Security Interest (as defined below) created or assumed by the Issuer over a part of the property, assets or revenues of the Issuer in the amount of €100,000,000 or

the equivalent at the current exchange rates if denominated in any other currency or currencies becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or

- (f) *Insolvency*: the Issuer becomes or is declared by a competent court to be (or is, or could be, deemed by law or a court to be) insolvent or unable or shall admit in writing its inability to pay its outstanding debts (within the meaning of Article 3 of the Insolvency and Companies Recovery Code approved by Decree-Law no. 53/2004, of 18 March, as amended), stops, suspends or threatens to stop or suspend payment of all or part of (or of a particular type of) its debts in the amount of €100,000,000 (or the equivalent at the current exchange rates if denominated in any other currency or currencies), proposes or makes any agreement for the deferral, rescheduling or other adjustment of its debts generally or proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such or a moratorium or other insolvency plan (*plano de insolvência*) is agreed or declared by a competent court (under Title IX of the Insolvency and Companies Recovery Code approved by Decree-Law no. 53/2004, of 18 March, as amended) in respect of or affecting all or any part of (or of a particular type of) the debts of the Issuer; or
- (g) *Winding-up*: an order is made by a competent court or an effective resolution is passed for the winding-up or dissolution of the Issuer; or
- (h) *Illegality*: it is or will be unlawful for the Issuer to perform or comply with any one or more of its obligations under the Bonds; or
- (i) *Ceases to Carry on the Whole of its Business*: the Issuer shall cease to carry on the whole or substantially the whole of its business, save in each case (i) for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement the terms of which have previously been approved in writing by an Extraordinary Resolution of the Bondholders; or (ii) if the Portuguese Republic retains ownership, whether direct or indirect, of 100 per cent. of the issued share capital of the Issuer; or
- (j) *Analogous Events*: the Issuer causes or is subject to any event with respect to it which, under the laws of any relevant jurisdiction (including but not limited to the Portuguese Republic), has an analogous effect to any of the events referred to in paragraphs (f) and (g) above; or
- (k) *Ownership*: the Portuguese Republic ceases to own, directly or indirectly, 100 per cent. of the issued share capital of the Issuer.

The Issuer undertakes to give notice to the Bondholders if any Bond become due and payable pursuant to this Condition (an **Event of Default Notice**) (and the date an Event of Default Notice is given shall be referred to as an **Event of Default Notice Date**), in each case accordance with Condition 12 (Notices) promptly upon becoming aware of the same and, in any event, no later than the fifth Business Day in Lisbon after the date any Bond becomes due and payable pursuant to this Condition.

If Exchange Right are not then exercisable and an Event of Default Notice has (or should have) been given, each Bondholder shall (whether or not the Exchange Right attaching to its Bond is then otherwise exercisable) be entitled at any time on or after the Event of Default Notice Date (or, if an Event of Default Notice has not been given in accordance with the Conditions, from and including the fifth Business Day in Lisbon after the date any Bond becomes due and payable pursuant to this Condition) to and including the date falling 10 Business Days in Lisbon after the Event of Default Notice Date to elect (by delivering in accordance with the provisions of Condition 4 (Exchange) a duly signed and completed Exchange Notice, together with the relevant Certificate, to the specified

office of a Paying and Exchange Agent) in lieu of having its Bond(s) repaid, to exercise the Exchange Right in respect of such Bond as at the Event of Default Notice Date (and references to the Exchange Date shall be construed accordingly), save that no such election may be made in respect of a Bond the Certificate in respect of which has been presented for payment on or after the Event of Default Notice Date (provided that payment in full of all amounts then due on the relevant Bond is made upon such presentation).

10.2 Interpretation

For the purposes of this Condition:

Financial Indebtedness means any present or future indebtedness in respect of moneys borrowed or raised including (but not limited to):

- (a) moneys borrowed and debit balances at banks and other financial institutions;
- (b) any debenture, note, bond, loan stock or other security;
- (c) receivables sold or discounted with recourse;
- (d) all obligations to pay the deferred and unpaid purchase price of property, assets or services, which purchase price is due more than 120 days after the earlier of the date of placing such property in service or taking delivery and title thereof or the completion of such services;
- (e) finance leases;
- (f) net amount owing under any currency or interest swap, cap or collar arrangements or any other derivative or hedging instrument;
- (g) all obligations in respect of letters of credit or other similar instruments (including reimbursement obligations with respect thereto);
- (h) amounts raised under any other transaction having the commercial effect of a borrowing or raising of money; or
- (i) any guarantee, indemnity or similar assurance against financial loss in respect of any items falling within paragraphs (a) to (h) above; and

Security Interest means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or other preferential arrangement or any other agreement or arrangement having the effect of conferring security, but excludes for the avoidance of doubt but without limitation any rights of set-off arising under common law, in equity or under statute or regulation.

11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced by the affiliated member of Interbolsa which issued that Certificate, in accordance with Portuguese Securities Code (*Código dos Valores Mobiliários*) and the regulations thereunder and such affiliated members' applicable procedures.

12. NOTICES

12.1 Notices to the Bondholders

So long as the Bonds are listed on Euronext Lisbon and the rules of Euronext Lisbon so require, all notices to the Bondholders will be valid if published in the Euronext Lisbon Bulletin and made available at the *Comissão do Mercado de Valores Mobiliários* internet site (www.cmvm.pt). The Issuer may publish notices in other publications at its sole discretion. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Bonds are for the time being listed. Without prejudice to the preceding sentence, if the Bonds cease to be listed on Euronext Lisbon, all notices to the Bondholders will be valid if mailed to them at their respective addresses recorded in the respective register of Bondholders of the affiliated members of Interbolsa through which the Bonds are held. Any notice shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication, or, if applicable, on the day after being so mailed.

12.2 Notices from the Bondholders

Notices to be given by any Bondholder shall be in writing and given by lodging the same, together with the relative Certificate, with the Fiscal Agent or, if the Bonds are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. MEETINGS OF BONDHOLDERS AND MODIFICATION

13.1 Meetings of Bondholders

The Agency Agreement contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of any of the Conditions or any of the provisions of the Agency Agreement. Each Bond entitles its respective Bondholder to one vote. There are quorum requirements for holding meetings of Bondholders set out in the Agency Agreement. Resolutions will be approved (a) by a majority of the votes cast in the duly convened meeting, provided that in case of an Extraordinary Resolution which includes the modification of certain of the Conditions, the necessary majority for passing such resolution will (i) in the case of any meeting (other than an adjourned meeting), consist of not less than 50 per cent. of the aggregate principal amount of the Bonds then outstanding; and (ii) at any adjourned meeting, consist of at least two-thirds of the votes given whether on a show of hands or on a poll or (b) in writing signed by or on behalf of all the Bondholders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Bondholders. Any resolutions passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

13.2 Modification

The Fiscal Agent may agree, without the consent of the Bondholders, to any modification of any of the Conditions or any of the provisions of the Agency Agreement either (i) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained herein or therein or (ii) in any other manner which is, in the sole opinion of the Issuer, not materially prejudicial to the interests of the Bondholders. Any modification shall be binding on the Bondholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 12 (Notices).

13.3 Bondholders' representative

The Bondholders may appoint a common representative (the **Common Representative**) (*representante comum*). The Common Representative may be present at any meeting of shareholders of the Issuer and will have powers to summon and chair the meetings of the Bondholders. The Common Representative must be a law firm (*sociedade de advogados*), an accountancy firm (*sociedade de revisores oficiais de contas*) or an individual (*pessoa singular*) with legal capacity to act in any matters. The Common Representative does not have to be a Bondholder.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders create and issue further bonds, having terms and conditions the same as those of the Bonds, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Bonds.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Bonds are governed by, and will be construed in accordance with, Portuguese law.

15.2 Jurisdiction of Lisbon courts

The Issuer has irrevocably agreed for the benefit of the Bondholders that the courts of Lisbon are to have jurisdiction to settle any disputes which may arise out of or in connection with the Bonds.

The Bondholders may take any suit, action or proceedings arising out of or in connection with the Bonds (together referred to as **Proceedings**) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

15.3 Sovereign Immunity

The Issuer hereby irrevocably and unconditionally waives and agrees not to raise with respect to the Bonds any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.