

CABRAL NO. 1 LIMITED

(incorporated with limited liability incorporated under the laws of Jersey)

€216,700,000 Class A Senior Asset Backed Floating Rate Notes due September 2009

€19,200,000 Class B1 Subordinated Asset Backed Notes due September 2014

€25,100,000 Class B2 Subordinated Asset Backed Notes due September 2014

Cabral No. 1 Limited, a public company incorporated with limited liability under the laws of Jersey (the "Issuer") will issue €216,700,000 Class A Senior Asset Backed Floating Rate Notes due September 2009 (the "Senior Notes"), €19,200,000 Class B1 Subordinated Asset Backed Notes due September 2014 (the "Class B1 Notes"), €25,100,000 Class B2 Subordinated Asset Backed Notes due September 2014 (the "Class B2 Notes and, together with the Class B1 Notes, the "Class B Notes") and €6,000,000 WHT Reserve Notes due September 2014 (the "WHT Reserve Notes" and, together with the Senior Notes and the Class B Notes, the "Notes"). The Notes will be issued pursuant to a trust deed (the "Trust Deed") expected to be dated 6 March 2001 between the Issuer and BNP Paribas Trust Corporation UK Limited (the "Trustee") as trustee. The Senior Notes will be issued at 100% of their principal amount, the Class B1 Notes will be issued at 100.55644% of their principal amount and the Class B2 Notes will be issued at 100.55454% of their principal amount.

The WHT Reserve Notes are not being offered pursuant to this document.

Interest on the Senior Notes will be payable semi-annually in arrear on 6 March and 6 September each year commencing on 6 September 2001, subject to adjustment for non-business days (each an "Interest Payment Date"). The Senior Notes will bear interest at a rate per annum equal to EURIBOR for six month euro deposits plus 0.49% per annum. Payments of interest (if any) on the Class B1 Notes and the Class B2 Notes will be made on an available funds basis on each Interest Payment Date. Payments of interest (if any) on the WHT Reserve Notes will be made on an available funds basis on each Interest Payment Date from income received in respect of amounts credited to the WHT Reserve Account and securities in the WHT Reserve Securities Account.

Payments on the Notes will be made in euro without withholding or deduction for or on account of taxes imposed or levied by Jersey as described under "Terms and Conditions of the Notes—Taxation", without the Issuer or any other person being required to make any additional payments to Noteholders in respect of any withholding or deduction.

Application has been made to list the Senior Notes on the Luxembourg Stock Exchange. Neither the Class B Notes nor the WHT Reserve Notes will be listed on any stock exchange.

The Senior Notes will be redeemed at their principal amount outstanding on the Interest Payment Date falling in September 2009 and the Class B Notes and the WHT Reserve Notes will be redeemed on the Interest Payment Date falling in September 2014 (in each case, the "Final Maturity Date"), to the extent not previously redeemed. The Senior Notes and, once the Senior Notes have been redeemed in full, the Class B Notes, and, once the Class B Notes have been redeemed in full, the WHT Reserve Notes, will be subject to early redemption in whole or in part on any Interest Payment Date if and to the extent that the Issuer has received amounts that are available to be applied in redemption of the relevant Class of Notes in accordance with the terms and conditions of the relevant Class of Notes. No redemption of Class B Notes will take place until the Senior Notes have been redeemed in full. Except in respect of the WHT Reserve Amortisation Amount, no redemption of WHT Reserve Notes will take place until the Class B Notes have been redeemed in full. The Issuer has the option to redeem all (but not less than all) of the Notes at their principal amount outstanding together with accrued interest on any Interest Payment Date on the occurrence of certain tax or other changes.

The obligation of the Issuer to pay interest and principal under the Notes will be secured by certain assets of the Issuer (collectively, the "Collateral"). The Collateral principally comprises: (i) the Principal Component (as defined below) of a portfolio of Portuguese domestic debt securities (the "Portuguese Bonds"); (ii) the Issuer's rights under a funded participation (the "Participation") granted to the Issuer by Credit Suisse First Boston International (in such capacity, the "Grantor"), in respect of a limited recourse euro term deposit (the "Deposit") made by the Grantor with BPN—Banco Português de Negócios ("BPN"), which, in turn, was utilised by BPN to purchase the Interest Component (as defined below) of the Portuguese Bonds; (iii) a portfolio of international debt securities (the "Eurobonds"; and, together with the Portuguese Bonds, the "Bonds"); and (iv) the Issuer's rights under the Interest Rate Swap Agreements, the Credit Default Swap Agreements, the Liquidity Facility and the other Transaction Documents to which the Issuer is a party. For further details, see "Acquisition of the Portuguese Bonds and the Eurobonds" and "The Description of the Portfolio" herein.

For a discussion of certain significant factors affecting investments in the Notes, see "Risk Factors".

The Senior Notes are expected to be rated Aaa by Moody's Investor Service, Inc. ("Moody's") and AAA by Fitch Ratings Inc. ("Fitch"), or by such other rating agency or agencies as may be chosen by the Manager. Neither the Class B Notes nor the WHT Reserve Notes will be rated. **A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating organisation. A suspension, reduction or withdrawal of the rating assigned to the Senior Notes may adversely affect the market price of the Senior Notes.**

Arranger and Lead Manager

Credit Suisse First Boston

Co-lead Manager

ABN AMRO

Co-Manager

DG BANK

Deutsche Genossenschaftsbank AG

The date of this Offering Circular is 6 March 2001

The Senior Notes will initially be represented by a Senior Note in temporary global form (the "Temporary Senior Global Note"), the Class B1 Notes will initially be represented by a Class B1 Note in temporary global form (the "Temporary Class B1 Global Note"), the Class B2 Notes will initially be represented by a Class B2 Note in temporary global form (the "Temporary Class B2 Global Note") and the WHT Reserve Notes will initially be represented by a WHT Reserve Note in temporary global form (the "Temporary WHT Reserve Global Note"), each of which will be deposited on or about 6 March 2001 (the "Closing Date") with a common depository for on behalf of Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") and Clearstream Banking société anonyme, Luxembourg ("Clearstream"). Each of the Temporary Senior Global Note, the Temporary Class B1 Global Note, the Temporary Class B2 Global Note and the Temporary WHT Reserve Global Note will be exchangeable, in whole or in part, for interests in a Senior Note in permanent global form (the "Permanent Senior Global Note"), a Class B1 Note in permanent global form (the "Permanent Class B1 Global Note") a Class B2 Note in permanent global form (the "Permanent Class B2 Global Note") and a WHT Reserve Note in permanent global form (the "Permanent WHT Reserve Global Note"), respectively, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. Definitive Notes will only be issued in certain limited circumstances.

Except as provided below, the Issuer accepts responsibility for the information contained in this document and to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of Credit Suisse First Boston (Europe) Limited (the "Lead Manager"), the Managers referred to under "Subscription and Sale", the Trustee, any Hedging Counterparty, the Liquidity Facility Provider, the Corporate Administrator, the Account Bank, any Paying Agent, any Custodian, the Cash Manager, the Collateral Administrator, Credit Suisse First Boston International ("CSFBi") or BPN have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the Managers, the Trustee, any Hedging Counterparty, the Liquidity Facility Provider, any Paying Agent, any Custodian, the Cash Manager, the Corporate Administrator, CSFBi or BPN or any of their respective affiliates as to the accuracy or completeness of the information contained in this Offering Circular, or any other information supplied in connection with the Notes or their distribution. The statements made in this paragraph are without prejudice to the responsibility of the Issuer.

BPN accepts responsibility for the information in this document relating to itself (the "BPN Information"). To the best of the knowledge and belief of BPN (which has taken all reasonable care to ensure that such is the case), the BPN Information is in accordance with the facts and does not omit anything likely to affect the import of such information. BPN does not accept responsibility for any other information contained in this Offering Circular. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BPN as to the accuracy or completeness of any information contained in this Offering Circular (other than the BPN Information) or any other information supplied in connection with the Notes or their distribution.

CSFBi accepts responsibility for the information in this document relating to itself (the "CSFBi Information"). To the best of the knowledge and belief of CSFBi (which has taken all reasonable care to ensure that such is the case), the CSFBi Information is in accordance with the facts and does not omit anything likely to affect the import of such information. CSFBi does not accept responsibility for any other information contained in this Offering Circular. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by CSFBi as to

the accuracy or completeness of any information contained in this Offering Circular (other than CSFBi Information) or any other information supplied in connection with the Notes or their distribution.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Lead Manager or any other Manager.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Offering Circular and other offering material relating to the Notes, see "Subscription and Sale".

In particular, the Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act") and are subject to United States tax law requirements. The Notes are being offered outside the United States by the Managers in accordance with Regulation S under the Securities Act ("Regulation S"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

An investment in the Notes is only suitable for financially sophisticated investors. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Purchasers of Notes should have sufficient knowledge and experience in financial and business matters, and access to, and knowledge of, appropriate analytical resources to evaluate the information contained in this Offering Circular and the merits and risks of investing in the Notes in the context of their financial position and circumstances. Each person receiving this Offering Circular acknowledges that such person has been afforded an opportunity to request from the Issuer and to review, and has received, all additional information considered by such person to be necessary to verify the accuracy and completeness of the information contained herein.

The Notes will be obligations solely of the Issuer and will not be guaranteed by, or be the responsibility of, any other entity. In particular the Notes will not be obligations of, and will not be guaranteed by, the Trustee, CSFBi, any Hedging Counterparty, the Liquidity Facility Provider, the Corporate Administrator, the Managers or the Cash Manager. The Notes will be limited recourse debt obligations of the Issuer. The Collateral secured in favour of the Trustee is the sole source of payments on the Notes.

A copy of this Offering Circular has been delivered to the Registrar of Companies in Jersey in accordance with Article 6 of the Companies (General Provisions) (Jersey) Order 1992, and he has given, and has not withdrawn, his consent to its circulation. The Jersey Financial Services Commission has given, and has not withdrawn, its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes by the Issuer. It must be distinctly understood that, in giving these consents, neither the Registrar of Companies nor the Jersey Financial

Services Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

Each person receiving this Offering Circular shall be deemed to acknowledge that (i) such person has been afforded an opportunity to request from the Issuer, and to review, and has received, all additional information which it considers to be necessary to verify the accuracy and completeness of the information herein; (ii) such person has not relied upon the Lead Manager, any other Manager or any person affiliated with such Manager in connection with its investigation of the accuracy of such information or its investment decision; and (iii) except as provided pursuant to (i) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby except as contained in this Offering Circular, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Lead Manager or any other Manager.

In this Offering Circular, unless otherwise specified, references to "PTE", "escudo" or "escudos" are references to the national currency unit of the Portuguese Republic, references to "DM" or "Deutsche Marks" are to the national currency unit of the Federal Republic of Germany, references to "pesetas" or "PTA" are to the national currency unit of the Kingdom of Spain, references to "\$", "U.S.\$" or "U.S. Dollar" are references to the lawful currency for the time being of the United States of America, references to "£" and "pounds" are references to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and references to "€", "euro" or "euros" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

IN CONNECTION WITH THIS ISSUE, CREDIT SUISSE FIRST BOSTON (EUROPE) LIMITED MAY OVER-ALLOT AND EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY INFORMATION

This summary should be read in conjunction with, and is qualified in its entirety by reference to, the detailed information appearing elsewhere in this document. Capitalised terms not specifically defined in the following Summary Information, and elsewhere in this Offering Circular, have the meanings set out in Condition 1 (Definitions) in "Terms and Conditions of the Notes". In addition, a glossary of defined terms appears at the back of this Offering Circular. References to a "Condition" are to the specified Condition in the Terms and Conditions of the Notes.

THE PARTIES

Issuer	Cabral No. 1 Limited, a public company incorporated under the laws of Jersey and having its registered office at 47 Esplanade, St. Helier, Jersey JE1 0BD, Channel Islands (the "Issuer"). For more detailed information see "The Issuer" below.
BPN.	BPN—Banco Português de Negócios, incorporated under the laws of Portugal and having its registered office at Avenida de França, 680/694, 4250-213 Porto, Portugal ("BPN").
Grantor.	Credit Suisse First Boston International, a company incorporated under the laws of England and Wales, whose registered office is at One Cabot Square, London E14 4QJ, England (in such capacity, the "Grantor").
Sellers	ESAF—Espírito Santo Fundos de Investimento Mobiliário, S.A., a private limited liability company incorporated under the laws of Portugal and having its registered office at Av. Álvares Cabral, No. 41, 1250-015, Lisbon, Portugal (acting in its capacity as manager for and on behalf of ES Renda Mensal, ES Capitalização, ES Renda Trimestral, ES Portfolio Dinâmico, ES Liquidez, ES Monetário and ES Fundo de Pensoes) and Investil Sociedade Gestora de Fundos de Investimento Mobiliário, a private limited liability company incorporated under the laws of Portugal and having its registered office at Edifício Peninsular, Campo Grande, no. 46 D -1 sq., 1749-013, Lisbon, Portugal (acting in its capacity as manager for and on behalf of BNU Fundo Invest, BNU Invest Obrigações, BNU Tesouraria, BNU Rendimento, BNU Obrigações, BNU Renda Mensal, BNU Prestígio and BNU Gestão Activa Obrigações) (collectively, the "Sellers").
Trustee	BNP Paribas Trust Corporation UK Limited, a company incorporated under the laws of England and Wales and having its registered office at 10 Harewood Avenue, London NW1 6AA, in its capacity as trustee for the Noteholders and the other Secured Creditors in accordance with the terms of the Trust Deed and the Deed of Charge (the "Trustee").

Custodians	BNP Paribas, Paris, in its capacity as custodian of the Portuguese Bonds on behalf of BPN in accordance with the terms of the Custody Agreement, acting through its office at 16 boulevard des Italiens, 75009, Paris, France (the “Portuguese Bond Custodian”); and BNP Paribas Luxembourg, in its capacity as custodian of the Eurobonds on behalf of the Issuer in accordance with the terms of the Custody Agreement, acting through its office at 10A Boulevard Royal, L-2093 Luxembourg, Grand-Duchy of Luxembourg (the “Eurobond Custodian” and, together with the Portuguese Bond Custodian, the “Custodians”).
Default Swap Counterparty .	Credit Suisse First Boston International, in its capacity as credit default swap counterparty in accordance with the terms of the Credit Default Swap Agreements (in such capacity, the “Default Swap Counterparty”).
Interest Rate Cap Counterparty.	Credit Suisse First Boston International, in its capacity as interest rate cap counterparty in accordance with the terms of the Interest Rate Cap Agreement (in such capacity, the “IR Cap Counterparty”)
Interest Rate Swap Counterparty.	Credit Suisse First Boston International, in its capacity as interest rate swap counterparty in accordance with the terms of the Interest Rate Swap Agreement (in such capacity, the “IR Swap Counterparty”).
Hedging Counterparties . . .	The Default Swap Counterparty, the IR Cap Counterparty and the IR Swap Counterparty.
Agent Bank	BNP Paribas Luxembourg, in its capacity as agent bank in accordance with the terms of the Paying Agency Agreement (the “Agent Bank”).
Principal Paying Agent. . . .	BNP Paribas, Luxembourg branch, in its capacity as paying agent in respect of the Notes (the “Principal Paying Agent”).
Collateral Administrator . . .	The Chase Manhattan Bank, in its capacity as collateral administrator in accordance with the terms of the Collateral Administration Agreement (the “Collateral Administrator”).
Liquidity Facility Provider. .	Barclays Bank PLC, in its capacity as liquidity facility provider under the Liquidity Facility Agreement (the “Liquidity Facility Provider”).
Corporate Administrator. . . .	SFM Offshore Limited, in its capacity as corporate administrator in accordance with the terms of the Corporate Administration Agreement (the “Corporate Administrator”).
Rating Agencies	Moody’s Investors Service Inc. (“Moody’s”) and Fitch Ratings Limited (“Fitch” and, together with Moody’s, the “Rating Agencies”).
Cash Manager	BNP Paribas Luxembourg, in its capacity as Cash Manager pursuant to the Cash Management Agreement.

PRINCIPAL FEATURES OF THE NOTES

Title	<p>€216,700,000 Class A Senior Asset Backed Floating Rate Notes due September 2009 (the “Senior Notes”);</p> <p>€19,200,000 Class B1 Subordinated Asset Backed Notes due September 2014 (the “Class B1 Notes”);</p> <p>€25,100,000 Class B2 Subordinated Asset Backed Notes due September 2014 (the “Class B2 Notes” and, together with the Class B1 Notes, the “Class B Notes”); and</p> <p>€6,000,000 WHT Reserve Notes due September 2014 (the “WHT Reserve Notes”),</p> <p>to be issued in accordance with the terms of the Trust Deed and on the terms and subject to the conditions of the Notes (the “Conditions”).</p>
Status and Ranking	<p>The Senior Notes, the Class B Notes and the WHT Reserve Notes (together the “Notes”) will constitute direct, secured and unconditional obligations of the Issuer. The Notes within each Class will rank <i>pari passu</i> without preference or priority amongst themselves.</p> <p>The Notes represent the right to receive interest and principal payments from the Issuer in accordance with the Conditions and the Trust Deed.</p> <p>All payments of interest due on the Senior Notes will rank in priority to payments of interest due on the Class B Notes and to all payments due on the WHT Reserve Notes.</p> <p>All payments of principal due on the Senior Notes will rank in priority to payments of principal due on the Class B Notes and (except in respect of the WHT Reserve Amortisation Amount) the WHT Reserve Notes.</p> <p>All payments of interest due on the Class B1 Notes will rank <i>pari passu</i> with payments of interest on the Class B2 Notes. Payments of interest on the Class B Notes will rank in priority to all payments due on the WHT Reserve Notes.</p> <p>All payments of principal due on the Class B1 Notes will rank <i>pari passu</i> with payments of principal due on the Class B2 Notes. Except in respect of the WHT Reserve Amortisation Amount, payments of principal due on the Class B Notes will rank in priority to payments of principal due on the WHT Reserve Notes.</p>
Security for the Notes	<p>Pursuant to the Deed of Charge and the other Security Documents, the Issuer will create security in favour of the Trustee over the Issuer’s rights under, or in respect of, the Eurobonds, the Principal Component of the Portuguese Bonds, the Participation, the Issuer Accounts, the Hedging Agreements, the Liquidity Facility Agreement, the Corporate</p>

Administration Agreement, the Call Option Deed, the Security Assignment and the other Transaction Documents to which the Issuer is a party. See further Condition 4 (*Security*) below.

Under the BPN Deed of Charge, BPN has charged its rights to the Interest Component of the Portuguese Bonds to CSFBi as security for its obligations to CSFBi under the Deposit Agreement. Pursuant to the Security Assignment, CSFBi will assign its rights under the BPN Deed of Charge to the Issuer.

The terms on which the Collateral will be held will provide that upon enforcement, certain fees, expenses, costs, charges and liabilities will rank in priority to amounts owing by the Issuer under the Notes. See "Priorities of Payment" and Condition 3.4 (*Payment Priorities*) below.

Note Rate

The Senior Notes shall bear interest on the Principal Amount Outstanding from and including the Closing Date at EURIBOR for six month deposits plus a margin of 0.49% per annum.

Interest shall be payable in respect of the Class B Notes on an available funds basis in accordance with Condition 3.4.1 (*Application of Income Collections*) and Condition 3.4.2 (*Application of Principal Collections*) on each Interest Payment Date.

The WHT Reserve Notes will bear interest on an available funds basis in accordance with Condition 3.6.3 (*WHT Reserve Account*) on each Interest Payment Date.

Interest

The Senior Notes bear interest in respect of Interest Periods, payable semi-annually in arrear on each Interest Payment Date.

Taxation

If any deduction or withholding for or on account of tax is required to be made by the Issuer in respect of any payment in respect of the Notes, neither the Issuer nor any Paying Agent will be required to make any additional payments to holders of the Notes in respect of such deduction or withholding.

Form and Denomination. . .

Each Class of Notes will initially be in the form of a Temporary Global Note without interest coupons, which will be deposited with a common depositary for Euroclear and Clearstream (the "Common Depositary") on or about the Closing Date.

Each Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note relating to the same Class, without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected until such certification of non-U.S. beneficial ownership has been received by the Principal Paying Agent.

	In certain limited circumstances definitive Notes will be issued in exchange for a Permanent Global Note. If so issued, definitive Notes will be issued in bearer form in denominations of €1,000, €10,000 and €100,000.
Final Redemption	Unless the Notes have previously been redeemed in full as described in Condition 7 (<i>Redemption and Purchase</i>), the Notes will be redeemed by the Issuer on the Final Maturity Date at their then Principal Amount Outstanding (plus, in the case of the Class B Notes, the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount).
Mandatory Redemption in Part	Each Class of Notes will be subject to mandatory redemption in part on each Interest Payment Date to the extent of Available Redemption Funds, in accordance with the Payments Priorities. No amounts will be applied in redemption of the Class B Notes until the Senior Notes have been redeemed in full and (except in respect of the WHT Reserve Amortisation Amount) no amounts will be applied in redemption of the WHT Reserve Notes until the Class B Notes have been redeemed in full. See Condition 7.2 (<i>Mandatory Redemption</i>).
Optional Redemption at the option of Class B Noteholders	All (but not some only) of the Class B Notes shall be redeemed at their Principal Amount Outstanding (plus the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount), by the Issuer acting at the direction in writing of the holders of at least 66 $\frac{2}{3}$ % of the Principal Amount Outstanding of the Class B Notes (1) on any Interest Payment Date, provided that the Senior Notes have been redeemed in full or (2) on any Interest Payment Date on or after the date on which an Interest Withholding Event has occurred, in each case subject to the conditions specified in Condition 7.3 (<i>Optional Redemption in Whole</i>).
Optional Redemption for Taxation Reasons	The Issuer may, subject to the conditions set out in Condition 7.4 (<i>Optional Redemption in Whole for Taxation Reasons</i>), redeem all (but not some only) of the Notes of each Class at their Principal Amount Outstanding, together with (in the case of the Senior Notes) interest accrued to the date fixed for redemption (and, in the case of the Class B Notes, the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount) on any Interest Payment Date; <p>(i) on or after the date on which the Issuer would, by virtue of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), not be entitled to relief for the purposes of such Tax laws for any material amount which it is obliged to pay, or is</p>

treated as receiving for the purposes of such Tax laws under the Transaction Documents;

- (ii) on or after the date on which the Issuer would become liable to pay Tax in respect of its income from any of the Bonds, so that it would be unable to make payment of the full amount due on the Notes; or
- (iii) on or after the date of a change in Tax law which would cause the total amount payable in respect of interest in relation to any of the Bonds to cease to be receivable by the Issuer as a result of any of the obligors thereof being obliged to make a Tax deduction in respect of any payment in relation to the relevant Bond, so that (after taking account, in respect of the Portuguese Bonds, of any amounts standing to the credit of the WHT Reserve Account) it would be unable to make payment of the full amount due on the Notes.

Allocation of Realised
Losses

A principal deficiency ledger (the “Principal Deficiency Ledger”) will be established and maintained by the Cash Manager in order to reflect any Realised Loss (as defined below) on the Bonds or under the Credit Default Swap Agreements under which the Issuer has sold credit protection (see “The Credit Default Swap Agreements” below). The Principal Deficiency Ledger will consist of two sub-ledgers: (i) a ledger recording any Realised Losses on the Investil Bonds (the “Investil Principal Deficiency Ledger”) and (ii) a ledger recording any Realised Losses on the ESAF Bonds (the “ESAF Principal Deficiency Ledger”).

“Realised Loss” means, with respect to a Bond, the outstanding principal amount of such Bond after receipt of all Income Distributions, Principal Distributions and other recoveries, if any, on such Bonds and after deducting any expenses incurred by the Collateral Administrator in selling such Bond in accordance with the Collateral Administration Agreement and, in respect of a Credit Default Swap Agreement, the difference between the notional amount of the credit default swap in respect of which the conditions to payment have occurred, and the recoveries in respect of the relevant reference entity received by the Issuer from the Default Swap Counterparty.

The Bonds

The Issuer has (i) purchased a portfolio of international debt securities (the “Eurobonds”) from the Sellers pursuant to the Securities Purchase Agreement and from Credit Suisse First Boston (Europe) Limited pursuant to the Supplemental Securities Purchase Agreement; (ii) purchased the Principal Component of a portfolio of Portuguese domestic debt obligations (the “Portuguese Bonds”) pursuant to the On-Sale Agreement; and (iii) acquired a funded participation in the

Deposit made by CSFBi with BPN pursuant to the Participation Agreement (the "Participation" and, together with the Eurobonds and the Principal Component of the Portuguese Bonds, the "Underlying Securities"). The Issuer funded such acquisitions with the proceeds of issue of the Bridge Notes. The Portuguese Bonds are held by the Portuguese Bond Custodian on behalf of BPN, and the Eurobonds are held by the Eurobond Custodian on behalf of the Issuer, in each case on the terms of the Custody Agreement. See, for further details, "Acquisition of the Portuguese Bonds and the Eurobonds" and "Description of the Portfolio" below.

Application of Cash
Receipts.

On each Business Day Income Distributions received in respect of the Eurobonds will be deposited in the Issuer Income Account and Principal Distributions received in respect of the Eurobonds will be deposited in the Issuer Principal Account and in each case will be invested by the Cash Manager on behalf of the Issuer in Eligible Investments (as defined below) pending distribution in accordance with the Payment Priorities.

On each Business Day the Portuguese Bond Custodian will determine the portion of the aggregate amount of collections received on such date in respect of the Portuguese Bonds that relates to the Principal Component of the Portuguese Bonds and the portion of such amount that relates to the Interest Component of the Portuguese Bonds, and will arrange for such amounts to be credited to the appropriate collection accounts maintained by BPN (the "Collection Accounts").

The aggregate of all collections received in the Collection Accounts on each Business Day in respect of the Principal Components of the Portuguese Bonds will be transferred on that Business Day (or, if not practicable, on the next Business Day) to the Issuer Principal Account, and will be invested by the Cash Manager on behalf of the Issuer in Eligible Investments pending distribution in accordance with the Payments Priorities.

The aggregate of all collections received in the Collection Accounts on each Business Day in respect of the Interest Component of the Portuguese Bonds will be transferred by BPN on that Business Day (or, if not practicable, on the next Business Day) to the CSFBi Account and on the same day by CSFBi from the CSFBi Account to the Issuer Income Account, where it will be invested by the Cash Manager on behalf of the Issuer in Eligible Investments pending distribution in accordance with the Payments Priorities.

Eligible Investments.

"Eligible Investments" will be euro denominated investments (including bank deposits) of which the obligor is BNP Paribas Luxembourg or of which the obligor's short-term unsecured debt obligations are rated at least P-1 by Moody's and F-1+ by

Fitch (and whose long-term unsecured debt obligations have at least the following ratings: for investments of up to one month, A2/A, between one month and 3 months, A1/A+ and between 3 months and six months, Aa3/AA-), or in respect of which the Rating Agencies have confirmed that such investment will not adversely affect the rating of the Senior Notes, with stated maturities no later than the first Business Day prior to the Interest Payment Date immediately succeeding the date of acquisition of such investments, and which are capable of being effectively charged by the Issuer to the Trustee pursuant to the Deed of Charge.

Bridge Notes

On 28 December 2000, the Issuer issued a Series 1 Senior Floating Rate Note due December 2001 in an aggregate principal amount of €31,876,000 (the "Series 1 Senior Note"), and on 29 December 2000 the Issuer issued a Series 2 Senior Floating Rate Note due December 2001 in an aggregate principal amount of €174,321,000 (the "Series 2 Senior Note") and a Subordinated Note due December 2001 in an aggregate principal amount of €51,977,000 (the "Subordinated Note" and, together with the Series 1 Senior Note and the Series 2 Senior Note, the "Bridge Notes"). The proceeds of issue of the Bridge Notes were used by the Issuer to acquire the Underlying Securities. The security granted by the Issuer in respect of its obligations under the Bridge Notes will be released by the Trustee on receipt of a written instruction from the holders of the Bridge Notes as a condition precedent to the issue of the Notes. See further "The Bridge Notes" below.

Use of Proceeds

The net proceeds of the issue of the Senior Notes (after deducting fees and other expenses of the issue of the Senior Notes), are expected to be €267,246,028. The net proceeds of the issue of the Senior Notes and the Class B Notes will be used by the Issuer to redeem in full the Bridge Notes. The net proceeds of the issue of the WHT Reserve Notes will be used to fund the WHT Reserve Account.

Call Option Deed in respect of Interest Component

Pursuant to a call option deed between BPN, the Issuer and the Cash Manager (the "Call Option Deed"), BPN will grant the Issuer an option to call on BPN by written notice (copied to the Trustee) requiring BPN, on or after the occurrence of a BPN Event, to assign all of its right, title, interest and benefit in, to and under the Securities Purchase Agreement and the Interest Component of the Portuguese Bonds (the "Interest Purchaser Interest") to the Issuer or any other entity appointed by the Issuer (or, after the delivery of an Acceleration Notice, to the Trustee or as the Trustee shall specify), as specified in such notice. BPN shall immediately upon receipt of such notice and upon BPN's release from all and any remaining obligations under the Deposit Agreement (other than obligations arising out of a breach by BPN of the Deposit Agreement), assign the

Interest Purchaser Interest to the Issuer or to such other entity as is specified in such notice absolutely and the Issuer or such other entity shall, on and after the date of such assignment, be treated as the purchaser of the Interest Component of the Portuguese Bonds under the Securities Purchase Agreement. BPN will grant to the Issuer a power of attorney which will enable the Issuer to take action in the name of BPN to effect such assignment of the Interest Purchaser Interest. The Call Option Deed will be assigned to the Trustee by the Issuer pursuant to the Deed of Charge.

Pursuant to the Call Option Deed BPN will covenant to notify the Issuer and the Trustee immediately upon becoming aware of the occurrence of a BPN Event. Pursuant to the Trust Deed, the Issuer will covenant to notify the Trustee (immediately upon receipt of such notification from BPN under the Call Option Deed) of the occurrence of a BPN Event.

WHT Reserve Account. . . .

The Issuer will cause a reserve account to be established and maintained with the Account Bank (the "WHT Reserve Account") into which it will transfer on the Closing Date from the net proceeds of the issue of the WHT Reserve Notes an amount equal to the expected withholding tax upon the occurrence of an Interest Withholding Event (as defined below). An "Interest Withholding Event" will occur in the event that, upon exercise of the call option by the Issuer pursuant to the Call Option Deed (or, after the delivery of an Acceleration Notice, by the Trustee), the payments in respect of the Interest Component of the Portuguese Bonds become subject to Portuguese withholding tax.

Unless previously redeemed in full or unless an Interest Withholding Event has occurred, the WHT Reserve Notes will be subject to mandatory early redemption (from amounts standing to the credit of the WHT Reserve Account) on the third Interest Payment Date after the Closing Date (and each Interest Payment Date thereafter), in an amount equal to 20% of the amounts received by the Issuer under the Participation Agreement during the Calculation Period preceding the relevant Interest Payment Date.

Amounts credited to the WHT Reserve Account will be invested in commercial paper rated at least P-1 by Moodys and F-1 by Fitch (or at least P-1 by Moodys and A-1 by Standard & Poors Ratings Group).

Interest Rate Hedging

The Issuer will endeavour to protect itself against certain interest rate risks arising in respect of its floating rate obligations under the Senior Notes by entering into an interest rate swap and interest rate cap agreements with, respectively, the IR Swap Counterparty and the IR Cap Counterparty.

For further details see "Interest Rate Hedging" below.

Ratings	<p>The Senior Notes are expected on issue to be assigned a rating of Aaa by Moody's and AAA by Fitch.</p> <p>The Class B Notes and the WHT Reserve Notes will not be rated.</p>
Liquidity Facility	<p>On the Closing Date, the Issuer will enter into an agreement with the Liquidity Facility Provider and the Trustee (the "Liquidity Facility Agreement") pursuant to which the Liquidity Facility Provider will agree to make available to the Issuer, from the Closing Date, a committed facility of €1,306,000 for a term of 364 days (the "Liquidity Facility"). The Liquidity Facility will be available to the Issuer on any Interest Payment Date to meet interest payments falling due on the Senior Notes on such Interest Payment Date (and prior ranking items under the Payment Priorities) to the extent that funds otherwise available to the Issuer in accordance with the Payment Priorities are insufficient for this purpose. See "Liquidity Facility Agreement" below.</p>
Listing	<p>Application has been made for the Senior Notes to be admitted to listing on the Luxembourg Stock Exchange (the "Stock Exchange"). The Class B Notes and the WHT Reserve Notes will not be listed on any stock exchange.</p>
Governing Law	<p>The Notes, the Trust Deed, the Cash Management Agreement and the Collateral Administration Agreement will be governed by English law. The Securities Purchase Agreement and the On-Sale Agreement are, and the Call Option Deed will be, governed by Portuguese law. The other Transaction Documents will be governed by English law, apart from the Belgian Pledge, which will be governed by Belgian law and the Jersey Security Agreement and the Corporate Administration Agreement, which will be governed by Jersey law.</p>

RISK FACTORS

An investment in the Notes involves certain risks. The following is a summary of certain aspects of the issue of the Notes about which prospective Noteholders should be aware, but it is not intended to be exhaustive, and prospective Noteholders should read the detailed information set out elsewhere in this Offering Circular.

If you are in doubt about the contents of this Offering Circular, you should consult an appropriate professional adviser.

Limited Recourse Obligations

The Notes will be solely the obligations of the Issuer. The Notes will be payable solely from amounts received by the Issuer from or in respect of the Eurobonds, the Principal Component of the Portuguese Bonds, the Participation, the Hedging Agreements, the Liquidity Facility, the Accounts and the other Collateral securing the Notes (as defined in the Conditions). None of the Trustee, the Manager, BPN, CSFBi, any Hedging Counterparty, any Custodian, the Cash Manager, the Collateral Administrator, the Paying Agents, the Corporate Administrator, the Liquidity Facility Provider or any of their respective Affiliates or any other person or entity will be obliged to make any payment on the Notes. Accordingly, the holders of the Notes must rely solely on distributions on the Collateral for the payment of principal thereof and interest thereon. If distributions on the Collateral are insufficient to make payments on the Notes, no other assets will be available for payment of the deficiency, and following realisation of the security for the Notes, the obligation of the Issuer to pay such deficiency will be extinguished.

Restrictions on Transfer

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any State or other jurisdiction of the United States. The offering of the Notes will be made pursuant to exemptions from the registration provisions of the Securities Act and from State securities laws. No person is obliged or intends to register the Notes under the Securities Act or any State securities laws. Accordingly, offers and sales of the Notes are subject to the restrictions described under "Subscription and Sale".

Ratings are Not Recommendations

There is no obligation on the part of the Issuer, the Managers, the Trustee, the Sellers, BPN, CSFBi, the Account Bank, the Cash Manager, the Collateral Administrator, the Corporate Administrator, any Hedging Counterparty, any Custodian, the Liquidity Facility Provider, any Paying Agent or any other party to the Transaction Documents to maintain any rating for itself or the Senior Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each securities rating should be evaluated independently of any other securities rating. In the event that the rating initially assigned to the Senior Notes is subsequently lowered for any reason, no person will be obliged to provide any credit facilities or credit enhancement to the Issuer for the original rating to be restored. See "Ratings" herein.

No Gross-up for Taxes

If required by law, payments under the Notes will be made after deduction of any applicable withholding taxes or other deductions. None of the Issuer, the Managers, the Trustee, the Sellers, BPN, CSFBi, the Account Bank, any Hedging Counterparty, the Cash Manager, the Collateral Administrator, the Corporate Administrator, the Liquidity Facility Provider, any Paying Agent or any other person will be required to gross up payments in respect of any such withholding or deduction.

Limited Recourse Obligations of the Grantor and CSFBI Account Bank

Under the terms of the Participation Agreement, the Grantor is only obliged to pay to the Issuer amounts equal to amounts received by it under the Deposit Agreement. The Issuer does not have any recourse against the Grantor in the event of non-performance by the Grantor if the Grantor has not received the relevant funds from BPN under the Deposit Agreement or in circumstances where non-performance by the Obligors in respect of their obligations under the Income Component of the Portuguese Bonds results in BPN having no obligation to make payments in respect of the Deposit.

If the amounts received from the Grantor under the Participation Agreement and the Principal Component of the Portuguese Bonds held by the Issuer together with amounts received from the other Collateral are insufficient to make payments on the Notes, no other assets will be available to meet such deficiency.

BPN will not support any losses directly or indirectly sustained or incurred by the Grantor or the Issuer and the Grantor will not support any losses directly or indirectly sustained or incurred by the Issuer, whether by reason of the non-performance by any Obligor of its obligations thereunder or otherwise.

Withholding Tax on the Interest Component of the Portuguese Bonds

Interest payable on the Portuguese Bonds directly to the Issuer or any other non-Portuguese institution could be subject to withholding tax at a rate of 20% (or lower, if a double taxation convention were to apply). Provided that BPN (or another Portuguese credit institution) is the owner of the Interest Component of the Portuguese Bonds, no such withholding tax will be payable on payments in respect of the Interest Component of the Portuguese Bonds. However, in the event that BPN (or another Portuguese credit institution) is no longer the owner of such Interest Component (whether due to a BPN Event or otherwise), and the Interest Component is paid directly to the Issuer (or, among others, any other non-Portuguese resident entity (including the Trustee)), withholding tax may be payable. Amounts in the WHT Reserve Account may be withdrawn by the Cash Manager on behalf of the Issuer (or, following the service of an Acceleration Notice, by the Trustee) to be applied towards shortfalls in amounts actually received by the Issuer (or, following the service of an Acceleration Notice, on behalf of the Trustee) in respect of the Interest Component of the Portuguese Bonds due to the occurrence of an Interest Withholding Event (as defined below).

Insolvency Considerations with respect to Issuers of the Bonds

The Bonds may be subject to various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors of the Bonds and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets. These insolvency considerations will differ depending on the country in which each obligor or its assets is located and may differ depending on whether the obligor is a non-sovereign or a sovereign entity.

Nature of Collateral

The Bonds are debt securities denominated in Euro or in component national currency units of the Euro issued by banks, supra-national institutions, financial institutions or other corporate entities established in the Republic of Portugal and other jurisdictions. The market value of the Bonds will generally fluctuate with, among other things, general economic conditions, the condition of certain financial markets, international political events, the performance of the obligors and the guarantors (if any) of the Bonds, developments and trends in particular industries and events in the obligors' (and the guarantors', if any) home countries.

In the event that the Issuer, the Collateral Administrator, the Trustee or any receiver appointed pursuant to any Security Document is required to liquidate or to take steps to arrange for the liquidation of the Bonds or any of them, a decrease in the market value of such Bonds could

ultimately affect the ability of the Issuer, the Collateral Administrator, the Trustee or such receiver, as the case may be, to sell or use its reasonable endeavours to arrange for a sale of a Bond, and consequently of the Issuer to pay interest or repay principal on the Notes.

The Bonds are in most cases unsecured obligations of the respective obligors (and guarantors, if any). Accordingly, in such cases in the event of an insolvency of an issuer or guarantor, any claim of the Issuer to or in respect of the relevant securities would be an unsecured claim subject to any claims ranking in priority under the relevant insolvency law. In any case where a Bond is a secured obligation of the issuer or the guarantor thereof, such security will be subject to any claims ranking in priority under the relevant insolvency law.

Risks Related to Credit Default Swaps

As discussed in more detail under “The Credit Default Swaps” below, the Issuer will acquire exposure to the credit risk of certain debt securities by entering into a series of credit default swap with the Default Swap Counterparty. The Issuer will have a contractual relationship only with the Default Swap Counterparty and not with the reference obligors. The Issuer generally will have no right directly to enforce compliance by the reference obligors with the terms of the relevant Reference Obligations nor any rights of set-off against such obligors, nor have any voting rights with respect to such reference obligations. The Issuer will not directly benefit from any collateral supporting the reference obligations and will not have the benefit of the remedies that would normally be available to a holder of such reference obligations. In addition, in the event of the insolvency of the Default Swap Counterparty, the Issuer may be treated as a general creditor of the Default Swap Counterparty and will not have any claim with respect to the reference obligations. As a result, the Notes are subjected to an additional degree of risk with respect to defaults by the Default Swap Counterparty as well as by the obligors of the relevant reference obligations.

The Issuer will also purchase protection from the credit risks associated with part of its holding of certain Bonds in the Portfolio by entering into a second series of credit default swaps with the Default Swap Counterparty. In respect of this second series of credit default swaps, the Issuer may be treated as a general creditor of the Default Swap Counterparty in the event of the insolvency of the Default Swap Counterparty and so may have only an unsecured claim to any credit protection payment payable by the Default Swap Counterparty to the Issuer. As a result, the Notes are subjected to an additional degree of risk with respect to defaults by the Default Swap Counterparty as well as by the obligors of the reference obligations in respect of which credit protection will be purchased.

For further details, see “The Credit Default Swaps” below.

Interest Rate Risk

The Issuer expects that approximately 13.6% of the original Aggregate Outstanding Principal Amount of the Bonds as at the Closing Date bear interest at a fixed rate (such Bonds being referred to herein as the “Fixed Rate Bonds”). The Senior Notes will bear interest at a floating rate. As a result, there will be a fixed/floating rate mismatch due to the differing interest basis of the Senior Notes and the Fixed Rate Bonds. In addition, certain Bonds are the subject of interest rate cap agreements. There may also be a timing mismatch between the Senior Notes and the Fixed Rate Bonds as the interest rates on such Fixed Rate Bonds may adjust more frequently or less frequently, and on different dates and based on different indices than, those of the Senior Notes. Such mismatches could adversely impact the ability to make payments on the Notes.

The Issuer will enter into the Interest Rate Swap Agreement and the Interest Rate Cap Agreement to reduce the impact of the interest rate mismatches which might otherwise arise. If at any time the Interest Rate Swap Agreement or the Interest Rate Cap Agreement becomes subject to early

termination, the Issuer will seek to obtain a replacement interest rate swap agreement or cap agreement on substantially similar terms, or on such other terms as would not adversely affect the ratings of the Senior Notes.

However, despite the Issuer having the benefit of the Interest Rate Swap Agreement and the Interest Rate Cap Agreement, there can be no assurance that the Bonds and the Eligible Investments will in all circumstances generate sufficient Income Proceeds to make timely payments of interest on the Senior Notes. In addition, there can be no assurance that there will be no default under the Interest Rate Swap Agreement or the Interest Rate Cap Agreement by the relevant Hedging Counterparty.

In such circumstances the Issuer will, however, have the benefit of the Liquidity Facility to mitigate shortfalls in funds otherwise available to it to make timely payments of interest on the Senior Notes (as described in more detail in “The Liquidity Facility Agreement” below).

In the event of any early termination of the Interest Rate Swap Agreement or the Interest Rate Cap Agreement, any Hedging Termination Amounts payable in connection with such termination due to the relevant Hedging Counterparty will be subordinated to payments of interest and principal on the Senior Notes but will be payable prior to payments on the Subordinated Notes.

Reliance on Warranties

If the Bonds partially or totally fail to conform to the warranties of the Sellers in the Securities Purchase Agreement, BPN or the Issuer may assert claims against the Sellers for losses deriving from any such failure. BPN's and the Issuer's rights under these warranties are however unsecured and, consequently, a risk of loss exists in the event that a representation or warranty is breached.

Expected Average Life of the Senior Notes

The stated maturity of the Senior Notes is the Interest Payment Date falling in September 2009, the “Final Maturity Date” of the Senior Notes). However, the average life of the Senior Notes is expected to be shorter than the number of years until the Final Maturity Date. Based on the maturity profile of the Bonds transferred under the Securities Purchase Agreement and the Supplemental Securities Purchase Agreement and assuming (i) payment when due of all scheduled payments due in respect of the Bonds; (ii) no defaults occur in respect of any Bonds; (iii) no optional redemptions, calls or early prepayments are made on the Bonds (and assuming that any put options are exercised on the first available exercise date by the Collateral Administrator on behalf of the Issuer in accordance with the Collateral Administrator Agreement); (iv) no adjustments are made for business days and (v) the Bond issued by Wfalis due 2014 (DE0001870277) (the “Wfalis Bond”) and the Bond issued by Depfa due 2014 (DE0002294592) (the “Depfa Bond”) are sold by the Collateral Administrator if the Senior Notes have not been redeemed in full prior to their Final Maturity Date, the average life of the Senior Notes would be approximately 4 years. See “Expected Average Life of the Senior Notes”.

The approximation in the preceding paragraph is not predictive or a forecast; the actual average life of the Senior Notes is likely to vary. The average life of the Senior Notes will be affected by the financial condition of the issuers (and guarantors, if any) of the Bonds and the characteristics of such securities, including the existence and frequency of exercise of any optional redemption price, the actual default rate and the actual level of recoveries on any defaulted Bonds. See “Expected Average Life of the Senior Notes”.

The maturity of the Senior Notes may also occur earlier than the Final Maturity Date, as described in Condition 7.3 (*Optional Redemption in Whole*), Condition 7.2 (*Mandatory Redemption*) and Condition 7.4 (*Optional Redemption in Whole for Taxation Reasons*).

Limited Provision of Information

None of the Issuer, the Trustee nor any other party to any of the Transaction Documents will be under any obligation to disclose to the holders of any Notes any financial or other information received by it in relation to any Bonds or other Underlying Securities or to notify any of them of the contents of any notice received by it in respect of any Bonds and, in particular, will have no obligation to keep any holder of any Note or any other person informed as to matters arising in relation to the Bonds.

Eligible Investments

The Issuer has the right to make certain interim investments (including bank deposits) of which the obligor is BNP Paribas Luxembourg or of which the obligor's short term unsecured debt is rated at least P-1 by Moody's and F-1+ by Fitch (and whose long-term unsecured debt obligations have at least the following ratings: for investments of up to one month, A2/A, between one month and 3 months, A1/A+ and between 3 months and six months, Aa3/AA-), or which the Rating Agencies have confirmed will not adversely affect the then current ratings of the Senior Notes, of money standing to the credit of the Issuer Income Account and/or the Issuer Principal Account. Eligible Investments must have appropriate ratings depending on the term of the investment and the term of the investment instrument. However, it may be that irrespective of any such rating, such investments will be irrecoverable due to bankruptcy or insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during the transfer thereof. Additionally, the return on an investment may not be sufficient to cover fully interest payment obligations due from the investing entity in respect of its corresponding payment obligations (prepayment risk). In this case, the Issuer may not be able to meet all its payment obligations. None of the Issuer, the Cash Manager, the Collateral Administrator, the Corporate Administrator, the Trustee, CSFBI, BPN, any Hedging Counterparty, any Paying Agent or the Liquidity Facility Provider will be responsible for any such loss or shortfall.

Stamp Duty

If the BPN Deed of Charge is brought into Portugal, or presented in Portugal before any public authority, stamp duty at the current rate of 0.5–0.6% of the aggregate amount of the obligations secured thereby or thereunder (that is, the Income Component of the Portuguese Bonds) will be payable and a documentary tax of PTE 1,000 will also be payable.

DESCRIPTION OF THE PORTFOLIO

The Portfolio

ISIN	Issuer	Amount (in Euro)	Maturity	1st Coupon Date	Public Rating of the Issuer, Guarantor or the Security		Obligor
					Moody's	Fitch	
XS0084167963	BNP 98/08	939,895	11-Feb-08	11-Feb-01	A1	AA-	Eurobond
XS0077518693	Council of Europe 97/2007	5,486,777	7-Jul-07	7-Jul-01	Aaa	AA+	Eurobond
XS0068882595	Ford Credit Europe 96/02	4,900,689	5-Sep-02	5-Mar-01	A2	NA	Eurobond
XS0081215757	J Sainsbury	1,246,995	4-Nov-05	4-May-01	A2	A+	Eurobond
XS0089097330	MERRILL LYNCH & CO	4,987,979	15-Jul-08	15-Jul-01	Aa3	AA-	Eurobond
XS0062211148	POLO95/02	10,025,838	11-Jun-02	11-Jun-01	Aaa	AAA	Eurobond
XS0081347154	Telefonica 97/04	4,588,941	29-Oct-04	29-Apr-01	A2	NA	Eurobond
DE0003922985	COMMERZBANK AG	1,022,584	24-Jun-08	24-Jun-01	Aa3	AA-	Eurobond
XS0093483955	NIB CAPITAL BANK NV	2,000,000	30-Dec-08	30-Jun-01	Aa3	A+	Eurobond
XS0093118239	GUARANTEED FINANCE CO	2,000,000	1-Aug-09	1-Aug-01	Aaa	Aaa	Eurobond
XS0092676625	Abbey National	2,556,459	7-Jan-09	7-Jan-02	Aa3	NA	Eurobond
DE0002294592	Depfa 4.5% 01/14	766,938	15-Jan-14	15-Jan-02	Aaa	NA	Eurobond
DE0002798253	Deutsche Bank 4.25/09	1,500,000	29-Jul-09	29-Jul-01	Aa3	AA	Eurobond
DE0002317807	Deutsche Telecom /08 5.25	2,500,000	20-May-08	20-May-01	A2	A	Eurobond
XS0093097136	DSL Bank 3.625 98/04	3,500,000	15-Mar-04	15-Mar-01	Aaa	AA	Eurobond
XS0093014610	EIB 4 99/2009	2,500,000	15-Apr-09	15-Apr-01	Aaa	NA	Eurobond
ES0213469705	EIB 6.75 01/2007	2,548,291	15-Jan-07	15-Jan-02	Aaa	AAA	Eurobond
XS0091945419	KPN 4.75 11/05/08	2,000,000	5-Nov-08	5-Nov-01	A3	NA	Eurobond
DE0004113352	LBW Finance 6.625	2,556,459	20-Aug-03	20-Aug-01	Aaa	NA	Eurobond
XS0099814898	Sara Lee	5,000,000	29-Jul-04	29-Jul-01	A1	A+	Eurobond
DE0001870277	Wfalis 99/2014	7,000,000	14-Jan-14	14-Jan-02	Aaa	AAA	Eurobond
DE0002914603	XEROX	3,000,000	4-Feb-04	4-Feb-01	Ba1	BBB-	Eurobond
PTBCM2XE0005	BCM CX 92/2	3,644,666	25-May-04	25-May-01	NA	NA	Portuguese Bond
PTBISZXE0007	BPI CX 94/04	1,750,332	12-Oct-04	12-Apr-01	A3	A	Portuguese Bond
PTBISCXE0004	BPI CX 96 SUB	3,491,286	12-Jun-06	12-Jun-01	A3	A	Portuguese Bond
PTBSMDXE0007	BPSM 95/05	2,063,976	3-Mar-05	3-Mar-01	NA	NA	Portuguese Bond
PTBSEAOE0001	BSN SUB 94/04	3,242,181	21-Oct-04	21-Apr-01	A1	AA-	Portuguese Bond
PTBSEBOE0000	BSN SUB 95/05	4,001,851	12-Apr-05	12-Apr-01	A1	AA-	Portuguese Bond
PTCMGAXE0003	CEMG 95/05	4,358,297	23-Jan-05	23-Jan-01	A3	NA	Portuguese Bond
PTCMGBXE0002	CEMG 96/06	2,695,953	23-Dec-06	23-Jun-01	Baa1	NA	Portuguese Bond
PTCMGEXE0009	CEMG 97	1,502,379	15-May-02	15-May-01	A3	NA	Portuguese Bond
PTCDFBXE0004	CREDIFIN SUB 95/05 1 ^a	249,449	30-Jun-05	30-Jun-01	NA	NA	Portuguese Bond
PTEDPUOE0008	EDP 24 ^a	688,340	5-Jul-01	5-Jan-01	Aa3	NA	Portuguese Bond
PTEDPKOE0000	EDP 25 ^a	18,239,390	23-Nov-08	23-May-01	Aa3	NA	Portuguese Bond
PTEGLBSE0016	ENGIL EX WRT 98/03	6,959,049	17-Aug-03	17-Feb-01	NA	NA	Portuguese Bond
PTINPASE0010	Inparsa 98/04	13,714,927	11-Jul-04	11-Jan-01	NA	NA	Portuguese Bond
PTIPEBOE0006	IPE 95/02	573,578	7-Feb-02	7-Feb-01	NA	NA	Portuguese Bond
PTJMTBSE0015	Jeronimo 96/03	16,627,371	15-Sep-03	15-Sep-01	NA	NA	Portuguese Bond
PTLSMCXE0006	LEASIMPOR 93 1	249,399	20-Jun-03	20-Jun-01	NA	NA	Portuguese Bond
PTLSMDXE0005	LEASIMPOR 93 2	748,197	30-Sep-03	30-Mar-01	NA	NA	Portuguese Bond
PTLSMAXP0005	LEASIMPOR CX 92/3	221,167	30-Dec-02	30-Jun-01	NA	NA	Portuguese Bond
PTMLLDXE0002	LUSOLEASING 95/05	498,798	16-Nov-05	16-May-01	NA	NA	Portuguese Bond
PTMDCAOE0007	MUNDICENTER 97/04	5,187,503	26-Mar-04	26-Mar-01	NA	NA	Portuguese Bond
PTPRD0E0006	Portucel 96/04	1,446,524	5-Nov-01	5-May-01	NA	NA	Portuguese Bond
PTSOAAOE0000	SONAE IMOB. 98/05	2,493,989	20-Jul-01	20-Jan-01	NA	NA	Portuguese Bond
PTBCPEXE0001	BCP 95/05	6,032,412	30-Mar-05	30-Mar-01	A1	AA-	Portuguese Bond
PTBICBXE0003	BIC 95/2002	8,309,972	10-Oct-02	10-Apr-01	NA	NA	Portuguese Bond
PTEDFAOE0004	EDIFER 98/03	498,798	26-Feb-01	26-Feb-01	NA	NA	Portuguese Bond
PTESSTXE0000	ESSI sub 98/08	7,000,000	17-Dec-08	17-Jun-01	NA	NA	Portuguese Bond
PTFBHXE0012	Finantia 97/02	997,596	29-Sep-02	29-Mar-01	NA	NA	Portuguese Bond
PTPTGBOE0001	Petrogal	3,498,416	2-Nov-04	2-May-01	NA	NA	Portuguese Bond
PTPTCAOE0006	Portugal Telecom 96/2001	8,525,952	22-Nov-01	22-May-01	A2	NA	Portuguese Bond
PTSCTDOE0000	Salvador Caetano 96/01	947,716	17-Dec-01	17-Jun-01	NA	NA	Portuguese Bond
PTSMGAOE0006	Somague 97/2004	498,793	29-Apr-04	29-Apr-01	NA	NA	Portuguese Bond
PTSONA0E0005	SONAE Inv 97	3,242,186	24-Oct-07	24-Apr-01	NA	NA	Portuguese Bond
PTBESM0E0006	BES CX SUB 97/07	9,160,733	23-Jun-07	23-Jun-01	A2	A	Portuguese Bond
* indicative	Phillip Morris	5,000,000	11-Feb-08	11-Feb-01	A2	NA	CDS
* indicative	Daimler chrysler	5,000,000	11-Feb-08	11-Feb-01	A2	A+	CDS
* indicative	Olivetti	5,000,000	11-Feb-08	11-Feb-01	Baa1	NA	CDS
* indicative	fiat	5,000,000	11-Feb-08	11-Feb-01	A3	AA	CDS
* indicative	Mattei	4,000,000	11-Feb-08	11-Feb-01	Baa2	BBB+	CDS
* indicative	LVMH	5,000,000	1-Jan-06	5-Jan-01	A3	A	CDS
* indicative	Repsol	4,000,000	1-Jan-06	5-Jan-01	A3	BBB+	CDS
* indicative	Imperial Tobacco	4,000,000	1-Jan-06	5-Jan-01	Baa2	BBB+	CDS
* indicative	Volvo	4,000,000	1-Jan-06	5-Jan-01	A3	NA	CDS
* indicative	Parmalat	4,000,000	1-Jan-06	5-Jan-01	Ba1	BBB	CDS
		260,989,020					

The following table sets out the final maturity profile of the credits in the Portfolio:

Years of Maturity	Number	Amount in Euro	% of Portfolio
2001	5	14,601,320	6%
2002	7	26,531,219	10%
2003	10	48,140,475	18%
2004	11	47,625,759	18%
2005	7	18,451,776	7%
2006	2	6,187,239	2%
2007	4	20,437,988	8%
2008	13	62,689,848	24%
2009	4	8,556,459	3%
2010	0	—	0%
2011	0	—	0%
2012	0	—	0%
2013	0	—	0%
2014	2	7,766,938	3%
Total	65	260,989,020	100%

The following table sets out the earliest maturity profile of the credits in the Portfolio:

Earlier Maturity Call	Number	Amount in Euro	% of Portfolio
2001	20	56,614,170	22%
2002	8	37,328,214	14%
2003	9	65,382,269	25%
2004	6	31,554,199	12%
2005	3	12,605,291	5%
2006	1	2,695,953	1%
2007	2	8,035,068	3%
2008	11	37,450,458	14%
2009	4	8,556,459	3%
2010	0	—	0%
2011	0	—	0%
2012	0	—	0%
2013	0	—	0%
2014	1	766,938	0%
Total	65	260,989,020	100%

The following table shows the Moody's industry concentrations of the issuers of the credits in the Portfolio:

Moody's Industry Classifications	Moody's code	Number	Amount in Euro	% of Portfolio
Aerospace and Defense	1	1	4,000,000	2%
Automobile	2	3	10,947,716	4%
Banking	3	22	79,096,372	30%
Beverage, Food and Tobacco	4	2	10,000,000	4%
Buildings, and Real Estate	5	4	13,144,143	5%
Chemicals, Plastics and Rubber	6	0	0	0%
Containers, Packaging and Glass	7	0	0	0%
Personal and Non Durable Consumer Products (Manufacturing Only)	8	0	0	0%
Diversified/Conglomerate Manufacturing	9	2	18,714,927	7%
Diversified/Conglomerate Service	10	2	5,573,578	2%
Diversified Natural Resources, Precious Metals and Minerals	11	1	1,446,524	1%
Ecological	12	0	0	0%
Electronics	13	2	7,000,000	3%
Finance	14	10	24,879,111	10%
Farming and Agriculture	15	0	0	0%
Grocery	16	0	0	0%
Healthcare, Education and Childcare	17	0	0	0%
Home and Office Furnishings, Housewares, and Durable Consumer Products	18	0	0	0%
Hotels, Motels, Inns and Gaming	19	0	0	0%
Insurance	20	0	0	0%
Leisure, Amusement, Entertainment	21	0	0	0%
Machinery (Non-Agriculture, Non-Construction, Non-Electronic)	22	0	0	0%
Oil and Gas	24	2	7,498,416	3%
Personal, Food and Miscellaneous	25	0	0	0%
Printing and Publishing	26	1	4,000,000	2%
Cargo Transport	27	0	0	0%
Retail Stores	28	3	23,610,542	9%
Telecommunications	29	4	17,614,893	7%
Textiles and Leather	30	0	0	0%
Personal Transportation	31	1	4,000,000	2%
Utilities	32	2	18,927,730	7%
Broadcasting & Entertainment	33	0	0	0%
Supranational	34	3	10,535,068	4%
Total		65	260,989,020	100%

The following table shows the Fitch industry concentrations of the issuers of the credits in the Portfolio:

Fitch Industry Classifications	Fitch code	Number	Amount in Euro	% of Portfolio
Aerospace and Defense	1	1	4,000,000	2%
Automobiles	2	3	10,947,716	4%
Real estate	3	1	498,793	0%
Broadcasting and Media	4	0	0	0%
Banking and Finance	5	32	103,975,484	41%
Building and Materials	6	3	12,645,350	5%
Cable	7	0	0	0%
Chemicals	8	0	0	0%
Computer and Electronics	9	2	7,000,000	3%
Consumer Products	10	1	4,000,000	2%
Energy (Oil and Gas)	11	2	7,498,416	3%
Environmental Services	12	0	0	0%
Farming and Agriculture	13	0	0	0%
Food, Beverage and Tobacco	14	3	15,000,000	6%
Gaming, Lodging, and Restaurants	15	0	0	0%
Health Care	16	0	0	0%
Pharmaceuticals	17	0	0	0%
Industrial/Manufacturing	18	2	14,288,505	6%
Leisure and Entertainment	19	0	0	0%
Metals and Mining	20	0	0	0%
Paper and Forest Products	21	0	0	0%
Retail	22	4	23,610,542	9%
Telecommunications	23	4	17,614,893	7%
Textiles and Furniture	24	0	0	0%
Transportation (Excluding Shipping)	25	1	4,000,000	2%
Utilities (Power)	26	3	20,374,254	8%
Supranational	27	3	10,535,068	4.1%
Total		65	260,989,020	100%

The following table shows the type of securities comprising the credits in the Portfolio:

Obligor Type	Number	Amount in Euro	% of Portfolio
Eurobond	22	72,627,845	27.8%
Portuguese Bond	33	143,361,175	54.9%
CDS	10	45,000,000	17.2%
Total	65	260,989,020	100%

The following table sets out the type of interest payable in respect of the credits in the Portfolio:

Obligor Type	Number	Amount in Euro	% of Portfolio
floating	35	154,634,007	59.2%
asset swapped	20	61,355,012	23.5%
floating (CDS)	10	45,000,000	17.2%
Total	<u>65</u>	<u>260,989,020</u>	<u>100%</u>

The following table sets out the seniority of the credits in the Portfolio:

Senior/Subordinated	Number	Amount in Euro	% of Portfolio
senior	50	217,472,274	83.3%
subordinated	15	43,516,745	16.7%
Total	<u>65</u>	<u>260,989,020</u>	<u>100%</u>

THE PARTICIPATION

The Deposit

Pursuant to a deposit agreement dated as of 29 December 2000, as amended and restated on the Closing Date (the "Deposit Agreement") between Credit Suisse First Boston International ("CSFBi") and BPN, CSFBi made a deposit (the "Deposit") into an account in the name of CSFBi with BPN of an amount equal to that portion of the purchase price of the Portuguese Bonds as set out in the Securities Purchase Agreement attributable to the Income Components of the Portuguese Bonds.

BPN used the funds deposited under the Deposit to fund the purchase of the Income Component of the Portuguese Bonds pursuant to the Securities Purchase Agreement. Under the Deposit Agreement, BPN is required to pay interest in respect of the Deposit at a rate per annum equal to one month EURIBOR plus a margin (or such other rate as is agreed to by BPN and CSFBi), except to the extent that it does not receive sufficient funds in respect of the Income Component of the Portuguese Bonds. The obligations of BPN under the Deposit Agreement are secured in favour of CSFBi by a deed of charge (the "BPN Deed of Charge") dated 29 December 2000 between BPN and CSFBi. CSFBi will assign the benefit of its rights under the BPN Deed of Charge to the Issuer pursuant to the Security Assignment.

Recourse to BPN under the Deposit Agreement will be limited to the extent that BPN has received sums in respect of the Income Component of the Portuguese Bonds and under indemnities, in respect of any breach by the Sellers of their respective obligations under the Securities Purchase Agreement.

The Participation

Pursuant to a funded participation agreement dated 29 December 2000 (the "Participation Agreement") between the Issuer as participant and CSFBi as grantor (in such capacity, the "Grantor"), the Issuer paid to the Grantor an amount equal to the Deposit in exchange for the right to receive from the Grantor amounts equal to the amounts that the Grantor from time to time receives under the Deposit Agreement (the "Participation"). Pursuant to the Participation Agreement, the Grantor is restricted from varying or waiving certain terms of the Deposit Agreement and the BPN Deed of Charge where the Participation relates to all of the Grantor's commitment under the BPN Deed of Charge.

Recourse to CSFBi under the Participation Agreement will be limited to the extent that CSFBi has received sums under the Deposit Agreement in respect of the Deposit. All payments by the Grantor under the Participation will be net of any deduction or withholding required to be made from such payments by any law, regulation or practice. The Participation, the rights of the Issuer under the Participation Agreement, the Security Assignment and the Cash Management Agreement will be assigned by way of security to the Trustee under the Deed of Charge.

Call Option Deed

Pursuant to a call option deed between BPN, the Issuer and the Cash Manager (the "Call Option Deed"), BPN will grant the Issuer an option to call on BPN by written notice (copied to the Trustee) requiring BPN, on or after the occurrence of a BPN Event, to assign all of its right, title, interest and benefit in, to and under the Securities Purchase Agreement and the Interest Component of the Portuguese Bonds (the "Interest Purchaser Interest") to the Issuer or any other entity appointed by the Issuer or, after the delivery of an Acceleration Notice has been delivered, to the Trustee or as the Trustee shall specify. BPN shall immediately upon receipt of such notice and, upon BPN's release from all and any remaining obligations under the Deposit Agreement, assign the Interest Purchaser Interest to the Issuer or such other entity as specified in such notice absolutely and the Issuer or such other entity shall, on and after the date of such assignment, be treated as the purchaser of the

Interest Component of the Portuguese Bonds under the Securities Purchase Agreement. BPN will grant to the Issuer a power of attorney which will enable the Issuer to take action in the name of BPN to effect such assignment of the Interest Purchaser Interest. The Call Option Deed will be assigned to the Trustee by the Issuer pursuant to the Deed of Charge.

Pursuant to the Call Option Deed BPN will covenant to notify the Issuer immediately upon becoming aware of the occurrence of a BPN Event. Pursuant to the Trust Deed, the Issuer will covenant to notify the Trustee of the occurrence of a BPN Event immediately upon receipt of such notification from BPN under the Call Option Deed.

ACQUISITION OF THE PORTUGUESE BONDS AND THE EUROBONDS

Assignment of the Portuguese Bonds and the Eurobonds

Under the terms of a securities purchase agreement (the "Securities Purchase Agreement") dated 29 December 2000 (as amended on 5 January 2001) between the Issuer and BPN (each a "Purchaser") as purchasers and the Sellers as vendors, the Issuer purchased certain of the Eurobonds from the Sellers and BPN purchased the Portuguese Bonds from the Sellers.

Under the terms of a supplemental securities purchase agreement to be dated the Closing Date between Credit Suisse First Boston (Europe) Limited as vendor and the Issuer as purchaser (the "Supplemental Securities Purchase Agreement"), the Issuer will purchase the remainder of the Eurobonds.

Pursuant to the on-sale agreement dated 29 December 2000 (as amended on 5 January 2001) (the "On-Sale Agreement") between the Issuer as purchaser and BPN as vendor, BPN sold to the Issuer the right to receive the full benefit of any payments of principal in respect of the Portuguese Bonds (the "Principal Component") made on or after the Securities Acquisition Date. BPN used the funds it received under the On-Sale Agreement to fund the acquisition of the Principal Component of the Portuguese Bonds under the Securities Purchase Agreement.

On 28 December 2000 and 29 December 2000, the Issuer issued the Bridge Notes. The Issuer used the proceeds of issue of the Bridge Notes in part to fund its obligations under the Securities Purchase Agreement, the On-Sale Agreement and the Participation Agreement. See "The Bridge Notes" below.

Representations and Warranties in relation to the Bonds

Each of the Sellers, in addition to other representations and warranties as to matters of fact and law (including as to matters relating to insolvency), have made the following representations and warranties in favour of the Purchasers in the Securities Purchase Agreement (and Investil has made equivalent representations and warranties in respect of the Eurobonds the subject of the Supplemental Securities Purchase Agreement):

1. Immediately prior to completion of the sales and purchases contemplated by the Agreement it had the sole legal and beneficial ownership of the Eurobonds and the Portuguese Bonds that it had agreed to sell pursuant to the Agreement and has sold such Eurobonds and Portuguese Bonds free from all encumbrances.
2. Neither the Seller nor any of its agents had received written notice of any litigation, dispute or complaint subsisting, threatened or pending which affected or might affect any of the Portuguese Bonds or the Eurobonds or which might have an adverse effect on the ability of an issuer to perform its obligations under any Portuguese Bond or Eurobond.
3. None of the Eurobonds or the Portuguese Bonds transferred by it to the Issuer or, as the case may be, BPN were in default.
4. Each Eurobond transferred to it by the Issuer, or, as the case may be, each Portuguese Bond transferred by it to BPN:
 - (i) does not provide at any time over its life for mandatory conversion into equity or into a debt security with a weighted average life longer, or level of subordination lower, than that of the original Eurobond or Portuguese Bond;
 - (ii) is not a security pursuant to which future advances may be required to be made to the issuer or obligor thereof;

- (iii) is not the subject of an offer of exchange or tender by its issuer or any other person or subject to currently pending optional redemption prior to its stated maturity;
- (iv) is not a security whose repayment is subject to substantial non-credit related risk (including, without limitation, any market value collateralised bond or debt obligation);
- (v) pays principal and interest, in each case not subject to taxation, including withholding tax imposed by any jurisdiction, unless the issuer thereof is required to make "gross-up" payments to cover the full amount of any such withholding tax; and
- (vi) does not provide for the payment of interest in kind.

The Securities Purchase Agreement provides that, if any of the respective representations and warranties made by a Seller, with respect to itself or any Bond that it sold to a Purchaser pursuant to the Securities Purchase Agreement, shall prove at any time to have been untrue or incorrect when made, the Cash Manager, acting on behalf of the relevant Purchaser, may require such Seller to repurchase the affected Bonds for a price equal to the purchase price paid by such Purchaser for the affected Bonds. Similarly, the On-Sale Agreement provides that, if any of the respective representations and warranties made by a Seller, with respect to itself or any Bond that it sold to a Purchaser pursuant to the Securities Purchase Agreement, shall prove at any time to have been untrue or incorrect when made, the Cash Manager, acting on behalf of the Issuer, may require BPN to procure that the relevant Seller repurchase the affected Portuguese Bonds for a price equal to the purchase price paid by BPN for the affected Portuguese Bonds under the Securities Purchase Agreement.

THE BRIDGE NOTES

Pursuant to a note purchase deed (the "Bridge Note Purchase Deed") dated 28 December 2000 between the Issuer and CSFBi, the Issuer issued to CSFBi a Series 1 Senior Floating Rate Note due December 2001 in an aggregate principal amount of €31,876,000 (the "Series 1 Senior Note"), a Series 2 Senior Floating Rate Note due December 2001 in an aggregate principal amount of €174,321,000 (the "Series 2 Senior Note") and a Subordinated Note due December 2001 in an aggregate principal amount of €51,977,000 (the "Subordinated Note", and together with the Series 1 Senior Note and the Series 2 Senior Note, the "Bridge Notes").

The proceeds of issue of the Bridge Notes were used by the Issuer to acquire the Eurobonds, the Principal Component of the Portuguese Bonds and the Participation. The net proceeds from the issuance of the Notes contemplated hereby will be used by the Issuer to redeem the Bridge Notes in full.

The obligations of the Issuer under the Bridge Notes were secured by, *inter alia*, a deed of charge dated 28 December 2000 (the "Bridge Note Deed of Charge") between the Issuer, CSFBi and BNP Paribas Trust Corporation UK Limited as security trustee (in such capacity, the "Bridge Security Trustee"), pursuant to which the Issuer granted, *inter alia*, a first fixed charge over the Underlying Securities to the Security Trustee in trust for the holders from time to time of the Bridge Notes. Upon the redemption of the Bridge Notes (to occur concurrently with the closing of the offering of Notes contemplated herein), the security for the Bridge Notes over the Underlying Securities and other assets of the Issuer will be released by the Bridge Security Trustee (acting on the written instruction of the holders of the outstanding Bridge Notes) simultaneously with the creation of the security by the Issuer under the Deed of Charge.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to completion and amendment) will be endorsed on each Note in definitive form (definitions for defined terms appear in Condition 1):

The €216,700,000 Class A Senior Asset Backed Floating Rate Notes due September 2009 (the "Senior Notes"), the €19,200,000 Class B1 Subordinated Asset Backed Notes due September 2014 (the "Class B1 Notes") the €25,100,000 Class B2 Subordinated Asset Backed Notes due September 2014 (the "Class B2 Notes" and, together with the Class B1 Notes, the "Class B Notes") and the €6,000,000 WHT Reserve Notes due September 2014 (the "WHT Reserve Notes" and, together with the Senior Notes and the Class B Notes, the "Notes") of Cabral No. 1 Limited (the "Issuer") are subject to, and have the benefit of, a trust deed to be dated 6 March 2001 (as amended, novated or supplemented from time to time, the "Trust Deed") between the Issuer and BNP Paribas Trust Corporation UK Limited as trustee (the "Trustee", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of a paying agency agreement dated 6 March 2001 (as amended, novated or supplemented from time to time, the "Paying Agency Agreement") between the Issuer, BNP Paribas, Luxembourg branch as principal paying agent, Luxembourg paying agent and agent bank (the "Principal Paying Agent" and the "Agent Bank", respectively, which expression includes any successor principal paying agent or agent bank appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Paying Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "Noteholders") are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Paying Agency Agreement, the Deed of Charge, the Jersey Security Agreement, the Belgian Pledge, the Call Option Deed, the Cash Management Agreement and the Collateral Administration Agreement (each as defined below). Copies of the Trust Deed, the Deed of Charge, the Paying Agency Agreement, the Cash Management Agreement, the Call Option Deed, the Collateral Administration Agreement, the Master Definitions Schedule, the Belgian Pledge, the Jersey Security Agreement and the other Transaction Documents are available for inspection during normal business hours at the registered office for the time being of the Trustee, at its principal office located at 10 Harewood Avenue, London, NW1 6AA and at the Specified Office (as defined in the Paying Agency Agreement) of the Luxembourg Paying Agent.

1. Definitions

The following definitions apply throughout these Conditions unless the context requires otherwise:

"**Acceleration Notice**" means a notice delivered to the Issuer by the Trustee in accordance with Condition 10 (*Events of Default*) which declares the Notes to be immediately due and payable;

"**Account Bank**" means BNP Paribas Luxembourg and any other person appointed as Account Bank under the Bank Account Agreement;

"**Affiliate**" means, in relation to any person, any other person who, directly or indirectly, is in control of, or controlled by, or is under common control with, such person (and, for the purposes of this definition, "**control**" of a person means the power, direct or indirect (i) to vote more than 50% of the securities having ordinary voting power for the election of directors of such person, or (ii) to direct or cause the direction of the management and policies of such person, whether by contract or otherwise);

"**Authorised Denomination**" means denominations of €1,000, €10,000 and €100,000;

"**Available Redemption Funds**" means, in relation to an Interest Payment Date, the amount equal to the aggregate (as determined by the Cash Manager) of:

- (1) all amounts received or recovered by the Issuer during the related Calculation Period in respect of:
 - (a) Principal Collections and Income Collections; and
 - (b) the aggregate net proceeds of sale of any Bonds received by the Issuer during such Calculation Period in accordance with Condition 7.2.1 (*Defaulted Bonds*); and
- (2) all monies received during the related Calculation Period in accordance with the terms of the Transaction Documents,

minus the aggregate of the payments described under item *firstly* in Condition 3.4.2 (*Application of Principal Collections*) and which are required to be made on the related Interest Payment Date;

“**Bank Account Agreement**” means the agreement expected to be dated the Closing Date between the Issuer, the Trustee and the Account Bank;

“**Belgian Pledge**” means a pledge by the Issuer in favour of the Trustee governed by the laws of the Kingdom of Belgium over the Eurobonds which are held in Euroclear;

“**Bonds**” means the Portuguese Bonds and the Eurobonds;

“**BPN**” means BPN—Banco Português de Negócios;

“**BPN Deed of Charge**” means the deed of charge dated 29 December 2000 between BPN and CSFBi;

“**BPN Event**” means that BPN (i) is dissolved, becomes insolvent or is unable to pay its debts or admits in writing its inability generally to pay its debts as they become due; (ii) makes a general assignment or arrangement with or for the benefit of its creditors; (iii) institutes or has instituted against it a proceeding seeking bankruptcy or any other relief under Portuguese Decree-Law 30 689 (Credit Institution’s Liquidation Statute) or succeeding bankruptcy statute or other similar law affecting creditors’ rights; (iv) has a resolution passed for its winding-up, official management or liquidation; (v) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets; (vi) has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (vii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (i) to (vii) (inclusive) above; (viii) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; (ix) is in an unbalanced financial situation evidenced by (A) the decrease of its own funds to a level lower than the authorised legal minimum limits of (B) by a violation of the legal solvency ratio or liquidity ratio legal limits; (x) ceases to carry on its business in Portugal as a credit institution authorised by *Banco de Portugal*; or (xi) terminates the On-Sale Agreement prior to the Final Maturity Date;

“**Business Day**” means a day upon which TARGET, or any successor thereto, is operating;

“**Calculation Date**” means, in relation to an Interest Payment Date, the fifth Business Day prior to such Interest Payment Date and in relation to any Interest Payment Date, the “related Calculation Date” means, unless the context otherwise requires, the Calculation Date immediately preceding such Interest Payment Date;

“**Calculation Period**” means the period from and including a Calculation Date (or in respect of the first Calculation Period, from the Initial Closing Date) to but excluding the next (or first) Calculation Date and, in relation to any Interest Payment Date, the “related Calculation Period”

means, unless the context otherwise requires, the Calculation Period ending on the day immediately preceding the related Calculation Date;

“**Call Option Deed**” means the Call Option Deed expected to be dated the Closing Date between BPN, the Issuer, CSFBI and the Portuguese Bond Custodian;

“**Cash Management Agreement**” means the cash management agreement expected to be dated the Closing Date between the Issuer, the Cash Manager, the Grantor and the Trustee;

“**Cash Management Fee**” means the aggregate semi-annual fee payable to the Cash Manager and determined in accordance with Clause 28 of the Cash Management Agreement;

“**Cash Management Services**” means the cash management services to be provided by the Cash Manager under the Cash Management Agreement;

“**Cash Manager**” means BNP Paribas Luxembourg and any successor cash manager under the Cash Management Agreement;

“**CDS Collateral Account**” means the account in the name of the Issuer (account number 54525 001 003 978) with the Account Bank, or any further or other account so named or redesignated account, in each case with that or a replacement bank;

“**CDS2 Reference Entities**” means the reference entities in respect of which the Issuer has sold credit protection to the Hedging Counterparty, as identified in the relevant Credit Default Swap Agreements;

“**Class**” means each class of Notes, being the Senior Notes, the Class B1 Notes, the Class B2 Notes and the WHT Reserve Notes;

“**Class B Noteholders**” means the holders from time to time of the Class B1 Notes and the Class B2 Notes;

“**Class B1 Noteholders**” means the holders from time to time of Class B1 Notes;

“**Class B2 Noteholders**” means the holders from time to time of Class B2 Notes;

“**Closing Date**” means 6 March 2001;

“**Collateral**” means the property, assets and benefits described in Condition 4.1 (*Security*) which are charged and assigned to the Trustee from time to time for the benefit of the Secured Parties pursuant to the Security Documents;

“**Collateral Administration Agreement**” means the collateral administration agreement expected to be dated the Closing Date between the Issuer, the Collateral Administrator, the Cash Manager BPN and the Trustee;

“**Collateral Administrator**” means The Chase Manhattan Bank and any successor collateral administrator under the Collateral Administration Agreement;

“**Conditions**” means the terms and conditions of the Notes as set out herein;

“**Controlling Class**” means the Senior Notes or, if no Senior Notes are Outstanding, the Class B Notes or, if no Class B Notes are Outstanding, the WHT Reserve Notes;

“**Corporate Administrator**” means SFM Offshore Limited or any successor thereof;

“**Corporate Administration Agreement**” means the corporate secretarial and administration agreement dated 29 December 2000 between the Issuer and the Corporate Administrator;

“**Credit Default Swap Agreement**” means each 1992 ISDA Master Agreement (Multicurrency Cross-Border), together with the schedule, confirmations and any annexes thereto evidencing one or

more credit default swap transactions entered into by the Issuer as amended, supplemented or replaced from time to time;

“**CSFBI**” means Credit Suisse First Boston International;

“**CSFBI Account**” means account number 46648V in the name of CSFBI at BNP Paribas, Paris utilised from time to time for the purpose of the Deposit Agreement and the Cash Management Agreement or such other account or accounts as may from time to time be in addition thereto or substituted therefor in accordance with the provisions of the Cash Management Agreement;

“**Custodians**” means BNP Paribas, in its capacity as custodian for the Portuguese Bonds in accordance with the terms of the Custody Agreement, acting through its office at 16 boulevard des Italiens, 75009, Paris, France (the “Portuguese Bond Custodian”); and BNP Paribas Luxembourg, in its capacity as custodian for the Eurobonds in accordance with the terms of the Custody Agreement, acting through its office at 10A Boulevard Royal, L-2093 Luxembourg, Grand-Duchy of Luxembourg (the “Eurobond Custodian”); and together with the Portuguese Bond Custodian, the “Custodians”) or any successor custodians appointed pursuant to the Custody Agreement;

“**Custody Agreement**” means the custody agreement dated 28 December 2000, as amended on the Closing Date, between the Issuer, BPN, the Custodians and the Trustee;

“**Deed of Charge**” means the deed of charge expected to be dated the Closing Date between the Issuer and the Trustee;

“**Default Amount**” means an amount equal to (i) the aggregate principal amount of all Bonds sold pursuant to Condition 7.2.1, less an amount equal to the aggregate net sale proceeds thereof (after payment of accrued but unpaid interest thereon and less all costs and expenses of sale thereof), as determined by the Collateral Administrator plus (ii) the aggregate Realised Losses in respect of the Credit Default Swap Agreements;

“**Defaulted Bond**” means a Bond in respect of which (a) there has been a failure by the Issuer (or the Custodian on its behalf) or, as the case may be, BPN (or the Custodian on its behalf) to receive any amount due and payable under or in respect of the relevant Bond for a period equal to the longer of (i) 10 Business Days from the due date for payment thereof or (ii) if shorter than the period specified in (i) any grace period for non-payment of the relevant amount due on such Bond in accordance with its terms and conditions or (b) the due date for payment of interest and/or repayment of principal on securities of the same issue as the relevant Bond have been accelerated following the occurrence of an event of default thereunder, notice of which has been received by the Custodian;

“**Defaulted ESAF Bonds**” means any ESAF Bonds which have been sold pursuant to Condition 7.2.1, as determined by the Collateral Administrator and any CDS2 Reference Entities allocated to ESAF under a Credit Default Swap Agreement in respect of which the conditions to payment have occurred;

“**Defaulted Investil Bonds**” means any Investil Bonds which have been sold pursuant to Condition 7.2.1, as determined by the Collateral Administrator and any CDS2 Reference Entities allocated to Investil under a Credit Default Swap Agreement in respect of which the conditions to payment have occurred;

“**Deposit**” means the cash deposit made by CSFBI with BPN under the Deposit Agreement as from time to time reduced as a result of withdrawals by BPN in accordance with the terms thereof;

“**Deposit Agreement**” means the agreement dated 29 December 2000 between CSFBI, CSFBEL and BPN, as amended and restated on the Closing Date;

“**Deposit Event of Default**” means, in relation to the Deposit Agreement, any of the events mentioned in Clause 13 thereof;

“**Deposit Interest Rate**” means one month EURIBOR plus such margin per annum as may from time to time be determined in accordance with the Deposit Agreement;

“**Director**” means any director of the Issuer from time to time;

“**Eligible Investments**” means euro denominated investments (including bank deposits) of which the obligor is BNP Paribas Luxembourg or of which the obligor’s short-term unsecured debt obligations are rated at least P-1 by Moody’s and F-1+ by Fitch (and whose long-term unsecured debt obligations have at least the following ratings: for investments of up to one month, A2/A, between one month and 3 months, A1/A+ and between 3 months and six months, Aa3/AA-), or the obligor of which the Rating Agencies have confirmed will not adversely affect the then current ratings of the Senior Notes, with stated maturities no later than the first Business Day prior to the Interest Payment Date immediately succeeding the date of acquisition of such investments, and which are capable of being effectively charged pursuant to the Deed of Charge;

“**EMU**” means European Economic and Monetary Union;

“**ESAF**” means ESAF—Espírito Santo Fundos de Investimento Mobiliário, S.A.;

“**ESAF Bonds**” means those Bonds identified as ESAF Bonds in the Securities Purchase Agreement;

“**ESAF Principal Deficiency Ledger**” means a sub-ledger of the Principal Deficiency Ledger established to record any Realised Losses in respect of the ESAF Bonds and the CDS2 Reference Entities allocated to ESAF under the terms of the relevant Credit Default Swap Agreement;

“**EURIBOR**” means:

(a) the Screen Rate; or

(b) (if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent Bank at its request quoted by the Reference Banks to leading banks in the European interbank market,

as at or about 11.00 a.m. (Brussels time) on the Quotation Date for the offering of deposits in euro for the relevant period;

“**euro**” means the single currency introduced at the start of the third stage of EMU pursuant to the Treaty;

“**Eurobonds**” means, collectively, the debt securities specified in Part 1 of Schedule 2 and Part 1 of Schedule 3 to the Securities Purchase Agreement and the debt securities specified in Schedule 1 to the Supplemental Securities Purchase Agreement;

“**Euroclear**” means Euroclear Bank S.A./N.V., as operator of the Euroclear System;

“**Euro Conversion Rate**” means the conversion rate between the euro and the Portuguese escudo as set out in Council Regulation (EC) No. 2866/98 of 31 December 1998 promulgated by the Council of the European Union, and in accordance with which one euro is equal to 200.482 Portuguese escudos;

“**Event of Default**” means an event of default under Condition 10;

“**Excess Spread Amount**” means, in respect of any Interest Payment Date, an amount equal to the amount determined by the Cash Manager to be available for distribution to holders of Class B Notes on such Interest Payment Date pursuant to Condition 3.4.1 (*Application of Income Collections*) after payment in accordance with the Payments Priorities of items required to be paid in priority to

payments to holders of the Class B Notes pursuant to Condition 3.4.1 (*Application of Income Collections*);

“**Extraordinary Resolution**” has the meaning set out in Schedule 1 to the Trust Deed;

“**Final Maturity Date**” means, in respect of the Senior Notes, the Interest Payment Date falling in September 2009 and, in respect of the Class B Notes and the WHT Reserve Notes, the Interest Payment Date falling in September 2014;

“**First Interest Payment Date**” means 6 September 2001;

“**Fitch**” means Fitch Ratings Inc.;

“**Global Note**” means a Temporary Global Note or a Permanent Global Note in respect of the Senior Notes, the Class B1 Notes, the Class B2 Notes or the WHT Reserve Notes, as the context requires;

“**Grantor**” means CSFBi;

“**Hedging Agreements**” means the Interest Rate Swap Agreement, the Interest Rate Cap Agreement and the Credit Default Swap Agreements;

“**Hedging Counterparty**” means the IR Swap Counterparty, the IR Cap Counterparty or the Default Swap Counterparty, or any of them, as the context requires;

“**Hedging Payment Amount**” means any amount required to be paid by the Issuer to the IR Swap Counterparty pursuant to the Interest Rate Swap Agreement, to the IR Cap Counterparty pursuant to the Interest Rate Cap Agreement or to the Default Swap Counterparty pursuant to the Credit Default Swap Agreements;

“**Hedging Termination Amount**” means any amount required to be paid by the Issuer to a Hedging Counterparty upon termination of a Hedging Agreement which was terminated following the occurrence of an “Event of Default” or “Termination Agreement” (each as defined in the relevant Hedging Agreement) under which the Hedging Counterparty was the sole “Defaulting Party” or sole “Affected Party” (each such term as defined therein);

“**holder**” means the bearer of a Note and the words “holders” and related expressions shall (where appropriate) be construed accordingly;

“**Income Collections**” means in respect of any Calculation Period, the aggregate (as determined by the Cash Manager) of all amounts received or recovered by the Issuer during the relevant Calculation Period:

- (a) in respect of Income Distributions on the Eurobonds;
- (b) from CSFBi pursuant to the Participation Agreement; and
- (c) from any other party to the transaction in accordance with the terms of the Transaction Documents (other than the On-Sale Agreement),

plus (i) all amounts of interest accrued due and paid on the Issuer Accounts during the Calculation Period; (ii) all monies received during the relevant Calculation Period or expected to be received by the Issuer on or before the immediately following Interest Payment Date under any Hedging Agreement (other than credit protection payments received by the Issuer under Credit Default Swap Agreements); (iii) all proceeds from Eligible Investments accrued and paid during such Calculation Period or expect to be received on or before the next following Interest Payment Date and (iv) all net recoveries in respect of the sale by the Collateral Administrator of Defaulted Bonds pursuant to the Collateral Administration Agreement;

“Income Component” or **“Income Component of the Portuguese Bonds”** means, in relation to a Portuguese Bond, all right, title and interest in any Income Distribution for or on account of such Portuguese Bond;

“Income Distribution” means, in respect of any Bond, any payment or distribution for or on account of such Bond which is not a Principal Distribution;

“Insolvency Event” in respect of the Issuer means:

- (a) the initiation of or consent to Insolvency Proceedings by the Issuer or any other person or the presentation of a petition for the making of an administration order and such proceedings not being disputed in good faith with a reasonable prospect of success; or
- (b) the making of an administration order in relation to the Issuer; or
- (c) an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer; or
- (d) any distress, execution, attachment or other process being levied or enforced or imposed upon or against the whole or any substantial part of the undertaking or assets of the Issuer and such order, appointment, possession or process (as the case may be) not being discharged or otherwise ceasing to apply within 30 days; or
- (e) the making of an arrangement, composition, reorganisation with or conveyance to or assignment for the creditors of the Issuer generally or the making of an application to a court of competent jurisdiction for protection from the creditors of the Issuer generally; or
- (f) the passing by the Issuer of an effective resolution or the making of an order by a court of competent jurisdiction for the winding up or dissolution of the Issuer; or
- (g) the appointment of an Insolvency Official in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer;

and for the purposes of this definition any reference to “Insolvency Proceedings” shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which the Issuer is incorporated or of any jurisdiction in which the Issuer carries on business including the seeking of bankruptcy, liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors;

“Insolvency Official” means, in respect of any company, a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, nominee, supervisor, trustee, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company’s assets or in respect of any arrangement or composition with creditors;

“Insolvency Proceedings” means proceedings for or steps in connection with the bankruptcy, winding-up, dissolution or administration of a company or corporation;

“Insolvent” means, in relation to the Issuer, that:

- (a) it ceases or threatens to cease to carry on its business or a substantial part of its business; or
- (b) it is deemed unable to pay its debts within the meaning of section 123 of the Insolvency Act 1986 or any other legislation to which the Issuer is subject in its jurisdiction of incorporation;
or
- (c) it becomes unable to pay its debts as they fall due and payable;

“Interest Amount” means:

- (i) in respect of each Senior Note for any Interest Period, the aggregate of the amount of interest calculated by the Agent Bank on the relevant Interest Determination Date in respect of such Senior Note for such Interest Period by (i) multiplying the Principal Amount Outstanding of such Senior Note on the Interest Payment Date immediately succeeding such Interest Determination Date (without taking into account any amounts of principal to be repaid on such Interest Payment Date) by the relevant Note Rate and (ii) multiplying the amount so calculated by the actual number of days in such Interest Period divided by the number of Relevant Days, and rounding the resultant figure upwards to the nearest 0.01 euro; and
- (ii) in respect of the Class B Notes, the amount calculated as provided in Condition 6.4 (*Interest on the Class B Notes*); and
- (iii) in respect of the WHT Reserve Notes, the amount calculated as provided in Condition 6.5 (*Interest on the WHT Reserve Notes*);

“Interest Determination Date” means:

- (a) in the case of the first Interest Period, the date which is two Business Days prior to the Closing Date; and
- (b) in the case of each subsequent Interest Period, each day which is two Business Days prior to the date of commencement of the relevant Interest Period,

and, in relation to an Interest Period, the “related Interest Determination Date” means the Interest Determination Date next preceding the commencement of such Interest Period.

“Interest Payment Date” means 6 March and 6 September in each year commencing on the First Interest Payment Date, provided that if such day is not a Business Day, the Interest Payment Date shall be the immediately succeeding Business Day;

“Interest Period” means the period from (and including) an Interest Payment Date (or the Closing Date) to (but excluding) the next (or First) Interest Payment Date and, in relation to an Interest Determination Date, the “related Interest Period” means the Interest Period in which such Interest Determination Date falls, or if such Interest Determination Date is not an Interest Payment Date, the Interest Period next commencing after such Interest Determination Date;

“Interest Purchaser Default Power of Attorney” means the power of attorney to be granted by BPN to the Issuer in the form set out in the Call Option Deed;

“Interest Rate Cap Agreement” means the 1992 ISDA Master Agreement (Multicurrency Cross-Border) together with the schedule, confirmations and any annexes thereto evidencing one or more interest rate cap transactions, as amended, supplemented or replaced from time to time between the Issuer and the IR Cap Counterparty;

“Interest Rate Swap Agreement” means the 1992 ISDA Master Agreement (Multicurrency Cross-Border) together with the schedule, confirmations and any annexes thereto evidencing one or more interest rate swap or cap transactions, as amended, supplemented or replaced from time to time between the Issuer and the IR Swap Counterparty;

“Interest Withholding Event” will occur in the event that, upon exercise of the call option by the Issuer pursuant to the Call Option Deed (or, following the delivery of an Acceleration Notice, by the Trustee under the power of attorney given to it by the Issuer in accordance with the Deed of Charge), the payments in respect of the Interest Component of the Portuguese Bonds become subject to Portuguese withholding tax;

“**Investil**” means Investil Sociedade Gestora de Fundos de Investimento Mobiliário;

“**Investil Bonds**” means those Bonds identified as Investil Bonds in the Securities Purchase Agreement and as Eurobonds in the Supplemental Securities Purchase Agreement;

“**Investil Principal Deficiency Ledger**” means a sub-ledger of the Principal Deficiency Ledger established to record any Realised Losses on the Investil Bonds and the CDS2 Reference Entities allocated to Investil under the terms of the relevant Credit Default Swap Agreement;

“**IR Cap Counterparty**” means Credit Suisse First Boston International in its capacity as counterparty of the Issuer under the Interest Rate Cap Agreement;

“**IR Swap Counterparty**” means Credit Suisse First Boston International as counterparty of the Issuer under the Interest Rate Swap Agreement;

“**Issuer Accounts**” means the Issuer Income Account, the Issuer Principal Account, the WHT Reserve Account, the WHT Reserve Securities Account, the Liquidity Reserve Account and the CDS Collateral Account;

“**Issuer Covenants**” means the covenants specified in Clause 2 of the Deed of Charge (*Covenant to Pay and Security*);

“**Issuer Custody Account**” means the custody account so designated on the books of the Eurobond Custodian (account number 54525 200 000 978), which term shall include each cash account relating to such custody account (if any);

“**Issuer Income Account**” means the account of that name in the name of the Issuer (account number 54525 001 001 978) with BNP Paribas Luxembourg, or any further or other account so named or redesignated account, in each case with that or a replacement bank;

“**Issuer Principal Account**” means the account of that name in the name of the Issuer (account number 54525 001 000 978) with BNP Paribas Luxembourg, or any further or other account so named or redesignated account, in each case with that or a replacement bank;

“**Issuer’s Jurisdiction**” means Jersey;

“**Jersey Security Agreement**” means the Jersey security agreement expected to be dated the Closing Date between the Issuer as debtor and the Trustee on behalf of the Secured Creditors as secured party;

“**Liquidity Facility Agreement**” means the agreement expected to be dated the Closing Date between the Issuer, the Trustee, the Cash Manager and the Liquidity Facility Provider;

“**Liquidity Facility Provider**” means Barclays Bank PLC or any successor or under the Liquidity Facility Agreement;

“**Liquidity Reserve Account**” means the account in the name of the Issuer (account number 54525 001 004 978) with the Account Bank, or any further or other account so named or redesignated account, in each case with that or a replacement bank;

“**Luxembourg Paying Agent**” means BNP Paribas Luxembourg, and any successor Luxembourg paying agent under the Paying Agency Agreement;

“**Master Definitions Schedule**” means the master definitions schedule expected to be dated on or around the Closing Date, signed for the purpose of identification by (among others) the Issuer and the Trustee;

“**Moody’s**” means Moody’s Investor Services, Inc.;

“**Noteholders**” means the Senior Noteholders, the Class B Noteholders and the WHT Reserve Noteholders;

“Note Principal Payment” means, on any Interest Payment Date:

- (a) in the case of the Senior Notes, an amount equal to the lesser of the Available Redemption Funds which may be applied in redemption of the Senior Notes pursuant to Condition 3.4 and the then Principal Amount Outstanding of the Senior Notes, each determined as at the related Calculation Date; and
- (b) in the case of the Class B1 Notes and the Class B2 Notes, an amount equal to the lesser of the Available Redemption Funds (minus the aggregate of the amount to be applied in redemption of the Senior Notes (if any) on such Interest Payment Date) and the then Principal Amount Outstanding of the Class B1 Notes or, as the case may be, the Class B2 Notes, each determined as at the related Calculation Date,

in any such case rounded down to the nearest 0.01 euro;

“Note Rate” means, in respect of the Senior Notes for each Interest Period, EURIBOR as determined as at the related Interest Determination Date plus the Relevant Margin in respect of the Senior Notes;

“Notes” means the Senior Notes, the Class B1 Notes, the Class B2 Notes and the WHT Reserve Notes;

“Notices Condition” means Condition 16 (*Notices*);

“On-Sale Agreement” means the On-Sale Agreement dated 29 December 2000 (as amended on 5 January 2001) between BPN as vendor and the Issuer as purchaser;

“outstanding” means, in relation to any Class of Notes, all of such Class of Notes other than:

- (a) those which have been redeemed in accordance with the Trust Deed; and
- (b) those in respect of which the date for redemption in accordance with the provisions of the Conditions has occurred and for which redemption moneys (including all interest accrued thereon to such date for redemption) have been duly paid to the Trustee or the Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Conditions of the Notes) and remain available for payment in accordance with the Conditions;

provided that for each of the following purposes:

- (x) the right to attend and vote at any meeting of the holders of any Class of Notes;
- (y) the determination of how many and which Notes are from time to time outstanding for the purposes of Clause 7 (*Proceedings upon Default*), Clause 15 (*Waiver and Authorisation*) of the Trust Deed, Schedule 1 (*Provisions for Meetings of Noteholders*) to the Trust Deed, Condition 10 (*Events of Default*) and Condition 14 (*Meetings of Noteholders; Modification; Substitution*); and
- (z) any discretion, power or authority, whether contained in the Trust Deed or provided by law, which the Trustee is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes, if any, which are from time to time held by any person (including, but not limited to, the Issuer) for the benefit of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

“Participation” means the funded participation made by the Issuer with the Grantor under the Participation Agreement in respect of the Deposit;

“**Participation Agreement**” means the participation agreement dated 29 December 2000 between the Issuer and the Grantor;

“**Paying Agency Agreement**” means the agreement dated on or about the Closing Date between the Issuer, the Principal Paying Agent, the Agent Bank, the Luxembourg Paying Agent and the Trustee;

“**Paying Agents**” means the Principal Paying Agent and the Luxembourg Paying Agent;

“**Payments Priorities**” means the Pre-Enforcement Payments Priorities and the Post-Enforcement Payments Priorities, or either or both of them, as the context requires;

“**Portfolio**” means, collectively, the Eurobonds, the Portuguese Bonds and the debt securities to which the Issuer has acquired a credit exposure pursuant to the Credit Default Swaps;

“**Portugal**” means the Portuguese Republic;

“**Portuguese Bonds**” means the bonds purchased by BPN pursuant to the Securities Purchase Agreement;

“**Post-Enforcement Payments Priorities**” means the provisions relating to the order of priority of payments from the Issuer Income Account and the Issuer Principal Account set out in Clause 8 of the Deed of Charge;

“**Pre-Enforcement Payments Priorities**” means the provisions relating to the priority of payments set out in Conditions 3.4.1 and 3.4.2;

“**Principal Amount Arrears**” means the amount of any principal in respect of the Notes which is not paid when due;

“**Principal Amount Outstanding**” means, on any day:

(a) in relation to a Note, the principal amount of that Note upon issue minus the aggregate amount of any principal payments in respect of that Note which have become due and payable on or prior to that day; and

(b) in relation to a Class, the aggregate Principal Amount Outstanding of all Notes in such Class;

“**Principal Collections**” means, in respect of any Calculation Period, the aggregate of all amounts received or recovered by the Issuer during the relevant Calculation Period:

(a) in respect of Principal Distributions on the Eurobonds; and

(b) in respect of Principal Component of the Portuguese Bonds;

“**Principal Component**” or “**Principal Component of the Portuguese Bonds**” means, in relation to a Portuguese Bond, all right, title and interest in any Principal Distribution for or on account of such Portuguese Bond;

“**Principal Deficiency Ledger**” means a ledger maintained by the Cash Manager to record any Realised Losses on the Bonds and the CDS2 Reference Entities, comprising two sub-ledgers: the Investil Principal Deficiency Ledger and the ESAF Principal Deficiency Ledger;

“**Principal Distribution**” means, in respect of a Bond, any payments of principal (including prepayments) receivable by the holder of such Bond, including, without limitation, amounts received in respect of original issue or market discount and all call, redemption or prepayment premiums, but excluding accrued interest;

“**Principal Paying Agent**” means BNP Paribas, Luxembourg branch, together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Paying Agency Agreement;

“**Purchasers**” means the Issuer and BPN;

“**Quotation Date**” means, in relation to any period for which the Note Rate has to be determined, two TARGET days before the first day of that period;

“**Rating Agencies**” means Moody’s and Fitch, or such other rating agency or agencies appointed from time to time by the Issuer or Trustee in respect of the Notes;

“**Realised Loss**” means, with respect to a Bond, the outstanding principal amount of such Bond after receipt of all Income Distributions, Principal Distributions and other recoveries, if any, on such Bond, and, with respect to a Credit Default Swap Agreement, the difference between notional amount of the credit default swap and the recoveries in respect of the relevant reference entity received by the Issuer from the Default Swap Counterparty which will in each case be applied first to expenses incurred with respect to such Bond, then to accrued and unpaid interest and, finally, to principal.

“**Reference Banks**” means, initially, BNP Paribas, Deutsche Bank A.G. and Citibank N.A., each acting through its principal London office and, if the principal London office of any such bank is unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank to act in its place;

“**Reference Bonds**” means (i) the Bond issued by Banque Nationale de Paris due 2008 (XS0084167963) and (ii) the Bond issued by EDP (24a) (PTEDPUOE0008);

“**Relevant Date**” means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with the Notices Condition;

“**Relevant Days**” means 360 days;

“**Relevant Margin**” means, in respect of the Senior Notes, 0.49% per annum;

“**Relevant Period**” means, in relation to an Interest Determination Date, the length in months of the related Interest Period;

“**Relevant Proportion**” means:

- (a) in relation to any Excess Spread Amount: (i) in respect of the Class B1 Notes, 40.2% and (ii) in respect of the Class B2 Notes, 59.8%; and
- (b) in relation to any Default Amount: (i) in respect of the Class B1 Notes, the proportion which the aggregate principal amount of Defaulted Investil Bonds bears to the Default Amount *plus* 100% of any amount by which the aggregate principal amount of Defaulted ESAF Bonds exceeds the aggregate Principal Amount Outstanding of the Class B2 Notes and (ii) in respect of the Class B2 Notes, the proportion which the aggregate principal amount of Defaulted ESAF Bonds bears to the Default Amount *plus* 100% of any amount by which the aggregate principal amount of Defaulted Investil Bonds exceeds the aggregate Principal Amount Outstanding of the Class B1 Notes;

“**Rounded Arithmetic Mean**” means the arithmetic mean (rounded, if necessary, to the nearest 0.0001%, 0.00005% being rounded upwards);

“**Screen Rate**” has the meaning set out in Condition 6.3.1;

“**Secured Creditors**” means Trustee (in its own capacity and as trustee on behalf of the Noteholders), any receiver appointed pursuant to the terms of the Transaction Documents, the

Noteholders, the Account Bank, the Cash Manager, the Collateral Administrator, the Custodians, the Paying Agents, the Agent Bank, the Corporate Administrator, the Hedging Counterparties and the Liquidity Facility Provider;

“**Securities Purchase Agreement**” means the agreement dated 29 December 2000 (as amended on 5 January 2001) between the Sellers, the Issuer and BPN, providing for the sale and purchase of the Bonds;

“**Security**” means the security created in favour of the Trustee by the Issuer pursuant to the Security Documents;

“**Securities Act**” means the United States Securities Act of 1933, as amended from time to time;

“**Security Assignment**” means the security assignment expected to be dated the Closing Date between CSFBi and the Issuer;

“**Security Documents**” means the Deed of Charge, the Belgian Pledge and the Jersey Security Agreement;

“**Senior Noteholders**” means the holders from time to time of the Senior Notes;

“**Specified Office**” means, in relation to the Paying Agents:

- (a) the office specified against its name in the Paying Agency Agreement; or
- (b) such other office as the Paying Agent may specify in accordance with Clause 14 (*Changes in Specified Offices*) of the Paying Agency Agreement;

“**Subscription Agreement**” means the agreement dated 5 March 2001 between the Issuer and the Manager (as amended, novated or supplemented from time to time);

“**Supplemental Securities Purchase Agreement**” means the agreement of such name dated the Closing Date between Credit Suisse First Boston (Europe) Limited, Investil and the Issuer;

“**TARGET**” means the Trans-European Automated Real-time Gross Settlement Express Transfer system;

“**Tax**” shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction, or withholding of any nature whatsoever (including any penalty interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of the Issuer’s Jurisdiction or any sub-division of it or by any authority in it having power to tax, and “Taxes”, “taxation”, “taxable” and comparable expressions shall be construed accordingly;

“**Tax Deduction**” means any deduction or withholding on account of Tax;

“**Transaction Documents**” means the Trust Deed, the Notes, the Hedging Agreements, the Paying Agency Agreement, the Bank Account Agreement, the Deed of Charge, the Corporate Administration Agreement, the Cash Management Agreement, the Collateral Administration Agreement, the Custody Agreement, the Subscription Agreement, the Securities Purchase Agreement, the Supplemental Securities Purchase Agreement, the Security Assignment, the On-Sale Agreement, the BPN Deed of Charge, the Deposit Agreement, the Participation Agreement, the Liquidity Facility Agreement, the Call Option Deed, the Interest Purchaser Default Power of Attorney, the Master Definitions Schedule, the Jersey Security Agreement and the Belgian Pledge;

“**Treaty**” means the Treaty establishing the European Communities, as amended by the Treaty on European Union;

“**Trust Deed**” means the trust deed dated the Closing Date between the Issuer and the Trustee;

“**Underlying Securities**” means:

- (a) the Eurobonds;
- (b) the Principal Component of the Portuguese Bonds; and
- (c) the Participation;

“**WHT Reserve Account**” means the account in the name of the Issuer (account number 54525 001 002 978) with the Account Bank, or any further or other account so named or redesignated account, in each case with that or a replacement bank;

“**WHT Reserve Amortisation Amount**” means (i) in respect of the first and second Interest Payment Dates following the Closing Date or in respect of any Interest Payment Date falling on or after the date on which an Interest Withholding Event has occurred, zero and (ii) in respect of the third and each subsequent Interest Payment Date following the Closing Date (and provided that no Interest Withholding Event has occurred), an amount equal to 20% of the aggregate amount received by the Issuer from CSFBi under the Participation Agreement during the Calculation Period immediately preceding such Interest Payment Date;

“**WHT Reserve Noteholders**” means the holders from time to time of WHT Reserve Notes;

“**WHT Reserve Securities Account**” means the account in the name of the Issuer (account number 54525 202 000 978) with the Account Bank, or any further or other account so named or redesignated account, in each case with that or a replacement bank; and

“**Withholding Amount**”, means such amount (if any), as determined on each Calculation Date, as will equal the actual amount of withholding tax paid in the previous Calculation Period in respect of the Interest Component of the Portuguese Bonds.

2. Form, Denomination and Title

2.1 **Form and Denomination:** The Notes are in bearer form in denominations of €1,000, €10,000 and €100,000.

2.2 **Title:** Title to the Notes will pass by delivery. The holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder.

3. Status

3.1 **Status:** The Notes of each Class constitute direct, secured and unconditional obligations of the Issuer.

3.2 **Ranking:** The Notes of each Class will at all times rank without preference or priority *pari passu* among themselves. In accordance with the provisions of this Condition 3 and the Deed of Charge, payments on the Class B Notes are subordinated to, *inter alia*, payments of principal and interest on the Senior Notes and payments on the WHT Reserve Notes are subordinated to, *inter alia*, certain payments of principal and interest on the Senior Notes and the Class B Notes. The Notes are issued pursuant to the terms of the Trust Deed and are secured by the same Security, but the Senior Notes will rank in priority to the Class B Notes, and the Class B Notes will rank in priority to the WHT Reserve Notes, in the event of the Security being enforced.

3.3 **Sole Obligations:** The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by any other person.

3.4 *Payment Priorities:*

3.4.1 ***Application of Income Collections:*** On each Interest Payment Date prior to delivery of an Acceleration Notice, the Principal Paying Agent shall, on behalf of the Issuer and at the direction of the Cash Manager, effect payment from the Issuer Income Account of Income Collections received during the Calculation Period preceding such Interest Payment Date (and (1) upon the occurrence of an Interest Withholding Event, including an amount equal to the Withholding Amount as withdrawn from the WHT Reserve Account, (2) if and to the extent that Income Collections are insufficient for payment in full of items (i) to (v) (inclusive) below, including amounts available for drawing under the Liquidity Facility Agreement or from the Liquidity Reserve Account and (3) if the conditions to payment occur under a Credit Default Swap Agreement under which the Issuer has sold credit protection, including an amount equal to the lesser of (i) the amount of the required payment under CDS2 and (ii) the amount standing to the credit of the CDS Collateral Account) of the amounts advised to it by the Cash Manager as being due and payable by the Issuer on such Interest Payment Date in relation to the following matters in the amounts required in the following order of priority (all as calculated by the Cash Manager pursuant to the terms of the Cash Management Agreement on the Calculation Date prior to such Interest Payment Date):

- (i) *First*, in payment or satisfaction of all amounts payable under the Trust Deed or the Deed of Charge to the Trustee (including any taxes required to be paid and the Trustee's remuneration);
- (ii) *Secondly, pro rata*, in payment of the fees, costs, charges, expenses and liabilities of the Paying Agents, the Agent Bank, the Cash Manager, the Collateral Administrator, the Corporate Administrator, the Account Bank and the Custodians;
- (iii) *Thirdly*, all amounts due and payable, if any, to the Liquidity Facility Provider pursuant to the Liquidity Facility Agreement;
- (iv) *Fourthly*, in payment of any amount due and payable to any Hedging Counterparty under a Hedging Agreement (other than Hedging Termination Amounts);
- (v) *Fifthly*, in payment *pro rata* and *pari passu* of the Interest Amount on the Senior Notes in respect of the Interest Payment Date ending on such Payment Date;
- (vi) *Sixthly*, in or towards reduction of the debit balance on the Principal Deficiency Ledger to zero;
- (vii) *Seventhly*, in payment of any Hedging Termination Amount due and payable by the Issuer; and
- (viii) *Eighthly*, to pay, *pari passu* according to the respective amounts payable, the Relevant Proportion of the balance (if any) to the Class B1 Noteholders and the Class B2 Noteholders.

3.4.2 ***Application of Principal Collections:*** On each Interest Payment Date prior to delivery of an Acceleration Notice, the Principal Paying Agent shall, on behalf of the Issuer and at the direction of the Cash Manager, effect payment from the Issuer Principal Account of Principal Collections received during the Calculation Period preceding such Interest Payment Date, together with any amounts allocated to the reduction of any debit balances in the Principal Deficiency Ledger, of the amounts due and payable by the Issuer

on such Interest Payment Date in relation to the following matters in the amounts required, in the following order of priority (all as calculated by the Cash Manager pursuant to the terms of the Cash Management Agreement on the Calculation Date prior to such Interest Payment Date):

- (i) *Firstly*, in payment of the amounts referred to in items (i), (ii), (iii), (iv), (v) and (vii) in Condition 3.4.1 (but only to the extent not paid in full out of Income Collections);
- (ii) *Secondly*, as long as any Senior Notes are outstanding, to redeem the Senior Notes on a *pro rata* basis;
- (iii) *Thirdly*, after the Senior Notes have been redeemed in full, to redeem the Class B1 Notes and the Class B2 Notes *pari passu* on a *pro rata* basis;
- (iv) *Fourthly*, after the Class B Notes have been redeemed in full, to redeem the WHT Reserve Notes on a *pro rata* basis; and
- (v) *Fifthly*, after the WHT Reserve Notes have been redeemed in full, to pay any balance to the Class B Noteholders, on the following basis: in the case of the Class B1 Notes, 40.2% less any debit balance on the Investil Principal Deficiency Ledger and, in the case of the Class B2 Notes, 59.8% less any debit balance on the ESAF Principal Deficiency Ledger.

3.4.3 **Post-Enforcement Priorities:** Following enforcement of the Security, the Trustee is required to apply monies available for distribution in accordance with the Post-Enforcement Payments Priorities (as set out in the Deed of Charge).

3.5 **Issuer Accounts:** The Issuer shall, prior to the Closing Date, establish the Issuer Income Account, the Issuer Principal Account, the Liquidity Reserve Account, the CDS Collateral Account, the WHT Reserve Account and the WHT Reserve Securities Account with the Account Bank and the Issuer Custody Account with the Custodian. The Account Bank (if a bank other than BNP Paribas Luxembourg) shall at all times be a financial institution with a short term unsecured and unsubordinated debt rating of at least P-1 from Moody's (and a long-term unsecured and unsubordinated debt rating of at least A1) and F-1+ from Fitch (or in respect of which the Rating Agencies have confirmed that it will not adversely affect the then current ratings of the Senior Notes). In the event that the short term unsecured and unsubordinated debt of the Account Bank is downgraded below such levels or withdrawn by such Rating Agencies, the Issuer shall use reasonable endeavours to procure that a replacement Account Bank is appointed whose short term unsecured and unsubordinated debt is rated at least P-1 from Moody's and F-1+ from Fitch (or in respect of which the Rating Agencies have confirmed that it will not adversely affect the then current ratings of the Senior Notes), in accordance with the Bank Account Agreement.

3.6 **WHT Reserve Account:** The Issuer shall procure payment of the following amounts (and shall ensure that payment of no other amount is made) out of the WHT Reserve Account:

- 3.6.1 on any Business Day, to invest monies standing to the credit of the WHT Reserve Account in commercial paper rated at least P-1 by Moody's and F-1 by Fitch (or P-1 by Moody's and A-1 by Standard and Poor's) on the instructions of the WHT Reserve Noteholders (such investments to be held in the WHT Reserve Securities Account);
- 3.6.2 on each Interest Payment Date, provided that no Interest Withholding Event has occurred, the WHT Reserve Amortisation Amount (if any) shall be applied to redeem the WHT Reserve Notes in part or in whole;

- 3.6.3 on each Interest Payment Date from income received during the Calculation Period preceding such Interest Payment Date on investments in the WHT Reserve Securities Account and on any balance standing to the credit of the WHT Reserve Account, in payment *pro rata* of the Interest Amount on the WHT Reserve Notes; and
- 3.6.4 upon the occurrence of an Interest Withholding Event, an amount equal to the Withholding Amount shall be transferred to the Issuer Income Account to be applied on the first Interest Payment Date thereafter in accordance with the Pre-Enforcement Payments Priorities.

4. Security

4.1 **Security:** As security for the payment of all moneys payable in respect of the Notes and otherwise under the Trust Deed and in respect of any other amounts payable to the Secured Creditors, the Issuer has pursuant to the Deed of Charge created the following security, all as more particularly defined in the Deed of Charge, in favour of the Trustee for itself and as trustee for the other Secured Creditors:

- (a) a first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in and to the Eurobonds (to the extent not pledged under the Belgian Pledge) and the Principal Component of the Portuguese Bonds including all interest accruing from time to time thereon and the debts represented thereby;
- (b) a first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in and to all sums of money which may now or hereafter from time to time stand to the credit of the Issuer Income Account, the Issuer Principal Account, the WHT Reserve Account, the WHT Reserve Securities Account, the Liquidity Reserve Account, the CDS Collateral Account, the Issuer Custody Account (to the extent not pledged under the Belgian Pledge) and any bank or other accounts in which the Issuer may at any time have or acquire any right, title, interest or benefit, together with all interest accruing from time to time thereon and the debts represented thereby and all of its right, title, interest and benefit therein;
- (c) a first fixed charge over all of the Issuer's right, title, interest and benefit, present and future, in and to all Eligible Investments (including, for the avoidance of doubt, any Eligible Investments purchased with funds on deposit in the Issuer Account), together with all interest accruing from time to time thereon and the debts represented thereby and all of its right, title, interest and benefit therein;
- (d) an assignment by way of first fixed security of all of the Issuer's right, title, interest and benefit, present and future, in and to the Participation Agreement, the Securities Purchase Agreement, the On-Sale Agreement, the Custody Agreement, the Cash Management Agreement, the Collateral Administration Agreement, the Bank Account Agreement, the Call Option Deed, the Hedging Agreements and each of the other Transaction Documents to which it is expressed to be a party;
- (e) a first floating charge over all the Issuer's undertaking and all of its property, assets and rights, whatsoever and wheresoever, present and future, other than the property, assets and rights subject to the fixed security as set out in the foregoing sub-clauses of this Condition 4.1.

As additional security for its obligations to the Secured Creditors, the Issuer has entered into:

- (f) a pledge agreement governed by Belgian law with the Trustee (the "Belgian Pledge") in respect of the Eurobonds; and

- (g) a security agreement governed by the laws of Jersey (the “Jersey Security Agreement”) pursuant to which the Issuer has charged all of its right, title, interest and benefit, present and future, in and to the Corporate Administration Agreement.
- 4.2 **Application of Proceeds upon Enforcement:** The Trust Deed provides that the net proceeds of realisation of, or enforcement with respect to the Security shall be applied in accordance with the Post-Enforcement Payments Priorities.
- 4.3 **Limited Recourse:** If the net proceeds of realisation of the Security upon enforcement thereof in accordance with Condition 11 (*Enforcement*) and the provisions of the Trust Deed and the Deed of Charge are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and to the other Secured Creditors (such negative amount being referred to herein as a “shortfall”), the obligations of the Issuer in respect of the Notes of each Class and the obligations of the Issuer to the other Secured Creditors in such circumstances will be limited to such net proceeds which shall be applied in accordance with the order of payment set out in the Deed of Charge. In such circumstances, the other assets (if any) of the Issuer will not be available for payment of such shortfall, and such shortfall shall be borne by the Noteholders and the other Secured Parties in accordance with the Post-Enforcement Payments Priorities (applied in reverse order), the rights of the Secured Creditors to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders of each Class or the other Secured Creditors may take any further action to recover such amounts. Failure to make any payment in respect of any such shortfall shall in no circumstances constitute an Event of Default under Condition 10 (*Events of Default*).

5. Covenants of the Issuer

The Trust Deed contains, *inter alia*, representations, warranties and covenants in favour of the Trustee which, *inter alia*, require the Issuer to comply with its obligations under the Transaction Documents and restrict the ability of the Issuer to create or incur any indebtedness (other than certain indebtedness permitted under the Trust Deed), or (other than as contemplated by the Transaction Documents) to dispose of assets, change the nature of its business or to take or fail to take any action which may adversely affect the priority or enforceability of the Trustee’s security interest in the Collateral.

6. Interest

6.1 *Accrual of Interest:*

- 6.1.1 *Senior Notes:* Each Senior Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date.
- 6.1.2 *Class B Notes:* Interest shall be payable in respect of the Class B Notes on an available funds basis in accordance with Condition 3.4.1 (*Application of Income Collections*) and Condition 3.4.2 (*Application of Principal Collections*) on each Interest Payment Date, and shall continue to be so payable in accordance with this Condition 6 (*Interest*) notwithstanding redemption in full of any Class B Note.
- 6.1.3 *WHT Reserve Notes:* Interest shall be payable on the WHT Reserve Notes on an available funds basis in accordance with Condition 3.6.3 (*WHT Reserve Account*) on each Interest Payment Date.
- 6.2 **Termination of Interest:** Each Senior Note shall cease to bear interest from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest in accordance with this Condition (both before and after any judgment) until whichever is the earlier of:
- 6.2.1 the day on which all sums due in respect of such Senior Note up to that day are received by or on behalf of the relevant Senior Noteholder; and

- 6.2.2 the day which is seven days after the Principal Paying Agent has notified the Senior Noteholders that it has received all sums due in respect of the Senior Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

6.3 *Interest on the Senior Notes*

- 6.3.1 **Rate of Interest:** Subject as provided in paragraph (iii) below, the rate of interest from time to time in respect of the Senior Notes (the “Note Rate”) will be determined by the Agent Bank on the following basis:

- (i) On the Interest Determination Date the Agent Bank will determine the offered rate for six-month euro deposits as at 11.00 am (Brussels time) on the Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or (a) such other page or service as may replace it for the purpose of displaying EURIBOR rates or (b) if that service ceases to display such information such page as display such information on such service (or, if more than one, that one previously approved in writing by the Trustee)) and on the basis of the actual/360 day count convention (the “Screen Rate”). The Note Rate for such Interest Period shall be the aggregate of the Relevant Margin (as defined in this Condition below) and the rate which so appears, all as determined by the Agent Bank.
- (ii) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (i) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, upwards to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Agent Bank. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Agent Bank will request each of three major banks in the Euro-zone interbank market acting in each case through its principal Euro-zone (as defined in this Condition below) office (the “Reference Banks”) to provide the Agent Bank with its offered quotation to leading banks for euro deposits in the Euro-zone interbank market for a period of six months as at 11.00 am (Brussels time) on the Interest Determination Date in question. The Note Rate for such Interest Accrual Period shall be the aggregate of the Relevant Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided), all as determined by the Agent Bank.
- (iii) If on any Interest Determination Date one only or none of the Reference banks provides such quotation, the Note Rate for the next Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the euro lending rates which major banks in the Euro-zone selected by the Agent Bank are quoting, on the relevant Interest Determination Date, for loans in euro for a period of six months to leading European banks plus the Relevant Margin.
- (iv) For the purpose of this Condition 6.3:

“**Euro-zone**” means the region comprised of Member States of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union; and

“**Relevant Margin**” means 0.49% per annum;

6.3.2 **Determination of Floating Rate of Interest and Calculation of Interest Amount:** The Agent Bank will, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the second Business Day after such date, determine the Note Rate and calculate the Interest Amount payable in respect of each €10,000 of the original principal amount of the Senior Notes for the relevant Interest Period. The Interest Amount in respect of the Senior Notes for each Authorised Denomination shall be calculated by applying the relevant Note Interest Rate on the Senior Notes to an amount equal to each such Authorised Denomination, multiplying the product by the actual number of days in the Interest Period concerned divided by 360 and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

6.3.3 **Reference Banks and Agent Bank:** the Issuer will procure that, so long as any Senior Note remains Outstanding:

- (i) an Agent Bank shall be appointed and maintained for the purposes of determining the interest rate and interest amount payable in respect of the Senior Notes, as applicable; and
- (ii) in the event that the Class A Note Interest Rate is to be calculated by Reference Banks pursuant to Condition 6.3.1(ii), that the number of Reference Banks required pursuant to such Condition are appointed.

If the Agent Bank is unable or unwilling to continue to act as the Agent Bank for the purpose of calculating interest hereunder or fails duly to establish the Note Rate for any Interest Accrual Period or to calculate the Interest Amount on the Senior Notes, the Issuer shall (with the prior approval of the Trustee) appoint some other leading bank to act as such in its place. The Agent Bank may not resign its duties without a successor having been so appointed.

6.4 **Interest on the Class B Notes:** The Agent Bank will on each Calculation Date calculate the Interest Amount payable in respect of each €1,000 in original principal amount of the Class B Notes for the relevant Interest Period. The Interest Amount payable on each Interest Payment Date (other than the Final Maturity Date of the Class B Notes) in respect of each €1,000 in original principal amount of Class B Notes shall be calculated by multiplying the amount of Interest Collections to be applied in payment of interest on the Class B Notes on the applicable Interest Payment Date pursuant to paragraph *eighthly* of Condition 3.4.1 by a fraction the numerator of which is 1,000 and the denominator of which is the aggregate principal amount of the Class B Notes issued on the Closing Date. The Interest Amount payable on the Final Maturity Date in respect of each €1,000 in original principal amount of Class B Notes shall be calculated by multiplying the sum of the Interest Collections to be applied in payment of interest on the Class B Notes on the Final Maturity Date pursuant to paragraphs *eighthly* of Condition 3.4.1 and Principal Collections to be applied in payment of the Class B Notes pursuant to paragraphs *thirdly* or *fifthly* of Condition 3.4.2.

6.5 **Interest on the WHT Reserve Notes:** The Agent Bank will on each Calculation Date calculate the Interest Amount payable in respect of each €1,000 in original principal amount of WHT Reserve Notes for the relevant Interest Period. The Interest Amount payable on each Interest Payment Date in respect of each €1,000 in original principal amount of WHT Reserve Notes shall be calculated by multiplying the amount to be applied in payment of interest on the WHT Reserve Notes on the applicable Interest Payment Date pursuant to Condition 3.6.3 (*WHT Reserve Account*) by a fraction the numerator of which is 1,000 and the denominator of which is the aggregate principal amount of WHT Reserve Notes issued on the Closing Date.

6.6 **Notification of Floating Rates of Interest and Interest Amounts:** The Agent Bank will cause the Note Rate and the Interest Amount payable in respect of the Senior Notes, the Class B Notes, and the WHT Reserve Notes for each Interest Period and Interest Payment Date to be notified to the

Trustee, the Principal Paying Agent and the Luxembourg Stock Exchange as soon as possible after their determination but in no event later than the fourth Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Senior Noteholders, the Class B Noteholders and the WHT Reserve Noteholders in accordance with the Notices Condition as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts and Interest Payment Date in respect of the Senior Notes so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice (save that notice shall be given to the Trustee) in the event of an extension or shortening of the Interest Period. If any of the Notes become due and payable under Condition 10 (*Events of Default*), interest shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so determines.

6.7 **Determination or Calculation by Trustee:** If the Agent Bank does not at any time for any reason so determine the Note Rate or calculate the Interest Amounts payable in respect of the Senior Notes or the Class B Notes or the WHT Reserve Notes for an Interest Period, the Trustee (or a person appointed by it for the purpose) may (but without incurring any liability to any person as a result) do so and such determination or calculation shall be deemed to have been made by the Agent Bank and shall be binding on the Noteholders. In doing so, the Trustee, or such person appointed by it, shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and reliance on such persons as it has appointed for such purpose. The Trustee shall have no liability to any person in connection with any determination or calculation it makes pursuant to this Condition 6.7 (*Determination or Calculation by Trustee*).

6.8 **Notification of Availability for Payment:** The Issuer shall cause notice of the availability for payment of any Principal Amount Arrears and interest thereon (including the date for payment) to be notified in accordance with the Notices Condition.

7. Redemption and Purchase

7.1 **Final Redemption:** Unless previously redeemed as provided in this Condition, the Issuer shall redeem the Notes of each Class at their Principal Amount Outstanding on the Final Maturity Date (plus, in the case of the Class B Notes, the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount).

7.2 **Mandatory Redemption in part from Available Redemption Funds**

7.2.1 **Defaulted Bonds:** If the Custodian becomes aware that a Bond (other than a Reference Bond) has become a Defaulted Bond, the Custodian shall give notice thereof to the Collateral Administrator and the Cash Manager. The Collateral Administrator shall thereafter, acting for this purpose as agent of the Issuer (or, following the delivery of an Acceleration Notice, the Trustee) and subject therefore to the relevant provisions of the Collateral Administration Agreement, proceed to arrange for and administer the sale of such Defaulted Bond on a best efforts basis on behalf of the Issuer within 60 days of such notification, and the net sale proceeds thereof (having deducted all costs, expenses and liabilities incurred in connection with such sale) shall be treated as Income Collections and shall be applied in accordance with Condition 3.4.1 (*Application of Income Collections*) and any Realised Losses shall be debited to the Investil Principal Deficiency Ledger or the ESAF Principal Deficiency Ledger, as appropriate.

7.2.2 **Mandatory Redemption from Available Redemption Funds:** On each Interest Payment Date on which there are Available Redemption Funds the Issuer will cause:

- (a) each Senior Note to be redeemed on such Interest Payment Date in an amount equal to the Note Principal Payment in respect of such Senior Note, determined on the related Calculation Date;
- (b) each Class B1 Note and Class B2 Note to be redeemed on such Interest Payment Date in an amount equal to the Note Principal Payment in respect of such Class B1 Note or, as the case may be, Class B2 Note, determined on the related Calculation Date; and
- (c) each WHT Reserve Note to be redeemed on such Interest Payment Date in an amount equal to the Note Principal Payment in respect of such WHT Reserve Note, determined on the related Calculation Date.

7.3 **Optional Redemption in Whole:** All (but not some only) of the Class B Notes shall be redeemed at their Principal Amount Outstanding (plus the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount), by the Issuer acting at the direction in writing of the holders of at least 66 $\frac{2}{3}$ % of the Principal Amount Outstanding of the Class B Notes (1) on any Interest Payment Date, *provided that* the Senior Notes have been previously redeemed in full or (2) on any Interest Payment Date on or after the date on which an Interest Withholding Event has occurred, provided that in the case of (1) or (2) above the Issuer has, following receipt of such direction, provided a certificate signed by two directors of the Issuer to the Trustee that it will have the necessary funds not subject to the interests of any other person to discharge all of its outstanding liabilities in respect of the Class B Notes and any other amounts required under the order of priority of payments in Condition 3.4 (Payment Priorities) to be paid in priority to or *pari passu* with the Class B Notes. The Issuer shall procure that notice of any such redemption, including the applicable redemption date, shall be given to the Trustee.

7.4 **Optional Redemption in whole for taxation reasons:** The Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with (in the case of the Senior Notes) interest accrued to the date fixed for redemption (and, in the case of the Class B Notes, plus the Relevant Proportion of any Excess Spread Amount or, as the case may be, minus the Relevant Proportion of any Default Amount) on any Interest Payment Date (i) after the date on which the Issuer would, by virtue of a change in the Tax law of the Issuer's Jurisdiction (or the application or official interpretation of such Tax law), not be entitled to relief for the purposes of such Tax laws for any material amount which it is obliged to pay, or is treated as receiving for the purposes of such Tax laws under the Transaction Documents (ii) on or after the date on which the Issuer would suffer Tax in respect of its income from any of the Bonds, so that it would be unable to make payment of the full amount due on the Notes; or (iii) on or after the date of a change in Tax law which would cause the total amount payable in respect of interest in relation to any of the Bonds to cease to be receivable by the Issuer as a result of any of the obligors thereof being obliged to make a Tax deduction in respect of any payment in relation to the relevant Bond, so that (after taking account, in respect of the Portuguese Bonds, of any amounts standing to the credit of the WHT Reserve Account) it would be unable to make payment of the full amount due on the Notes, subject to the following:

- 7.4.1 that the Issuer has given not more than 60 nor less than 30 days' notice to the Trustee and to the Noteholders in accordance with the Notices Condition; and
- 7.4.2 that the Issuer has provided to the Trustee (in each case in form and substance reasonably satisfactory to the Trustee):
 - (a) a legal opinion from a firm of lawyers in the Issuer's Jurisdiction (approved in writing by the Trustee) opining on the relevant change in Tax law; and
 - (b) a certificate from two directors of the Issuer to the effect that the obligation to make a Tax Deduction cannot be avoided; and

- (c) a certificate from two directors of the Issuer to the effect that the Issuer will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Condition 3.4 (*Payment Priorities*).

Any certificate and legal opinion given by or on behalf of the Issuer may be relied on by the Trustee without further investigation and shall be conclusive and binding on the Noteholders and the other Secured Creditors.

- 7.5 **Calculation of Note Principal Payments and Principal Amount Outstanding:** On (or as soon as practicable after) each Calculation Date, the Cash Manager shall determine:
 - 7.5.1 the aggregate of any Note Principal Payments due in relation to each Class of Notes on the Interest Payment Date immediately succeeding such Calculation Date; and
 - 7.5.2 the Principal Amount Outstanding of each Note in each Class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such Class).
- 7.6 **Calculations final and binding:** Each calculation by or on behalf of the Cash Manager or the Issuer of any Note Principal Payment or the Principal Amount Outstanding of a Note of each Class shall in each case (in the absence of manifest error) be final and binding on all persons.
- 7.7 **Notice of Calculation and Redemption:** The Cash Manager will cause each calculation of a Note Principal Payment and Principal Amount Outstanding in relation to each Class to be notified immediately after calculation to the Principal Paying Agent and the Trustee and will immediately cause details of each calculation of a Note Principal Payment and Principal Amount Outstanding in relation to each Class to be published in accordance with the Notices Condition (and, so long as the Senior Notes are listed on the Luxembourg Stock Exchange, notified to the Luxembourg Stock Exchange) by not later than one Business Day prior to each Interest Payment Date.
- 7.8 **Notice of no Note Principal Payment:** If no Note Principal Payment is due to be made on the Notes in relation to any Class on any Interest Payment Date, a notice to this effect will be given to the Noteholders and the Trustee (with a copy to the Luxembourg Stock Exchange) in accordance with the Notices Condition by not later than two Business Days prior to each Interest Payment Date.
- 7.9 **Notice irrevocable:** Any such notice as is referred to in Condition 7.7 (*Notice of Calculation and Redemption*) or Condition 7.8 (*Notice of no Note Principal Payment*) shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding if effected pursuant to Condition 7.3 (*Optional Redemption in whole*) or Condition 7.4 (*Optional Redemption in whole for taxation reasons*) and in an amount equal to the Note Principal Payment calculated as at the related Calculation Date if effected pursuant to Condition 7.2.2 (*Mandatory Redemption from Available Redemption Funds*).
- 7.10 **No purchase of Notes by Issuer:** The Issuer shall not purchase any of the Notes.

8. Payments

- 8.1 **Principal:** Payments of principal in respect of the Notes shall be made only against presentation and (in the case of final redemption, provided that payment is made in full) surrender of Notes at the Specified Office of the Paying Agent by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the European Union. Payments of interest on each Note shall be made by euro cheque drawn upon a bank in the European Union against presentation and (provided that payment is made in full) surrender of the appropriate coupons.

- 8.2 **Interest:** Payments of interest shall, subject to Condition 8.4 (*Payments on business days*), be made only against presentation of the Notes at the Specified Office of the Paying Agent outside the United States.
- 8.3 **Payments subject to fiscal laws:** All payments in respect of the Notes are subject in each case to any applicable fiscal or other laws and regulations. No commissions or expenses shall be charged to the Noteholders in respect of such payments.
- 8.4 **Payments on business days:** If the due date for payment of any amount in respect of any Note is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this Condition, "business day" means, in respect of any place of presentation, any day on which banks are open for business in such place of presentation and, in the case of payment by transfer to an account in euro, as referred to above, on which TARGET, or any successor thereto, is operating.
- 8.5 **Partial Payments:** If the Paying Agent makes a partial payment in respect of any Note presented to it for payment, the Paying Agent will endorse on such Note a statement indicating the amount and date of such payment.

9. Taxation

- 9.1 **Payments free of Tax:** All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any Taxes, imposed, levied, collected, withheld or assessed by the Issuer's Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless the Issuer or the Paying Agent (as the case may be) is required by law to make any Tax Deduction. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payments after such Tax Deduction and shall account to the relevant authorities for the amount so withheld or deducted.
- 9.2 **No payment of additional amounts:** Neither the Issuer nor the Principal Paying Agent will be obliged to pay any additional amounts to the Noteholders as a result of any such Tax Deduction.
- 9.3 **Taxing Jurisdiction:** If the Issuer becomes subject at any time to any taxing jurisdiction other than the Issuer's Jurisdiction, references in these Conditions to the Issuer's Jurisdiction shall be construed as references to the Issuer's Jurisdiction and/or such other jurisdiction.
- 9.4 **Tax Deduction not Event of Default:** The fact that the Issuer or the Principal Paying Agent is required to make a Tax Deduction shall not constitute an Event of Default.

10. Events of Default

- 10.1 **Events of Default:** Subject to the other provisions of this Condition, each of the following events shall be treated as an "Event of Default":
- 10.1.1 **Non-payment:** the Issuer fails to pay any amount of principal in respect of the Notes, or any of them, within three Business Days of the due date for payment of principal thereon, or fails to pay any amount of interest in respect of the Senior Notes, or any of them, within three Business Days of the due date for payment of such interest; or
- 10.1.2 **Breach of other obligations:** the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or any of the Transaction Documents to which it is expressed to be a party, and such default (a) is, in the sole opinion of the Trustee, incapable of remedy or (b) being a default which is, in the sole opinion of the Trustee, capable of remedy, remains unremedied for 30 days (or such longer period as the Trustee may agree (in its sole discretion) after the Trustee has given written notice of such default to the Issuer; or

- 10.1.3 *Insolvency Event*: an Insolvency Event occurs in relation to the Issuer or the Issuer becomes Insolvent; or
- 10.1.4 *Unlawfulness*: it is or will become unlawful in any respect for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or any of the Transaction Documents to which it is expressed to be a party.
- 10.2 ***Delivery of an Acceleration Notice***: If an Event of Default occurs, the Trustee at its discretion may and shall:
- (a) if so required in writing by the holders of at least 25% of the Principal Amount Outstanding of the Controlling Class of outstanding Notes; or
 - (b) if so directed by an Extraordinary Resolution of the holders of the Controlling Class of outstanding Notes;
- deliver a notice to the Issuer declaring the outstanding Notes of all Classes to be immediately due and payable (an “Acceleration Notice”);
- 10.3 ***Condition to delivery of an Acceleration Notice***: The Trustee may not deliver an Acceleration Notice unless:
- (a) in the case of the occurrence of any of the events mentioned in Condition 10.1.2, the Trustee shall have certified to the Issuer that the occurrence of such event is in its opinion materially prejudicial to the interests of the Controlling Class of Noteholders; and
 - (b) it shall have been indemnified and/or secured to its satisfaction against all fees, costs, expenses and liabilities to which it may thereby become liable or which it may incur by so doing.
- 10.4 ***Consequences of delivery of an Acceleration Notice***: Upon the delivery of an Acceleration Notice, the Notes of each Class shall become immediately due and payable at their Principal Amount Outstanding.

11. Enforcement

- 11.1 Notwithstanding any other provision hereof, the obligations of the Issuer in relation to the Notes and to the Secured Creditors shall be equal to the lesser of the nominal amount of such obligations and the actual amount received or recovered by or for the account of the Issuer in respect of the Collateral (net of any sums which the Issuer certifies to the Trustee (on which certification the Trustee may rely) that it is or may be obliged to pay to any party in priority to the Secured Creditors in respect of its liabilities to third parties). Accordingly, all payments to be made by the Issuer in relation to the Notes and to the Secured Creditors will be made only from and to the extent of the sums received or recovered by or on behalf of the Issuer or the Trustee in respect of the Collateral (net as aforesaid). The Trustee and the other Secured Creditors shall look solely to such sums for payments to be made by the Issuer, the obligation of the Issuer to make payments will be limited to such sums and the Trustee and the other Secured Creditors will have no further recourse to the Issuer in respect thereof. In the event that the amount due and payable by the Issuer to any Secured Creditor exceeds the sums so received or recovered, the right of that Secured Creditor to claim payment of any amount exceeding such sums shall be extinguished.
- 11.2 ***Enforcement by Trustee***: At any time after delivery of an Acceleration Notice, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes together with accrued interest and to enforce the provisions of the Deed of Charge, but it shall not be bound to take any such proceedings unless:
- (a) it has been so directed by an Extraordinary Resolution of the holders of the Controlling Class or so requested in writing by the holders of at least one-quarter of the Principal Amount Outstanding of the Controlling Class of outstanding Notes; and

- (b) it has been indemnified and secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

Only the Trustee may enforce the Security and no other Secured Creditor shall be entitled to proceed directly against the Issuer. Having realised on the Collateral and distributed the proceeds thereof in accordance with Condition 3.4 (*Priorities of Payment*), subject to the provisions of the Deed of Charge, the Trustee may not be obliged to take any further steps against the Issuer to recover any sum still unpaid which shall be extinguished.

- 11.3 **Enforcement by Secured Creditors:** No Secured Creditor nor the Trustee on their behalf may institute against, or join any person in instituting against the Issuer any bankruptcy, winding up, re-organisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver pursuant to the terms of the Deed of Charge) or other proceeding under any similar law for one year and a day after the latest date on which any Note is due to mature.
- 11.4 **Third Party Rights:** No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

12. Prescription

- 12.1 **Principal:** Claims for principal in respect of Notes shall become void unless made within ten years of the appropriate Relevant Date.
- 12.2 **Interest:** Claims for interest in respect of Notes shall become void unless made within five years of the appropriate Relevant Date.

13. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. Meetings of Noteholders; Modification and Waiver; Substitution

14.1 Meetings of Noteholders

- (a) **Convening of Meetings:** The Trust Deed contains provisions for convening separate or combined meetings of Noteholders of each Class of outstanding Notes to consider matters relating to the Notes, including the sanctioning by Extraordinary Resolution of the Noteholders of a Class of a modification of any provision of these Conditions or the Trust Deed or the other Transaction Documents. Subject to the provisions of the Trust Deed, meetings of the Noteholders of a Class may be convened by the Trustee or the Issuer, or by the Trustee upon the request in writing of Noteholders holding not less than 10% of the Principal Amount Outstanding of the relevant Class of outstanding Notes. The Trust Deed provides that each Extraordinary Resolution, to be valid, must be passed at a separate meeting of the holders of each Class of outstanding Notes affected by such Extraordinary Resolution, except to the extent that the Trustee is satisfied that there is no conflict of interest between the holders of one or more Classes of outstanding Notes, in which event a single meeting of the holders of such Classes of outstanding Notes may be held to consider any matter (other than a Reserved Matter (as such term is defined below) the consideration of which requires that separate meetings of each Class of Noteholders must be held).

- (b) *Class B1 Notes and Class B2 Notes:* For the purposes of this Condition 14, any reference to a Class of Notes shall, in the context of the Class B1 Notes and the Class B2 Notes, be construed as meaning:
- (i) for a meeting to consider any matter other than a Reserved Matter, the Class B1 Notes and the Class B2 Notes as one single class of Notes and not as two separate classes (and consequently, in relation to the last sentence of Condition 14.1(a), at any such proposed meeting, the Trustee has no discretion to consider whether there might be a conflict of interests between the holders of the Class B1 Notes and the Class B2 Notes, and therefore any such meeting of such holders must be a joint meeting);
 - (ii) for a meeting to consider any Reserved Matter, the Class B1 Notes and the Class B2 Notes as two separate classes and not as one single class (and any such proposed meeting must be by way of separate meetings of the holders of the Class B1 Notes and the holders of the Class B2 Notes) provided that, for the purposes of determining whether a quorum is present and for counting votes at such meetings, the totals at each separate meeting shall be aggregated to form one figure for quorum and one figure for votes;
- (c) *Quorum:* The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing more than half of the Principal Amount Outstanding of the relevant Class of outstanding Notes or, at any adjourned meeting, two or more persons being or representing Notes of such Class whatever the principal amount of the Notes of such Class held or represented; provided, however, that certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest payable on any date in respect of the Notes of any Class, to alter the method of calculating the amount of any payment in respect of the Notes of any Class or the date for any such payment, to change the currency of payments under the Notes of any Class or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a “Reserved Matter”)) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders of the relevant Class at which two or more persons holding or representing not less than three-quarters or, at any adjourned meeting, one quarter of the Principal Amount Outstanding of the relevant Class of outstanding Notes form a quorum.
- (d) *Extraordinary Resolutions:* Any Extraordinary Resolution duly passed at any such meeting of a Class of Noteholders shall be binding on all the Noteholders of such Class, whether present or not.
- (e) *Relationship between Classes:* No Extraordinary Resolution to sanction a modification which would have the effect of increasing the amount of principal or the rate of interest payable in respect of the Senior Notes or altering the currency of payment of the Senior Notes shall take effect unless, in addition to the provisions above for sanctioning a Reserved Matter, it shall also have been sanctioned by an Extraordinary Resolution of the holders of the Class B Notes (at separate meetings in accordance with Condition 12(b)(ii)) and by an Extraordinary Resolution of the holders of WHT Reserve Notes. An Extraordinary Resolution of the Class B Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders or is sanctioned by an Extraordinary Resolution of the Senior Noteholders. An Extraordinary Resolution of the WHT Reserve Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Senior Noteholders or the interests of the Class B Noteholders (as a single Class) or is sanctioned by an Extraordinary Resolution of the Senior Noteholders and the Class B Noteholders. The Trust Deed imposes no such limitations on the powers of the Senior Noteholders, the exercise of which will be

binding on the Class B Noteholders and the WHT Reserve Noteholders, irrespective of their interests.

- (f) *Directions to Trustee and Noteholders' Committees:* A meeting of the holders of a Class of Notes will also have the power (exercisable by Extraordinary Resolution) to advise the Trustee in relation to any of its rights, powers and discretions under the Transaction Documents, to appoint persons (whether Noteholders or not) as a committee to represent the interests of the such holders of such Class of Notes and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.
- (g) *Resolutions in Writing:* In addition, a resolution in writing signed by or on behalf of all of the holders of any outstanding Class of Notes will take effect as it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more holders of the relevant Class of Notes.

14.2 Modification and Waiver

The Trust Deed provides that the Trustee may, without the consent of the Noteholders or any other Secured Creditors concur with the Issuer and any other relevant parties in:

- (a) making any modification of any of the provisions of these Conditions, the Trust Deed, the Deed of Charge or the other Transaction Documents which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error; and
- (b) agreeing to any other matter, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed any other Transaction Document which is, in the opinion of the Trustee, proper to make and will not be materially prejudicial to the interests of holders of any Class of Notes.

Any such modification, authorisation or waiver shall be binding on all Noteholders and shall be notified to the Rating Agencies by the Issuer and, unless the Trustee otherwise agrees, to the Noteholders as soon as practicable in accordance with the Notices Condition.

14.3 Substitution

The Trust Deed contains provisions under which another entity may, without the consent of Noteholders of either Class, assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes, provided that certain conditions specified in the Trust Deed are fulfilled. No Noteholder shall, in connection with any such substitution, be entitled to claim any indemnification or payment in respect of any tax consequences thereof for such Noteholder.

15. Trustee and Paying Agents

15.1 Under the Trust Deed, the Trustee is entitled to be indemnified, secured and relieved from responsibility in certain circumstances and to be paid its costs and expenses and those of any receiver appointed pursuant to the terms of the Transaction Documents in priority to the claims of the Noteholders. In addition, the Trustee or any of its associates is entitled to enter into business transactions with the Issuer, any issuer or guarantor of (or other obligor in respect of) any of the assets, rights and/or benefits comprising the Collateral, or the Secured Creditors or any of their respective subsidiaries or associated companies without accounting to the Secured Creditors for any profit resulting therefrom.

15.2 In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will in considering the interests of the Noteholders have regard solely to the interests of the Senior Noteholders as a class while any Senior Notes are outstanding and if no Senior Notes are outstanding shall have regard solely to the interests of the Class B Noteholders as a class while any

Class B Notes are outstanding and if no Class B Notes are outstanding shall have regard solely to the interests of the WHT Reserve Noteholders and will not be responsible for any consequence for individual Noteholders as a result of such Noteholders being connected in any way with a particular territory or taxing jurisdiction and, other than to ensure distribution of the proceeds of the enforcement of the Security in accordance with the Post-Enforcement Payments Priorities, shall have no regard to the interests of the other Secured Creditors.

- 15.3 In acting under the Paying Agency Agreement and in connection with the Notes, the Principal Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Trustee and does not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.
- 15.4 The Issuer reserves the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional paying agents (together with the Principal Paying Agent, the "Paying Agents"); provided, however, that the Issuer shall at all times maintain a principal paying agent and, so long as the Notes are listed on the Luxembourg Stock Exchange, a paying agent in Luxembourg. Notice of any change in or appointment of the any Paying Agents or in their respective Specified Offices shall promptly be given to the Noteholders.

16. Notices

- 16.1 Notices to the Noteholders shall be valid if published in a leading daily newspaper published in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. Any such notice shall be deemed to have been given on the date of first publication.
- 16.2 A copy of all notices provided pursuant to this Condition 16 shall also be given to Euroclear and Clearstream and any other relevant clearing system.

17. Indemnification of the Trustee

- (a) **Trustee's Indemnity.** The Trust Deed contains provisions for indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including the giving of an Acceleration Notice pursuant to Condition 11.2 and the taking of proceedings to enforce repayment) unless indemnified and/or secured to its satisfaction.
- (b) **Exclusion of Liability of Trustee.** The Trustee shall not be responsible for, nor shall it have any liability with respect to, any loss, diminution in value or theft of all or any part of the Bonds, insuring all or any part of the Underlying Securities (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) or to procure the same to be insured or monitoring the adequacy of any insurance arrangements and for any claim arising in each case if all or any part of the Bonds (or any such document aforesaid) are held in a clearing system or otherwise held in safe custody by the Custodians or a bank or other custodian. The Trustee does not have any responsibility for monitoring or supervising the actions of the clearing systems, the Custodians, any bank or other custodian and, in particular, the Trustee will incur no liability, vicarious or otherwise, for any actions or inactivity of the clearing systems, the Custodians, any bank or other custodian.
- (c) **Trustee's Right to Indemnity.** Under the Transaction Documents, the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances and to be paid or reimbursed any liabilities incurred by it in priority to the claims of the Noteholders and the other Secured Creditors. In addition, the Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer and any other party to the Transaction Documents without accounting for any profit.

(d) **Trustee not Responsible for Loss.** The Trustee will not be responsible for any loss, cost, expense or liability which may be suffered as a result of any assets comprised in the Collateral or the Security or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Issuer or the Custodians or by any person on behalf of the Trustee.

(e) **Limitations of Trustee's Responsibility**

The Trustee is not responsible for:

- (i) ascertaining or investigating whether any of the Bonds meet any eligibility criteria at any time, and the Trustee is entitled to assume that the Bonds do so meet any relevant eligibility criteria;
- (ii) ascertaining or investigating whether any representation made in the Securities Purchase Agreement is true and accurate nor for making any claim pursuant to any indemnity or warranty given in the Securities Purchase Agreement or the On-Sale Agreement;
- (iii) reviewing or investigating any report relating to the Bonds provided by any person (including, but not limited to, the Cash Manager and/or the Collateral Administrator);
- (iv) making or verifying any determination or calculation in respect of the Bonds, the Notes or any Transaction Document;
- (v) the contents of any auditor's report or certificate, and the Trustee is entitled to rely on any such report or certificate;
- (vi) ascertaining whether a BPN Event has occurred, and the Trustee is entitled to assume (unless and until notified to the contrary) that no BPN Event has occurred;
- (vii) seeking any renewal of the Liquidity Facility Agreement or ascertaining whether any default has occurred in relation to the Deposit;
- (viii) ascertaining whether a Credit Event has occurred in relation to any Bond, and the Trustee is entitled to rely on a notice from either or both of the Custodians stating that any Bond has become a Defaulted Bond without further investigation or enquiry;
- (ix) selling any Bond prior to the occurrence of an Event of Default (and, following the occurrence of an Event of Default, the Trustee's responsibility for selling any Bond is limited to directing the Collateral Administrator to effect such sale) and, the Trustee is not responsible for monitoring such sales nor for verifying that the proceeds of any such sale represent a fair market value for the Bond(s) being sold;
- (x) determining or verifying whether any amount received in respect of a Bond is an Income Distribution or a Principal Distribution, and the Trustee may rely on any such determination by BPN, a Custodian or the Cash Manager without further enquiry or investigation;
- (xi) ascertaining whether any bank or other entity is a Qualifying Bank, and the Trustee may rely on any certificate of the Issuer to such effect without further enquiry or investigation; or
- (xii) the operation of any Account.

18. Governing Law

The Trust Deed, the Deed of Charge and the Notes are governed by, and shall be construed in accordance with, English law. The Securities Purchase Agreement, the On-Sale Agreement and the Call Option Deed are governed by Portuguese law. The other Transaction Documents are governed by English law, apart from the Belgian Pledge, which is governed by Belgian law and the Jersey Security Agreement and the Corporate Administration Agreement, which are governed by Jersey law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Senior Notes will be represented initially by a temporary global note in bearer form, without coupons, in the principal amount of €216,700,000 (the “Senior Temporary Global Note”), the Class B1 Notes will be represented initially by a temporary global note in bearer form, without coupons, in the principal amount of €19,200,000 (the “Class B1 Temporary Global Note”), the Class B2 Notes will be represented initially by a temporary global note in bearer form, without coupons, in the principal amount of €25,100,000 (the “Class B2 Temporary Global Note”) and the WHT Reserve Notes will be represented initially by a temporary global note in bearer form, without coupons, in the principal amount of €6,000,000 (the “WHT Reserve Temporary Global Note” and, together with the Senior Temporary Global Note, the Class B1 Temporary Global Note and the Class B2 Temporary Global Note, the “Temporary Global Notes”). The Senior Temporary Global Note, the Class B1 Temporary Global Note, the Class B2 Temporary Global Note and the WHT Reserve Temporary Global Note will be deposited on behalf of the subscribers of the Senior Notes, the Class B1 Notes, the Class B2 Notes and the WHT Reserve Notes, respectively, with a common depository for Euroclear and Clearstream (the “Common Depository”) on or about the Closing Date.

Upon deposit of the Temporary Global Notes, Euroclear or Clearstream will credit each subscriber with a principal amount of Senior Notes or, as the case may be, Class B1 Notes, Class B2 Notes or WHT Reserve Notes equal to the principal amount thereof for which each such subscriber has subscribed and paid. Interests in the Senior Temporary Global Note will be exchangeable 40 days after the issue of the Senior Notes (the “Exchange Date”) (provided certification of non-U.S. beneficial ownership by the holders of Senior Notes has been received for interest in a permanent global note, in bearer form, without coupons, in the principal amount of €216,700,000 (the “Senior Permanent Global Note”) (the expression “Senior Global Notes” meaning the Senior Temporary Global Note and the Senior Permanent Global Note and the expression “Senior Global Note” meaning the Senior Temporary Global Note or the Senior Permanent Global Note, as the context may require). On the exchange of the Senior Temporary Global Note for the Senior Permanent Global Note, the Senior Permanent Global Note will remain deposited with the Common Depository.

Interests in the Class B1 Temporary Global Note will be exchangeable 40 days after the issue of the Class B1 Notes (provided certification of non-U.S. beneficial ownership by the holders of the Class B1 Notes has been received) for interests in a permanent global note, in bearer form, without coupons in the principal amount of €19,200,000 (the “Class B1 Permanent Global Note”) (the expression “Class B1 Global Notes” meaning the Class B1 Temporary Global Notes and the Class B1 Permanent Global Note and the expression “Class B1 Global Note” meaning the Class B1 Temporary Global Note or the Class B1 Permanent Global Note, as the context may require). On the exchange of the Class B1 Temporary Global Note for the Class B1 Permanent Global Note, the Class B1 Permanent Global Note will remain deposited with the Common Depository.

Interests in the Class B2 Temporary Global Note will be exchangeable 40 days after the issue of the Class B2 Notes (provided certification of non-U.S. beneficial ownership by the holders of the Class B2 Notes has been received) for interests in a permanent global note, in bearer form, without coupons in the principal amount of €25,100,000 (the “Class B2 Permanent Global Note”) (the expression “Class B2 Global Notes” meaning the Class B2 Temporary Global Note and the Class B2 Permanent Global Note and the expression “Class B2 Global Note” meaning the Class B2 Temporary Global Note or the Class B2 Permanent Global Note, as the context may require). On the exchange of the Class B2 Temporary Global Note for the Class B2 Permanent Global Note, the Class B2 Permanent Global Note will remain deposited with the Common Depository.

Interests in the WHT Reserve Temporary Global Note will be exchangeable 40 days after the issue of the WHT Reserve Notes (provided certification of non-U.S. beneficial ownership by the holders of the WHT Reserve Notes has been received) for interests in a permanent global note, in

bearer form, without coupons in the principal amount of €6,000,000 (the “WHT Reserve Permanent Global Note”) (the expression “WHT Reserve Global Notes” meaning the WHT Reserve Temporary Global Notes and the WHT Reserve Permanent Global Note and the expression “WHT Reserve Global Note” meaning the WHT Reserve Temporary Global Note or the WHT Reserve Permanent Global Note, as the context may require). On the exchange of the WHT Reserve Temporary Global Note for the WHT Reserve Permanent Global Note, the WHT Reserve Permanent Global Note will remain deposited with the Common Depositary.

The Global Notes will be transferable by delivery. The Permanent Global Notes will be exchangeable for definitive Notes in bearer form (the “Definitive Notes”) only in the limited circumstances described below. Each of the persons shown in the records of Euroclear or of Clearstream, as the holder of a Note, will be entitled to receive any payment so made in respect of that Note in accordance with the respective rules and procedures of Euroclear or, as the case may be, Clearstream. Each such person must give a certificate as to non-U.S. beneficial ownership as of the earlier of (i) the date on which the Issuer is obliged to exchange the Senior Temporary Global Note or, as the case may be, the Class B1 Temporary Global Note, the Class B2 Temporary Global Note or the WHT Reserve Global Note, which date shall be no earlier than the Exchange Date (as defined in the Senior Temporary Global Note or, as the case may be, the Class B1 Temporary Global Note, the Class B2 Temporary Global Note or the WHT Reserve Global Note and (ii) the first Interest Payment Date, in order to obtain any interest payment due on the Notes.

For so long as any Notes are represented by the Global Notes, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, as appropriate.

Any statement in writing issued by Euroclear or Clearstream as to the persons shown in its records as being entitled to the Notes and the respective principal amounts of Notes held by them shall be conclusive for all purposes.

Principal of and interest on a Global Note will be payable against presentation of that Global Note at the specified office of the Paying Agent or, at the option of the holder, at any specified office of any paying Agent provided that no payment of interest on a Global Note may be made by, or upon presentation of that Global Note to, any Paying Agent in the United States and subject to certification as to non-U.S. beneficial ownership as mentioned above having been received by Euroclear or Clearstream. A record of each payment made on a Global Note, distinguishing between any payment of principal and payment of interest, will be endorsed for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made.

If after the Exchange Date (i) the principal amount of the Notes becomes immediately due and payable by reason of default, or (ii) either Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business and no alternative clearing system satisfactory to the Trustee is available, or (iii) as a result of any amendment to, or change in, the laws or regulations of Jersey, or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the date of this Offering Circular, the Issuer or any Paying Agent is or will be required to make any deduction or withholding on account of tax from any payment in respect of any Notes which would not be required were such Notes in definitive bearer form, then the Issuer will issue Definitive Notes at its sole cost and expense in exchange for the Permanent Global Notes within 30 days of the occurrence of the relevant event in (i), (ii) or (iii) above subject in each case to certification as to non-U.S. beneficial ownership as mention above having been received by Euroclear or Clearstream.

Notwithstanding Condition 16 (*Notices*), any notice to Noteholders in respect of Notes represented by Global Notes shall be deemed to have been duly given if sent to Euroclear and/or

Clearstream (as applicable) and shall be deemed to have been given to Noteholders in accordance with Condition 16 (Notices) on the date of delivery to Euroclear and/or Clearstream (as applicable). So long as any Notes remain listed on the Luxembourg Stock Exchange notices will be published in Luxembourg.

A proxy for the holder of the Senior Temporary Global Note, the Class B1 Temporary Global Note, the Class B2 Temporary Global Note or the WHT Reserve Global Note (as the case may be) or the Senior Permanent Global Note or the Class B1 Permanent Global Note, the Class B2 Permanent Global Note or the WHT Reserve Global Note (as the case may be) will be treated as being two persons for the purposes of any quorum requirements of a meeting of the relevant class of Noteholders.

EXPECTED AVERAGE LIFE OF THE SENIOR NOTES

The expected average life of the Senior Notes is expected to be 4 years.

In calculating the average life of the Senior Notes, it has been assumed that (among other things) (1) the Issuer's portfolio of Bonds is fully performing, and in particular that (i) any put options scheduled to arise in respect of the Bonds are exercised by the Collateral Administrator on behalf of the Issuer at the first available opportunity, (ii) there are no Credit Events under the Credit Default Swap Agreements and (2) rates of interest remain constant.

USE OF PROCEEDS

The net proceeds of the issue of the Senior Notes (after deducting fees and other expenses of the Issuer) are expected to be €267,246,028. The net proceeds of the issue of the Senior Notes and the Class B Notes will be used by the Issuer to redeem in full the Bridge Notes.

The net proceeds of the issue of the WHT Reserve Notes will be used to fund the WHT Reserve Account.

THE LIQUIDITY FACILITY AGREEMENT

The Liquidity Facility Provider will be a bank which as at the Closing Date has a rating assigned for its short-term unsecured, unsubordinated and unguaranteed debt obligations of at least P-1/F-1+ (or its long-term equivalent) from the Rating Agencies or such other long-term or short-term rating as is commensurate with the rating assigned to the Senior Notes remaining outstanding from time to time by the Rating Agencies.

Under the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a 364-day commitment to permit a drawing to be made of up to a maximum aggregate principal amount of €1,306,000 in circumstances where the Issuer has insufficient funds available on an Interest Payment Date falling within such 364-day period to pay in full any of the items specified in (i) to (v) (inclusive) of Condition 3.4.1 (*Application of Income Collections*) (a "Liquidity Shortfall").

The Liquidity Facility Agreement will provide that, if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below P-1/F-1+ (or its long-term equivalent) by the Rating Agencies, or the Liquidity Facility Provider refuses to extend the term of the Liquidity Facility, the Issuer may require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the "Liquidity Facility Reserve Account") maintained with the Account Bank an amount equal to its undrawn commitment under the Liquidity Facility Agreement. Amounts standing to the credit of such account will be available to the Issuer for drawing in the event of there being a Liquidity Shortfall and in the circumstances provided in the Liquidity Facility Agreement. The Issuer may also, at any time, replace the Liquidity Facility Provider provided that such Liquidity Facility Provider is replaced by an appropriately-rated bank and all amounts outstanding to such Liquidity Facility Provider are repaid in full.

The Liquidity Facility will be governed by English law.

INTEREST RATE HEDGING

The Group Interest Rate Swap Agreement

Under an interest rate exchange agreement to be documented by an ISDA master agreement and schedule (the “ISDA Master”) and a confirmation with an effective date of 6 March 2001 between the Issuer and the IR Swap Counterparty, the Issuer will pay to the IR Swap Counterparty on each Interest Payment Date certain amounts, based on a schedule of fixed rates (expressed as a percentage), calculated as specified in the relevant confirmation. The notional amount will amortise according to a pre-set schedule and the IR Swap Counterparty will pay to the Issuer on each Interest Payment Date certain amounts, calculated by reference to EURIBOR, on a notional amount equal to the scheduled notional amount as at the beginning of each Interest Period. The payment obligations of the Issuer and the IR Swap Counterparty will be subject to netting. The ISDA Master together with the confirmations thereunder is referred to herein as the “Interest Rate Swap Agreement”.

The Interest Rate Swap Agreement will terminate on 6 March 2014 unless terminated earlier, including, but without limitation, in circumstances where payment of principal and interest on the Senior Notes and the Class B Notes has been made in full on or before that date, in which case the Swap Agreement shall terminate on the date on which such payment is made in full.

The Interest Rate Cap Agreement

Under an interest rate cap agreement (the “Interest Rate Cap Agreement”) to be documented by the ISDA Master and a confirmation with an effective date of 6 March 2001 between the Issuer and Credit Suisse First Boston International (in such capacity, the “IR Cap Counterparty” and together with the IR Swap Counterparty, the “IR Hedging Counterparties”), the IR Cap Counterparty will be obliged to make payments, if any, to the Issuer on each date on which an interest payment is due to the Issuer on the BNP Bond to the extent that three month LISBOR (as defined in the BNP Bond) plus the margin on the BNP Bond (0.75%) for the relevant interest accrual period exceeds 6.75% (the “Rate Cap Strike Rate”). The amount payable by the IR Cap Counterparty on any payment date for the BNP Bond will be equal to (a) the per annum excess by which such three month LISBOR rate plus 0.75% exceeds the applicable Rate Cap Strike Rate multiplied by (b) the interest day count basis of the BNP Bond multiplied by (c) the original outstanding principal balance of the BNP Bond.

Early Termination

If the short-term unsecured, unsubordinated and unguaranteed debt rating of an IR Hedging Counterparty is downgraded below P-1 by Moody’s or below F-1+ by Fitch and as a result of such downgrade the then current ratings of the Senior Notes would be adversely affected, the relevant IR Hedging Counterparty will be required within 60 days of such downgrade to (i) agree with the IR Hedging Counterparty to the provision by the IR Hedging Counterparty of cash collateral in an amount agreed at the time with the Rating Agencies and which collateral will be secured in favour of the Issuer to support the IR Hedging Counterparty’s obligations under the Interest Rate Swap Agreement or, as the case may be, the Interest Rate Cap Agreement or (ii) obtain a guarantee in respect of the IR Hedging Counterparty’s obligations under the Interest Rate Swap Agreement or, as the case may be, the Interest Rate Cap Agreement with an appropriately rated guarantor acceptable to the Issuer and at the expense of the IR Hedging Counterparty. Failure to do so within a specified period will give the Issuer the right to terminate the Interest Rate Swap Agreement.

The Interest Rate Swap Agreement and/or the Interest Rate Cap Agreement may also be terminated early in the following circumstances:

- (a) at the option of the Issuer, if there is a failure by the IR Swap Counterparty to pay any amount due under the Interest Rate Swap Agreement or if there is a failure by the IR Cap Counterparty to pay any amount due under the Interest Rate Cap Agreement; or

- (b) upon the occurrence of certain other events with respect to either party to the Interest Rate Swap Agreement or, as the case may be, the Interest Rate Cap Agreement, including an insolvency or changes in law resulting in illegality.

Upon any such early termination of the Interest Rate Swap Agreement or, as the case may be, the Interest Rate Cap Agreement, the Issuer or the relevant IR Hedging Counterparty may be liable to make an early termination payment to the other (regardless, if applicable, of which of such parties may have caused the termination). Such early termination payment will be calculated on the basis of "Loss" determined in accordance with the ISDA Master and on the basis that the Issuer is the Affected Party (as defined in the Interest Rate Swap Agreement or, as the case may be, the Interest Rate Cap Agreement), except in the case of early termination by reason of default by the IR Hedging Counterparty (in which case the IR Hedging Counterparty will be the Affected Party), and on the basis that any deferred payments are immediately due and payable.

Taxation

Neither the Issuer nor any IR Hedging Counterparty is obliged under the Interest Rate Swap Agreement (or, as the case may be, the Interest Rate Cap Agreement) to gross up if withholding taxes are imposed on payments made under the Interest Rate Swap Agreement (or, as the case may be, the Interest Rate Cap Agreement). If the Issuer or the relevant IR Hedging Counterparty is required to make a withholding or deduction for or on account of tax on payments to be made by it under the Interest Rate Swap Agreement, the IR Hedging Counterparty shall endeavour to transfer its interest and obligations in the Interest Rate Swap Agreement, to another of the IR Hedging Counterparty's Affiliates, branches or offices or to another entity whose long-term unsecured, unsubordinated obligations are rated not less than the then-current rating of the IR Hedging Counterparty's obligations by the Rating Agencies or whose obligations are fully guaranteed by such an entity (failing which the Interest Rate Swap Agreement (or, as the case may be, the Interest Rate Cap Agreement), will be terminated with the IR Hedging Counterparty as the sole Affected Party).

General

Except as stated in "Taxation" above, neither the Issuer nor any IR Hedging Counterparty is, save for the assignment by way of security in favour of the Trustee under the Deed of Charge, permitted to assign, novate or transfer as a whole or in part any of its rights, obligations or interests under the Interest Rate Swap Agreement (or, as the case may be, the Interest Rate Cap Agreement); provided, however, that an IR Hedging Counterparty may transfer its rights and obligations under the Interest Rate Swap Agreement (or, as the case may be, the Interest Rate Cap Agreement), but not its rights only, to another of the IR Hedging Counterparty's offices, branches or Affiliates on ten Business Days' prior written notice, provided that conditions substantially similar to those described in "Taxation" above are fulfilled, the transferee has the required ratings from the Rating Agencies and the agreement is on the same terms *mutatis mutandis* as the Interest Rate Swap Agreement (or, as the case may be, Interest Rate Cap Agreement).

THE CREDIT DEFAULT SWAP AGREEMENTS

The Issuer will, on the Closing Date, enter into two series of credit default swaps (the “Credit Default Swaps”) with Credit Suisse First Boston International (in such capacity, the “Default Swap Counterparty”). The Credit Default Swaps will be entered into pursuant to 1992 ISDA Master Agreements (Multicurrency Cross-Border) governed by English Law, each of which includes schedules and confirmations (each a “Master Agreement”). Each Credit Default Swap will incorporate the 1999 ISDA Credit Derivatives Definitions (the “1999 Definitions”) as appropriate.

All calculations and determinations under the Credit Default Swaps will be made by the Default Swap Counterparty as calculation agent and none of the Trustee, the Custodians, the Cash Manager, the Collateral Administrator, the Account Bank or any other party will have any responsibility for the accuracy of, or for verifying the basis for, any such calculation or determination and will be entitled to assume the accuracy of such calculations and determinations without further investigation.

First Series of Credit Default Swaps

Under the first series of credit default swaps (“CDS1”), the Issuer will purchase credit default protection from the Default Swap Counterparty in relation to specified Bonds (the “CDS1 Reference Obligations”) pursuant to two credit swap transactions.

The first credit default swap transaction (the “BNP Credit Default Swap”) will have a notional amount of €24,000,000 and will provide credit protection in relation to the Bond issued by Banque National de Paris due 2008 (XS0084167963) (the “BNP Reference Obligation”) to the maturity date of the BNP Reference Obligation.

The second credit default swap transaction (the “EDP Credit Default Swap”) will have a notional amount of €21,000,000 and will provide credit protection in relation to the EDP (24a) (PTEDPUOE0008) (the “EDP Reference Obligation”) to 5 July 2001 (being the first optional redemption date of the EDP Reference Obligation).

The Issuer will be obliged to make certain fixed rate payments to the Default Swap Counterparty (“CDS1 Payments”) in euro on the notional amount of each credit default swap transaction. The Default Swap Counterparty’s obligation to make any CDS1 Payments to the Issuer in respect of the BNP Credit Default Swap will be set off against the Issuer’s obligation to make payments in respect of the CDS2 BNP Credit Default Swaps (as defined below). The Default Swap Counterparty’s obligation to make any CDS1 Payments to the Issuer in respect of the EDP Credit Default Swap will be set off against the Issuer’s obligation to make payments in respect of the CDS2 EDP Credit Default Swaps (as defined below).

Under the terms of a letter agreement expected to be dated 6 March 2001 between the Custodians, the Collateral Administrator and the Issuer, the Collateral Administrator will be required on behalf of the Issuer to exercise the optional redemption rights arising in respect of the EDP Reference Obligation upon the same becoming exercisable. Any redemption proceeds of the EDP Reference Obligation will be held in cash on behalf of the Issuer in the CDS Collateral Account or will be invested in Eligible Investments and held as collateral against the Issuer’s obligations under the CDS2 EDP Credit Default Swaps (as defined below).

Settlement of a CDS1 Reference Obligation will occur five Business Days after the date on the Conditions to Payment (as defined below) have occurred. Upon the occurrence of the Conditions to Payment the Issuer will be required to effect physical delivery of the relevant CDS1 Reference Obligation to the Default Swap Counterparty in exchange for a cash amount equal to the principal amount outstanding of the relevant CDS1 Reference Obligation. Any settlement amount payable by the Default Swap Counterparty in respect of the BNP Credit Default Swap will be held as collateral against the Issuer’s obligations in respect of the CDS2 BNP Credit Default Swaps (as defined below).

Any settlement amount payable by the Default Swap Counterparty in respect of the EDP Credit Default Swap will be held as collateral against the Issuer's obligations in respect of the CDS2 EDP Credit Default Swaps (as defined below).

Second Series of Credit Default Swaps

Under the second series of credit default swaps ("CDS2"), the Issuer will sell credit default protection to the Default Swap Counterparty in respect of borrowed money reference obligations of certain reference entities (the "CDS2 Reference Entities"). The aggregate notional amount of CDS2 will be equal to the aggregate notional amount of CDS1. CDS2 will consist of two groups of credit default swap transactions. The first group of CDS2 credit default swap transactions (the "CDS2 BNP Credit Default Swaps") will be collateralised by the Issuer's rights under the BNP Credit Default Swap. The second group of CDS2 credit default swap transactions (the "CDS2 EDP Credit Default Swaps") will be collateralised by the Issuer's rights under the EDP Credit Default Swap.

The Default Swap Counterparty will be obligated to make certain fixed rate payments in euro to the Issuer ("CDS2 Payments") on the notional amount of the CDS2 transactions. CDS2 Payments will be set off by the Default Swap Counterparty against CDS1 Payments payable by the Issuer to the Default Swap Counterparty.

On the occurrence of the Conditions to Payment (as defined below), the Default Swap Counterparty will be required to make a cash payment to the Issuer in an amount equal to recoveries on the relevant CDS2 Reference Entity (less the amount of any termination payment payable to the Issuer on termination of the applicable notional amount of the CDS1 credit default swap transaction or any related asset swap transaction) and will be entitled to receive from the Issuer a principal amount of the Bond which is collateral for the CDS2 transaction equal to the notional amount of the credit default swap in respect of which the Conditions to Payment have occurred. The difference between the notional amount of the relevant credit default swap and the net recoveries in respect of the relevant CDS2 Reference Entity will be credited to the ESAF Principal Deficiency Ledger or the Investil Principal Deficiency Ledger, as applicable.

Conditions to Credit Protection Payment

The Default Swap Counterparty (in relation to CDS1) or the Issuer (in relation to CDS2) will be required to make a cash payment if, prior to any early termination of the relevant Credit Default Swap, a Credit Event Notice and a Notice of Publicly Available Information has been delivered by it or on its behalf regarding the occurrence of a Credit Event (the "Conditions to Payment").

A "Credit Event Notice" is an irrevocable notice which describes the Credit Event that has occurred, giving a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred.

A "Notice of Publicly Available Information" is an irrevocable notice that cites information that confirms any of the facts relevant to the determination that the Credit Event described in the Credit Event Notice has occurred and which has been published in not less than two published or electronically displayed news sources which are, in the opinion of the Default Swap Counterparty, internationally recognised.

Credit Events

The following Credit Events ("Credit Events") will apply to reference entities for the purposes of the Credit Default Swaps:

Bankruptcy—a Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (c) makes a general assignment,

arrangement or composition with or for the benefit of its creditors; (d) institutes or has instituted against it a proceeding seeking a judgement of insolvency or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (i) results in a judgement of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (ii) is not dismissed, discharged, stayed or restrained within 30 days of the institution or presentation thereof; (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive); or (i) takes any action in furtherance of or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

Failure to Pay—after the expiration of any applicable grace period (applicable to the relevant Obligation (as defined below) in accordance with its terms as of the later of the trade date applicable to the Credit Swap Agreement or the date of issuance of such Obligation) after the satisfaction of any conditions precedent to the commencement of such grace period, the failure by the Reference Entity to make, when and where due, any payments in an aggregate amount of not less than USD 1,000,000 under the relevant Obligation;

Obligation Acceleration—one or more Obligations has or have become due and payable before it or they would otherwise have been due and payable as a result of, or on the basis of, the occurrence of a default, event of default or other similar condition or event (however described), other than a failure to make any required payment, in respect of a Reference Entity under one or more Obligations in an aggregate amount of not less than USD 10,000,000;

Repudiation/Moratorium—a Reference Entity or Governmental Authority (a) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, one or more Obligations in an aggregate amount of not less than USD 10,000,000 or (b) declares or imposes a moratorium, standstill or deferral, whether *de facto* or *de jure*, with respect to one or more Obligations in an aggregate amount of not less than the USD 10,000,000.

Restructuring—with respect to one or more Obligations, including as a result of an Obligation Exchange, and in relation to an aggregate amount of not less than USD 10,000,000 any one or more of the following events occurs, is agreed between the Reference Entity or a Governmental Authority and the holder or holders of such Obligation or is announced (or otherwise decreed) by a Reference Entity or a Governmental Authority in a form that is binding upon a Reference Entity, and such event is not provided for under the terms of such Obligation in effect as of the later of Trade Date and the date as of which such obligation is issued or incurred:

- (i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (iii) a postponement or other deferral of a date or dates for either (A) the payment or accrual of interest or (B) the payment of principal or premium;

- (iv) a change in the ranking in priority of payment of any Obligation, causing the subordination of such Obligation; or
- (v) any change in the currency or composition of any payments of interest or principal.

Notwithstanding the foregoing none of the following shall constitute a Restructuring:

- (a) the payment in Euros of interest or principal in relation to an Obligation denominated in a currency of a Member State of the European Union that adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (b) the occurrence of, agreement to or announcement of any events described in paragraph (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (c) the occurrence of, agreement to or announcement of any of the events described in paragraphs (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

If an Obligation Exchange has occurred, the determination as to whether one of the events described under paragraphs (i) to (v) above has occurred will be based on a comparison of the terms of the Obligation immediately before such Obligation Exchange and the terms of the result Obligations immediately following such Obligation Exchange.

When determining the existence or occurrence of a Credit Event with respect to any Reference Entity, the determination shall be made without regard to (i) any lack or alleged lack of authority or capacity of the relevant Reference Entity to enter into or to perform any Obligation, (ii) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to any Obligation, however described, (iii) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described, or (iv) in the imposition of or any change in any exchange controls, capital restrictions, or any other similar restrictions imposed by any monetary or other authority, however described.

None of the Trustee, the Custodians, the Paying Agent, the Account Bank, the Cash Manager or the Collateral Administrator are responsible for ascertaining whether a Credit Event has occurred, and all such parties are entitled to rely on a determination by the Default Swap Counterparty as to whether any such Credit Event exists or has occurred.

Obligations

With respect to a Reference Entity, any obligation whether present or future, contingent or otherwise, for the payment or repayment of borrowed money (including, without limitation, deposits and reimbursement obligations arising from drawings pursuant to letters of credit) which ranks on at least a *pari passu* basis with the obligations of such Reference Entity that are neither subordinated by their terms (or otherwise) nor secured.

Downgrade of Default Swap Counterparty

If the short-term unsecured, unsubordinated and unguaranteed debt rating of the Default Swap Counterparty is downgraded below P-1 by Moody's or below F-1+ by Fitch (or if the long-term unsecured, unsubordinated and unguaranteed debt rating of the Default Swap Counterparty is downgraded below A1 by Moody's) and as a result of such downgrade the then current ratings of the Senior Notes would be adversely affected, the Default Swap Counterparty will be required within 60

days of such downgrade to (i) agree with the IR Hedging Counterparty to the provision by the Default Swap Counterparty of cash collateral in an amount agreed at the time with the Rating Agencies and which collateral will be secured in favour of the Issuer to support the Default Swap Counterparty's obligations under the Credit Default Swaps or (ii) obtain a guarantee in respect of the Default Swap Counterparty's obligations under the Credit Default Swaps with an appropriately rated guarantor acceptable to the Issuer and at the expense of the Default Swap Counterparty or (iii) transfer its interest in, and obligations under, the Credit Default Swaps to another entity which has the required ratings (or whose guarantor or provider of credit support has the required ratings). Failure to do so within a specified period will give the Issuer the right to terminate the Credit Default Swaps.

CASH MANAGEMENT AND COLLATERAL ADMINISTRATION

Cash Management

Each of the Issuer, BPN and CSFBi will appoint BNP Paribas Luxembourg as the Cash Manager (the “Cash Manager”) to manage and operate its bank account(s) (being, in the case of the Issuer, the Issuer Income Account, the Issuer Principal Account, the Liquidity Reserve Account, the CDS Collateral Account, the WHT Reserve Account and the WHT Reserve Securities Account and, in the case of CSFBi, the CSFBi Account) pursuant to an agreement expected to be dated the Closing Date (the “Cash Management Agreement”) between the Issuer, CSFBi, BPN, the Cash Manager and the Trustee.

The Cash Manager has agreed to operate the bank accounts referred to above, *inter alia*, to arrange for all payments to be made as required in the Cash Management Agreement to arrange for the distribution of funds in accordance with the Payment Priorities.

The Cash Manager, acting on the instructions of the holder of the relevant Account or, after an Acceleration Notice has been delivered in accordance with the Conditions of the Notes, acting on the instructions of the Trustee where the holder of the relevant Account is the Issuer, will deposit any cash arising in the Issuer Account or the CSFBi Account, in Eligible Investments.

The Cash Manager will appoint Credit Suisse First Boston (Europe) Limited as its sub-agent to arrange for the investment of amounts credited to the WHT Reserve Account in commercial paper pursuant to Condition 3.6.1.

Neither the Cash Manager nor the Trustee will be responsible for any loss occasioned by reason of any Eligible Investments, whether by depreciation in value, fluctuation in exchange rates or otherwise.

Collateral Administration

Each of the Issuer and BPN will appoint The Chase Manhattan Bank as its agent (the “Collateral Administrator”) to perform certain collateral administration functions in accordance with the terms of a Collateral Administration Agreement expected to be dated the Closing Date (the “Collateral Administration Agreement”).

The Collateral Administrator will act as agent of the Issuer or, as the case may be, BPN in arranging the sale of any Defaulted Bonds in accordance with the Sales Procedures (as defined below).

The “Sales Procedures” are as follows:

- (a) the Collateral Administrator or one of its Affiliates shall arrange for the sale of the relevant Eurobond or Portuguese Bond within 60 days of receiving notification pursuant to the Custody Agreement that a Bond has become a Defaulted Bond;
- (b) the Collateral Administrator shall solicit bids for and accept the highest bid obtained from at least two market bidders, one of which may be the Collateral Administrator (or its Affiliate); and
- (c) the Collateral Administrator shall arrange for the net sale proceeds (less any expenses of sale) of a defaulted Eurobond or Portuguese Bond to be paid to the Issuer Income Account against delivery of the relevant Defaulted Bond.

The Collateral Administrator will also be required, in accordance with the terms of the Collateral Administration Agreement to exercise, on behalf of the Issuer or, as the case may be, BPN any put options which arise for exercise by the Issuer or, as the case may be, BPN, in respect of a Bond, on the first occasion on which any such put option becomes exercisable.

Under the Collateral Administration Agreement the Collateral Administrator will also be required to use its reasonable efforts to sell the Wfalis Bond and the Depfa Bond if the Senior Notes have not been redeemed in full prior to their Final Maturity Date.

RATINGS

The rating of the Senior Notes by the Rating Agencies addresses the likelihood that Noteholders of the Senior Notes will receive timely payments of interest and ultimate repayment of principal. The rating of "AAA" is the highest rating that Fitch assigns to securities and the rating of "Aaa" is the highest rating that Moody's assigns to securities.

The rating takes into consideration the characteristics of the Underlying Securities, the ratings of the Hedging Counterparties and the structural, legal and tax aspects associated with the Senior Notes. However, the ratings assigned to the Senior Notes do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that the Senior Noteholders might suffer a lower than expected yield due to prepayments.

The ratings assigned to the Senior Notes should be evaluated independently from similar ratings on other types of securities.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agencies.

The Issuer has not requested a rating of the Senior Notes by any rating agency other than the Rating Agencies; there can be no assurance, however, as to whether any other rating agency will rate the Senior Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Senior Notes could be lower than the respective ratings assigned by the Rating Agencies.

The Class B Notes and the WHT Reserve Notes will not be rated.

DESCRIPTION OF THE ISSUER

General

The Issuer was incorporated in Jersey with registered number 78782 as a public company with limited liability under the Companies (Jersey) Law 1991 on 28 November 2000 for an unlimited duration.

The authorised share capital of the Issuer is £10,000 divided into 10,000 shares of £1.00 each. The issued share capital of the Issuer is £2.00 divided into 2 shares of £1.00 each, both of which are fully paid up. The entire issued share capital of the Issuer is held by or on behalf of SFM Offshore Limited as share trustee (the "Share Trustee") on trust for charitable purposes.

The Issuer has no subsidiaries.

Registered Office

The Issuer's registered office is situated at 47 Esplanade, St. Helier, Jersey, JE1 0BD, Channel Islands.

Management

The directors of the Issuer, their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Michael George Best	47 Esplanade, St Helier, Jersey, JE1 0BD	Company Director
Graham Edward Journeaux	47 Esplanade, St Helier, Jersey, JE1 0BD	Company Director

The directors of the Issuer are also directors of the Corporate Administrator.

Financial Statements

Set out on pages 81 to 87 is the text of a report received by the directors of the Issuer from PricewaterhouseCoopers, the auditors to the Issuer. No accounts of the Issuer have been made up in respect of any period subsequent to 23 February 2001.

The Issuer's accounting reference date is 31 December in each year, except for the first statutory accounts which have been drawn up to 23 February 2001.

Business of the Issuer

So long as any of the Notes remain outstanding, the Issuer has agreed that it will not, save to the extent permitted by the Transaction Documents or with the prior written consent of the Trustee, *inter alia*, engage in any business (other than acquiring and holding Underlying Securities, issuing the Notes, entering into the Credit Default Swap Agreements, the Interest Rate Swap Agreement, the Interest Rate Cap Agreement and the other Transaction Documents, performing its obligations and exercising its rights thereunder and other incidental activities), or have any employees or premises or have any subsidiaries.

Corporate Administration

The Issuer has appointed SFM Offshore Limited as corporate administrator (the "Corporate Administrator") to provide corporate secretarial and administrative services pursuant to the Corporate Administration Agreement. The register of members will be maintained by the Corporate Administrator at its office.

Principal Bankers

The principal bankers to the Issuer are BNP Paribas Luxembourg.

Capitalisation and Indebtedness

The following table sets forth the unaudited capitalisation and indebtedness of the Issuer as at the date hereof (adjusted for the issue of the Notes being issued on 6 March 2001 and the redemption of the Bridge Notes on 6 March 2001).

Share Capital:	€
Called Up Share Capital Fully Paid.	3
Indebtedness:	
€216,700,000 Class A Senior Asset Backed Floating Rate Notes due 2009	216,700,000
€19,306,837 Class B1 Subordinated Asset Backed Notes due 2014	19,306,837
€25,239,191 Class B2 Subordinated Asset Backed Notes due 2014	25,239,191
€6,000,000 WHT Reserve Notes due 2014	6,000,000
Total Capitalisation and Indebtedness:	<u>267,246,031</u>

Other than as set out above, the Issuer has no loan capital, borrowings, indebtedness or contingent liabilities.

DIRECTORS' REPORT FOR THE PERIOD ENDED 23 FEBRUARY 2001

The directors present their first annual report and the audited financial statements for the period ended 23 February 2001.

Incorporation

The company was incorporated as a public company in Jersey, Channel Islands on 28 November 2000.

Directors' responsibilities for the financial statements

Directors are required by the Companies (Jersey) Law 1991 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the income or deficit for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

Principal activities

The profit and loss account for the period is set out on page 82. The principal activity of the company is that of an investment holding company. The company commenced activities on 28 December 2000.

Results and dividends

The directors have not declared the payment of a final dividend in respect of the period ended 23 February 2001.

The retained profit for the period ended 23 February 2001 was €297,973.

Directors

The directors who held office throughout the period, unless otherwise stated, were:

Mr M G Best	Appointed 28 November 2000
Mr G E Journeaux	Appointed 28 November 2000

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the annual general meeting.

Secretary

The secretary of the company at 23 February 2001 was SFM Offshore Limited, appointed 14 December 2000.

By order of the board

**SFM Offshore Limited
as Corporate Secretary**

5 March 2001

Registered office:

47 Esplanade
ST HELIER
Jersey
JE1 0BD



AUDITORS' REPORT TO THE MEMBERS OF CABRAL No.1 LIMITED

We have audited the financial statements on pages 82 to 87.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 79, this includes responsibility for preparing the financial statements in accordance with applicable accounting standards. Our responsibilities, as independent auditors, are established in Jersey by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 23 February 2001 and of its profit and cash flows for the period then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Chartered Accountants
Jersey CI

5 March 2001

**Profit and loss account
for the period ended 23 February 2001**

	Notes	28 November 2000 to 23 February 2001	
		(€)	(€)
Income	1		
Bond interest receivable			736,193
Bank interest receivable			189,172
Bond premium/discount amortisation	2		910,566
Profit on bond redemption			181,904
			<u>2,017,835</u>
Expenses	1		
Administration expenses		3	
Amortisation of initial costs		—	
Floating rate note interest payable		<u>1,719,859</u>	
			<u>1,719,862</u>
Profit for the period	9		<u><u>297,973</u></u>

Continuing operations: all the items dealt with in arriving at the profit for the period relate to continuing operations.

The company has no recognised gains and losses other than those included in the profit for the period above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit for the period stated above, and the historical cost equivalent.

Balance sheet
at 23 February 2001

	Notes	(€)	(€)
Fixed assets			
Bond portfolio	2		231,329,087
Current assets			
Deposit account entitlement	3	24,284,296	
Debtors and prepayments	4	1,287,847	
Cash at bank and in hand	5	2,330,238	
		<u>27,902,381</u>	
Creditors: amounts falling due within one year			
Creditors and accrued expenses	6	759,492	
Loan notes	7	258,174,000	
		<u>258,933,492</u>	
Net current liabilities			<u>(231,031,111)</u>
Net assets			<u>297,976</u>
Capital and reserves			
Equity share capital	8		3
Reserves	9		297,973
Equity shareholders' funds	14		<u>297,976</u>

The financial statements on pages 82 to 87 were approved by the board of directors on 5 March 2001 and were signed on its behalf by:

} Directors

**Cashflow statement
for the period ended 23 February 2001**

	Notes	28 November 2000 to 23 February 2001 (€)
Net cash outflow from operating activities	13	(1,322,852)
Financial investment		
Purchase of bond portfolio		(231,326,191)
Redemption of bond		1,089,574
Management of liquid resources		
Cash placed on deposit account		(24,993,106)
Repayment of deposit account		708,810
Financing		
Senior floating rate notes issued		206,197,000
Subordinated note issued		51,977,000
Equity share capital issued		3
Increase in cash during the period		<u>2,330,238</u>
 Reconciliation of net cashflow to movement in net funds		
Cash at start of period		—
Increase in cash during the period		<u>2,330,238</u>
Cash at 23 February 2001	5	<u><u>2,330,238</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 23 FEBRUARY 2001

1. Principal accounting policies

The financial statements have been prepared in Euros, under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom.

A summary of the more important accounting policies is set out below.

Income and expenditure

All items of income and expenditure are accounted for on an accruals basis with the exception of annual filing fees and exempt company fees which are accounted for on a payments basis.

Bond portfolio

Bonds are stated at historical cost as adjusted for amortisation of the premium or discount to par at acquisition over their remaining life to maturity. Where the bonds have optional earlier redemption opportunities, amortisation has been calculated on the latest redemption date, consistent with the period over which the bonds are intended to be held. If in the directors' opinion there has been a permanent diminution in value they are written down to their net realisable value.

Floating rate notes and subordinated note

Loan notes are stated at their principal amounts.

Direct issue costs, representing the difference between net issue proceeds and principal amounts, have been capitalised and are amortised over the remaining life to maturity of the loan notes.

Foreign currency

Transactions denominated in currencies other than Euros are recorded at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in currencies other than Euros at the period end are reported at the rate of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included in the profit and loss account.

2. Bond portfolio

	2001 (€)
Bonds at cost	230,418,521
Amortised discount on acquisition.	910,566
	<u>231,329,087</u>

The bond portfolio comprises a portfolio of Eurobonds, together with entitlement to the principal amount only of a portfolio of Portuguese bonds. There is a first fixed and floating charge over these assets in favour of the security trustee, which holds the loan notes on behalf of the beneficial owner of the notes.

3. Deposit account entitlement

	2001 (€)
Deposit account entitlement	24,284,296

This asset comprises a participated deposit held with Banco Português de Negócios, S.A. by Credit Suisse First Boston International in which the company has purchased a participation. It is repayable in line with the receipt of interest payments on the Portuguese bond portfolio for which the company is entitled to principal amounts only, such repayment terms being governed by the funded participation agreement.

The deposit is interest bearing at the rate of Euribor plus 0.1% per annum, calculated daily.

4. Debtors and prepayments

	2001 (€)
Bond interest receivable	1,188,430
Deposit interest receivable	16,417
Initial costs (unamortised)	83,000
	<u>1,287,847</u>

5. Cash at bank and in hand

	2001 (€)
BNP Paribas, Luxembourg	
Deposit notice account 1	1,089,574
Deposit notice account 2	403,043
Deposit notice account 3	837,621
	<u>2,330,238</u>

6. Creditors and accrued expenses

	2001 (€)
Floating rate note interest payable	759,492

7. Loan notes

	2001 (€)
Series 1 Senior Floating Rate Notes – due 2001	31,876,000
Series 2 Senior Floating Rate Notes – due 2001	174,321,000
Subordinated Note – due 2001	51,977,000
	<u>258,174,000</u>

The senior floating rate notes bear interest at three month Euribor, plus a margin of 0.5% per annum. This margin increases to 1.0% following the interest period ending on 28 February 2001. The subordinated note does not bear interest.

The holder of the subordinated note is entitled to receive a premium, over and above its par value, where there are surplus funds following payment of all obligations of the company as set out in the FRN paying agency agreement and following redemption of the senior floating rate notes and the principal amount of the subordinated note.

Security for the loan notes is constituted by way of a first fixed and floating charge in favour of Security Trustee over the company's assets including the bond portfolio and bank accounts. The Security Trustee holds the benefit of the security on trust for the Noteholders.

8. Equity share capital

	2001
Authorised	
10,000 ordinary shares of £1 each	£10,000
Allotted, called up and fully paid	
2 ordinary shares of £1 each	£2
Allotted, called up and fully paid	
2 ordinary shares of £1 each	3

9. Reserves

	2001 (€)
Profit and loss account reserve	
Profit for the period	297,973
Balance carried forward	<u>297,973</u>

10. Taxation

The company has been granted exempt status for Jersey taxation purposes and, therefore, is liable for an annual exempt company fee of £600. The company is accordingly not subject to taxation.

11. Ownership

The shares are held on trust for charitable purposes.

12. Related party transactions

During the period the company entered into an agreement with SFM Offshore Limited, for the provision of corporate services. No amounts were paid in respect of this agreement during the period.

13. Reconciliation of profit for the period to net cash outflow from operating activities

	2001 (€)
Profit for the period	297,973
Increase in debtors and prepayments	(1,287,847)
Increase in creditors and accrued expenses	759,492
Amortisation of discount on bond portfolio	(910,566)
Profit on bond redemption	(181,904)
Net cash outflow from operating activities	<u>(1,322,852)</u>

14. Reconciliation of movement in equity shareholders' funds

	2001 (€)
Profit for the period	297,973
Share capital issued	3
Equity shareholders' funds	<u>297,976</u>

15. Post balance sheet events

At the date of these financial statements, it is the intention of the Board to issue an offering circular, to be dated 6 March 2001, in connection with the issue of Class A Senior Asset Backed Floating Rate Notes (due 2009), Class B1 Subordinated Asset Backed Notes (due 2014) and Class B2 Subordinated Asset Backed Notes (due 2014). The proceeds of the issue will be used to repay in full the loan notes in issue at 23 February 2001, both senior floating rate notes and the subordinated debt.

BPN—BANCO PORTUGUÊS DE NEGÓCIOS

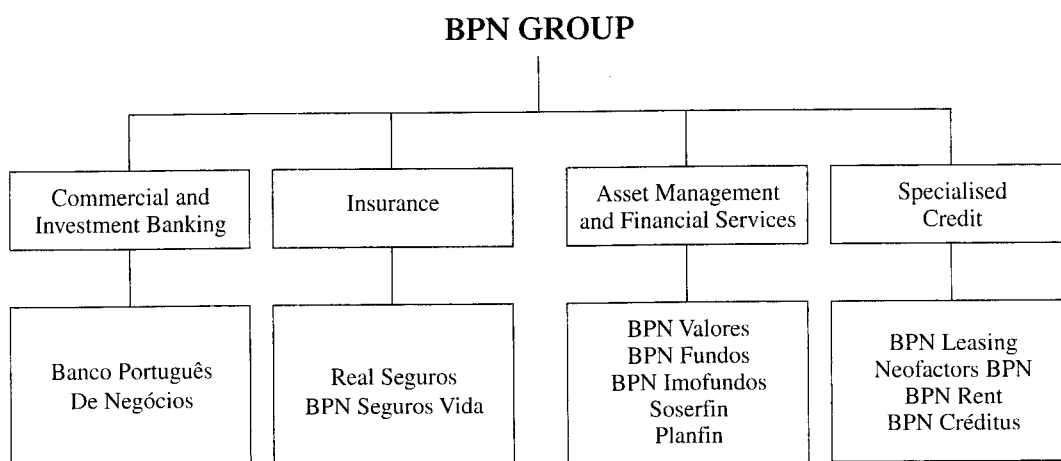
History and Organisation

Banco Português de Negócios S.A. (“BPN”) was incorporated in May 1993 under the Corporate Code (Decree-law 280/87 of 2 September) as a provider of specialised financial services, focusing mainly on corporations and institutional investors. In 1998, Sociedade Lusa de Negócios, SGPS, S.A. (“SLN”) acquired a majority stake in BPN. In line with SLN’s objective to expand into specialised credit, BPN Crédito and BPN Leasing were established in 1998 as departments of BPN. In addition, in 1998, BPN Group acquired the remaining third party interest in BPN Rent, which is now a wholly-owned subsidiary.

In 1999, SLN’s holdings were restructured into financial and non-financial activities. Its financial activities are now held by BPN, SGPS, S.A. (“BPN Group”), a holding company wholly-owned by SLN. These include BPN (including various specialised finance companies such as BPN Crédito and BPN Leasing which are now indirect wholly-owned subsidiaries of BPN, held through BPN Participacoes Financeiras SGPS, Lda) and BPN Rent. BPN Group’s shareholding in BPN has increased in the last twelve months from 82% (at the end of 1999) to 100% currently.

Business Activities

SLN’s financial activities are held through BPN Group. Following its acquisition by SLN in 1998, BPN Group was re-launched with a new strategy to focus on four niche markets as indicated in the following diagram.



BPN is BPN Group’s banking arm. Its activities include plain-vanilla commercial banking such as taking time deposits, providing credit facilities, issuing credit cards (including co-branded cards), and providing private banking services (including both onshore and offshore). BPN also provides project finance and investment banking services including assisting clients with private and public share offerings, bonds and other securities issues, swaps, derivatives and other structured products.

Since 1998, BPN has prioritised a selective expansion of its branch network. BPN’s branch network has grown from 14 branches at year-end 1998, to 88 branches as of December, 2000. BPN is aiming to have approximately 120 branches by the end of 2001. BPN’s branch network is divided in nine regional areas, each area co-ordinated by a Senior Manager to provide personal and efficient financial services. In addition, BPN has a branch in the offshore banking jurisdiction of Madeira, Portugal, a branch in Paris, France and a subsidiary in the Cayman Islands (BPN Cayman Limited).

BPN Group also provides specialised credit products and other finance activities through specialised finance companies:

- consumer credit (BPN Crédito)
- leasing (BPN Leasing)
- long term rental (BPN Rent)
- life insurance products and private pension schemes (BPN SegurosVida)
- non-life insurance products (Real Seguros)
- discretionary asset management (BPN Valores)
- open-ended mutual funds (BPN Fundos)
- real estate mutual fund (BPN Imofundos)
- currency management consultancy (Soserfin)
- fiscal and tax planning (Planfin)

The above companies were established with a number of experienced managers from other finance companies in Portugal.

It is a policy of the BPN Group that group companies actively cross-sell the products provided by the above companies.

CREDIT SUISSE FIRST BOSTON INTERNATIONAL

Introduction

CSFBI was incorporated in England and Wales under the Companies Act 1985, on 9 May 1990 with registered no. 2500199 and was re-registered as unlimited under the name "Credit Suisse Financial Products" on 6 July 1990. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ. CSFBI is an authorised institution under the Banking Act 1987 and is regulated by The Securities and Futures Authority. With effect from 27 March 2000, CSFBI was renamed "Credit Suisse First Boston International". This change was a renaming only.

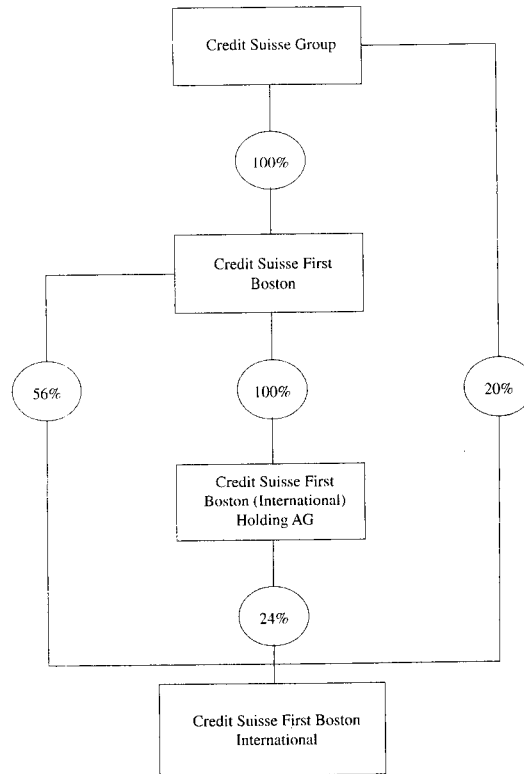
CSFBI is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSFBI in the event of its liquidation.

CSFBI commenced business on 16 July 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, equities, foreign exchange, commodities and credit. The primary objective of CSFBI is to provide comprehensive treasury and risk management derivative product services world-wide. CSFBI has established a significant presence in global derivative markets through offering a full range of basic derivative products and continues to develop new products in response to the needs of its customers and changes in underlying markets.

Shareholders

CSFBI's ordinary voting shares are owned, as to 56%, by Credit Suisse First Boston, as to 24%, by Credit Suisse First Boston (International) Holding AG, a wholly-owned subsidiary of Credit Suisse First Boston, and, as to 20%, by Credit Suisse Group. CSFBI's participating non-voting shares (other than an issue of "Class A" participating non-voting shares) and its perpetual non-cumulative "Class A" preference shares are held, as to 4.9% by Credit Suisse First Boston, as to 75.1% by Credit Suisse First Boston (UK) Investments, a wholly-owned subsidiary of Credit Suisse First Boston and, as to 20%, by Credit Suisse Group. In addition, Credit Suisse First Boston and Credit Suisse First Boston (UK) Investments each holds half of an issue of "Class A" participating non-voting shares and Credit Suisse First Boston (UK) Investments holds 80% and Credit Suisse Group holds 20% of an issue of perpetual non-cumulative "Class A" preference shares of CSFBI.

A summary organisation chart, showing the ownership of the voting interests in CSFBi is set out below.



Credit Ratings

CSFBi has been assigned a long-term counterparty rating of “AA” by Standard & Poor’s Rating Group, a division of the McGraw-Hill, Companies (“S&P”) long-term debt and counterparty ratings of “Aa3” by Moody’s Investors Service, Inc. (“Moody’s”) and a long-term rating of “AA” by Fitch IBCA Inc.

Directors and Management

The members of the Board of Directors and their principal outside occupations are:

Name	Principal Outside Occupation
Paul Calello	Head of Global Equity Derivatives and Convertibles Unit and member of the Executive Board of the Credit Suisse First Boston unit.
Dr. Hans-Ulrich Doerig	Vice Chairman of the Executive Board of Credit Suisse Group and Chief Risk Officer
Stephen A. M. Hester	Head of Fixed Income Division and member of the Executive Board of the Credit Suisse First Boston unit.
Christopher G. Martin	Chief Administration Officer of the Credit Suisse First Boston business unit
John Nelson	Chairman of CSFB Europe and member of the Executive Board of the Credit Suisse First Boston unit.
Philip Ryan	Chief Financial Officer of Credit Suisse Group
Richard E. Thornburgh	Vice Chairman of the Executive Board and Chief Financial Officer of the Credit Suisse First Boston business unit and Member of the Executive Board of Credit Suisse Group
David Walker	Head of Strategic Planning and Regional Oversight Europe for Credit Suisse First Boston
Allen D. Wheat <i>Chairman</i>	Chairman of the Executive Board and Chief Executive Officer of the Credit Suisse First Boston business unit; and Member of the Executive Board of Credit Suisse Group

Auditors and Accounts

CSFBI's auditors are KPMG Audit Plc. The financial year of CSFBI is the calendar year.

The financial information relating to CSFBI contained, or incorporated by reference, in this document does not constitute CSFBI's statutory accounts within the meaning of Section 240 of the Companies Act 1985. Statutory accounts of CSFBI for the year ended 31 December 1999 will be delivered to the Registrar of Companies in England and Wales. The auditors of CSFBI have made a report on such accounts under Section 235 of that Act that was not qualified within the meaning of Section 262 of that Act and did not contain a statement made under Section 237(2) or Section 237(3) of that Act.

Background to the Shareholders of Credit Suisse First Boston International

Credit Suisse Group

Credit Suisse Group, whose head office is at Paradeplatz 8, CH-8070 Zürich, Switzerland, is a publicly held corporation organised in Switzerland. It is principally composed of six business units grouped in two Swiss Banks, Credit Suisse and Credit Suisse First Boston (see below) and an insurance group, "Winterthur" Swiss Insurance Company. Credit Suisse comprises the Swiss domestic banking business unit, the global private banking business units and the European personal financial services business unit under the trade names CREDIT SUISSE, CREDIT SUISSE PRIVATE BANKING and PERSONAL FINANCIAL SERVICES EUROPE respectively. Since 1 April 2000 these business units have been combined under the Financial Services Management division but

continue to operate as independent business units, with Credit Suisse and Winterthur remaining separate legal entities.

Credit Suisse First Boston

Credit Suisse First Boston, whose head office is at Uetlibergstrasse 231, CH-8045 Zürich, is wholly owned by Credit Suisse Group and comprises the two business units under the trade names of CREDIT SUISSE FIRST BOSTON (“CSFB”) and CREDIT SUISSE ASSET MANAGEMENT (“CSAM”), respectively. CSFB is engaged, directly and through affiliates, in the investment banking, equity, fixed income and derivatives and private equity investment businesses on a worldwide basis. CSAM, directly and through subsidiaries, offers asset management, mutual fund and investment advisory services to institutional investors worldwide. The CSFB business unit has four core businesses: (i) the Fixed Income Division, formerly named the Fixed Income and Derivatives Division (see “Recent Developments” below) (“FID”), (ii) the Equity Division, (iii) the Investment Banking Division (“IBD”), and (iv) the Private Equity Division (“PED”). FID is active in fixed income trading (including foreign exchange and precious metals trading) and derivative and risk management products. Effective 1 January 1999 the fixed income derivatives business previously conducted by CSFBi was integrated into FID (the “FID Integration”). The Equity Division is active in equity trading, with trading partners world-wide and OTC equity derivative products (see “Recent Developments” below). IBD serves a broad range of users and suppliers of capital around the world and provides financial advisory services. Through PED, CSFB and other Credit Suisse Group entities participate in privately negotiated equity investments around the world. PED’s investments are funded by Credit Suisse Group rather than by Credit Suisse First Boston, and as a result Credit Suisse First Boston does not bear the risks or realise any benefits associated with the returns on such investments. However, Credit Suisse First Boston is responsible for certain personnel expenses of, and receives certain fee-based income from, PED.

Credit Suisse First Boston (International) Holding AG

Credit Suisse First Boston (International) Holding AG (formerly Credit Suisse First Boston (International) AG), whose registered office is at Bleichstrasse 8, CH-6304 Zug, was incorporated in Zug on 15 July 1970. Its principal activity is acting as a holding company for certain subsidiaries of Credit Suisse First Boston in Europe and, since December 1996, in the Pacific region.

Credit Suisse First Boston (International) Holding AG is a wholly-owned subsidiary of Credit Suisse First Boston.

Recent Developments

In November 2000, Donaldson, Lufkin & Jenrette, Inc., a leading U.S.-based investment bank and financial services provider became an indirect wholly owned subsidiary of Credit Suisse Group and changed its name to Credit Suisse First Boston (USA), Inc.

To facilitate the FID Integration, certain businesses formerly conducted by other subsidiaries of Credit Suisse First Boston were or will be transferred to CSFBi. In particular a number of businesses currently conducted by Credit Suisse First Boston (Europe) Limited, a wholly owned subsidiary of Credit Suisse Group, will be transferred over to CSFBi during the next two years. These businesses include financial advisory and capital raising services, underwriting and trading of securities, investment banking and sales and trading research for fixed income and equity capital markets.

In March 2000, the management structure of IBD and the Equity Division were combined to achieve increased co-ordination of the Credit Suisse First Boston business unit’s customer businesses.

With effect from 4 February 2000, the OTC equity derivative business was fully integrated into the Equity Division from FID. However the distribution of the OTC equity derivative product continues through the FID coverage groups in the United States, Europe and the Emerging Markets.

With effect from 27 April 2000, the Fixed Income and Derivatives Division was renamed the Fixed Income Division. This reflects the integrations that have been accomplished, including the transfer of managerial responsibility of the OTC equity derivatives business to the Equity Division.

CSFBi is subject to comprehensive regulation, and the businesses of CSFBi are routinely examined by regulatory authorities in the countries in which CSFBi conducts its activities. A number of regulatory examinations are ongoing at this time.

The Financial Supervisory Agency of Japan (the "FSA") recently completed a formal, on-site examination of the businesses of CSFBi and certain of its affiliates, including Credit Suisse First Boston, in Japan. During the examination, the FSA examiners questioned certain derivatives and other transactions entered into by CSFBi and such affiliates in Japan and inquired into certain supervisory and other issues.

Shortly after the commencement of the FSA examination, the management of Credit Suisse Group, the parent of CSFBi and Credit Suisse First Boston, became aware of rumours of misconduct by some of the employees of CSFBi and certain of its affiliates in connection with the response to the examination. After a preliminary review by Credit Suisse Group's internal audit department, Credit Suisse Group promptly engaged outside counsel, Wilmer, Cutler & Pickering, to conduct a thorough and independent investigation that disclosed that several managers and other members of the staff of CSFBi and certain of its affiliates attempted to interfere with the FSA examination during its initial stages by concealing and/or destroying documents.

The independent report emphasised that Credit Suisse Group promptly acted to discover any misconduct and to disclose any wrongdoing to the regulatory authorities in Japan. Credit Suisse Group, CSFBi and certain of their affiliates have accepted responsibility for remedial measures in various parts of their businesses in Japan and, having due regard to applicable law and in consultation with the FSA, Credit Suisse Group, CSFBi and certain of their affiliates have taken disciplinary action against certain employees in Tokyo and London, including termination of employment.

On 29 July 1999, Credit Suisse Group, CSFBi and certain of their affiliates were notified of the administrative sanctions imposed by the FSA and the Financial Reconstruction Commission in Japan ("FRC") as a result of the examination. The administrative order specifically revoked the licence to do business in Japan of the Tokyo Branch of CSFBi, effective on 30 November 1999. Prior to that date, there was a transition period, that commenced on 5 August 1999 and ended on 29 November 1999, during which the banking licence of CSFBi's Tokyo Branch was restricted to activity required for the transfer or unwinding of all existing branch business in an orderly manner, and to carrying out operations incidental thereto.

Other sanctions were imposed on Credit Suisse First Boston and certain of its other subsidiaries, including the suspension of new business in certain of the trust and private banking operations in Japan with the right to reapply to engage in such operations after one year, the suspension of new business in certain of the securities and investment advisory operations in Japan for one month, and the establishment at certain of these entities of additional internal control procedures and other requirements. Regulatory and other authorities in other jurisdictions have or may undertake their own inquiries into the activities that were the subject of the FSA examination.

On 14 February 2000, CSFBi formally appeared in Japanese court in response to criminal proceedings against CSFBi based upon events arising out of the FSA's examination of the Tokyo Branch of CSFBi in January 1999. In December 1999, similar criminal proceedings were initiated

against three former employees of CSFBI. The criminal charge against CSFBI is based on an asserted principle of Japanese banking law that CSFBI is vicariously liable for the conduct of its employees during the examination. Although CSFBI will appear in the proceedings through Japanese counsel and contest the charges, CSFBI's defences may be limited given this provision of Japanese banking law.

Consolidated results from operations of CSFBI are expected to be adversely affected as a result of the revocation of the Tokyo Branch licence. However, management of CSFBI does not believe that the aggregate liability or other consequences resulting from the FSA examination, when aggregated with other regulatory examinations and pending or threatened legal proceedings against the CSFBI, is likely to have a material adverse effect on the consolidated financial condition of CSFBI.

CSFBI is an unlimited liability company incorporated in England and Wales under the Companies Act 1985, and, as such, its members have a joint and several unlimited obligation to meet any insufficiency in the assets of CSFBI in the event of its liquidation. CSFBI's shares are wholly owned by entities within the Credit Suisse Group, with 80% of the shares being held directly or indirectly by Credit Suisse First Boston as a member (see above). With respect to the FSA examination as well as other regulatory examinations and pending or threatened legal proceedings against Credit Suisse First Boston and its subsidiaries (including CSFBI), management of Credit Suisse First Boston has informed CSFBI that Credit Suisse First Boston does not believe that the aggregate liability or other consequences resulting from such regulatory examinations and legal proceedings is likely to have a material adverse effect on the consolidated financial condition of Credit Suisse First Boston.

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes and should be read in conjunction with the section entitled “Risk Factors—No Gross-up for Taxes”. Prospective purchasers of the Notes should consult their tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. This Summary is based upon the law as in effect on the date of this Offering Circular and is subject to any change in law that may take effect after such date.

General

The following summary of the anticipated tax treatment in the United Kingdom, Jersey and Portugal in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this document, and does not constitute legal or tax advice. Prospective investors should consult their own professional advisors on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest and distributions (whether or not on a winding-up) with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation. The following summary is not a guarantee to any investor of the tax results of investing in the Notes, and prospective investors should be aware that the relevant fiscal rules and practice and their interpretation may change.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payment of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and do not deal with the position of certain classes of Noteholders such as dealers. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. This summary as it applies to United Kingdom taxation is based upon United Kingdom law and Inland Revenue practice as in effect on the date of this Offering Circular and is subject to any change in law or practice that may take effect after such date.

Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

The following is a general guide and should be treated with appropriate caution. Noteholders who are in any doubt as to their tax position should consult their professional advisers.

Payments by the Issuer

1. Interest on Notes may have a UK source; for example interest on Notes secured on assets situate in the UK may have a UK source. Interest which has a United Kingdom source (“UK Interest”) may be paid under deduction of United Kingdom income tax at the lower rate (currently 20%) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

2. Following the enactment of the United Kingdom Finance Act 2000, the United Kingdom withholding tax rules in relation to payments of interest made on or after 1 April 2001 will change from those set out above. With effect from that date the position will be as follows:

- (a) in relation to payments of interest made on or after 1 April 2001, the Notes will constitute "quoted Eurobonds" provided only that they carry a right to interest and are and continue to be listed on a recognised stock exchange. Whilst the Notes are and continue to be quoted Eurobonds as so defined, payments of interest on the Notes made on or after 1 April 2001 may be made without withholding or deduction for or on account of United Kingdom income tax (irrespective of whether the Notes have a United Kingdom source, and irrespective of whether they are held in a "recognised clearing system" and whether the Notes are in global form or in definitive form). This will be the case whether the Notes were issued on or after 1 April 2001 or before that date;
- (b) in all cases falling outside the exemption described in paragraph (a) above, interest on the Notes may be paid under deduction of United Kingdom income tax at the lower rate (currently 20%), subject to such relief as may be available under the provisions of any applicable double taxation treaty.

Payments by paying agents

- 3. Interest on the Notes (whether or not such interest has a United Kingdom source) may be subject to deduction or withholding for or on account of United Kingdom income tax at the lower rate (currently 20%) if payment in respect of interest on the Notes is entrusted to any person in the United Kingdom for payment to any person in the United Kingdom.
- 4. Following the enactment of the United Kingdom Finance Act 2000, the special rules requiring paying agents to withhold United Kingdom income tax from payments of interest on Notes will not apply to payments of interest on Notes made on or after 1 April 2001.

Collecting agents

- 5. Interest on the Notes may be subject to deduction of United Kingdom income tax at the lower rate (currently 20%) if a person in the United Kingdom in the course of a trade or profession;
 - (a) by means of coupons, warrants or bills of exchange collects or secures payment of or receives interest on the Notes for a Noteholder; or
 - (b) otherwise acts in arranging to collect or secure payment of interest on the Notes for a Noteholder; or
 - (c) acts as a custodian of the Notes and receives interest on such Notes or directs that interest on such Notes is paid to another person or consents to such payment,(except, in any such case, solely by means of clearing a cheque or arranging for the clearing of a cheque).
- 6. In certain circumstances, a bank in the United Kingdom which sells coupons or a dealer in coupons in the United Kingdom may also be subject to the collecting agency rules described above.
- 7. Following the enactment of the United Kingdom Finance Act 2000, the above rules requiring a collecting agent to withhold United Kingdom income tax will cease to apply in respect of payments of interest made on or after 1 April 2001 (or, in the case of banks in the United Kingdom which sell coupons, or dealers in coupons in the United Kingdom, where the relevant sale or realisation is effected on or after 1 April 2001).

Effectiveness of Declarations and Returns

8. Following the enactment of the United Kingdom Finance Act 2000, declarations by paying agents or collection agents will no longer be required in respect of payments of interest made on or after 1 April 2001, and there will be no withholding tax obligations under the rules set out in paragraphs 3, 5 and 6 above in respect of any payments of interest made on or after that date. However, paying and collecting agents may be required to furnish to the Inland Revenue details of the amounts of interest which they have paid or collected on or after 1 April 2001 and the names and addresses of the persons to whom such interest has been paid or on whose behalf such interest has been collected, together with such further information as may be prescribed by regulations to be made by the Inland Revenue (which may include details of the names and addresses of the persons who are beneficially entitled to any such interest paid or collected by the paying or collecting agents).

General

9. Noteholders should note that neither the Issuer nor any paying agent will be obliged to make any additional payments to a holder of Notes in respect of any withholding or deduction required to be made by applicable law.
10. Notes may be issued at an issue price of less than 100% of their principal amount. Any discount element on any such Note will not be subject to any United Kingdom withholding tax pursuant to the provisions outlined in paragraphs 1 to 8 inclusive above.
11. Where Notes are issued with a redemption premium, as opposed to being issued at discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.
12. The amount of tax for which a paying or collecting agent is liable to account as described above may be reduced by foreign tax credits which are available in respect of the relevant income under United Kingdom tax law.

Jersey

The Issuer has been granted "exempt company" status within the meaning of Article 123A of the Income Tax (Jersey) Law, 1961, as amended, for the calendar year ended 31 December 2001. The Issuer will be required to pay an annual exempt company charge which is currently £600 in respect of each calendar year during which it wishes to maintain "exempt company" status. The retention of "exempt company" status is conditional upon the Comptroller of Income Tax in Jersey being satisfied that no Jersey resident has a beneficial interest in the Issuer, except as permitted by concessions granted by the Comptroller of Income Tax. It is the Issuer's intention to maintain "exempt company" status.

As an "exempt company", the Issuer is exempt from Jersey income tax on income arising outside of Jersey and, by concession, bank interest arising in Jersey, but is otherwise liable to Jersey income tax on income arising in Jersey and is liable to Jersey income tax on the profits of any trade carried on through an established place of business in Jersey. For so long as the Issuer maintains "exempt company" status, payments in respect of the Notes to persons other than Jersey residents will not be subject to taxation in Jersey and no withholding or deduction for or on account of Jersey taxation will be required on any such payment made to a holder of the Notes.

Under current Jersey law, there are no death or estate duties, capital gains, gifts, wealth, inheritance or capital transfer taxes. No stamp duty is levied in Jersey on the issue, redemption, sale or transfer of Notes. Probate or letters of administration will normally be required to be obtained in Jersey on the death of a sole individual holder of the Notes. Stamp duty is payable in Jersey on the registration of such probate or letters of administration calculated on the value of the holder's estate in Jersey.

Portugal

The following is a summary of the principal Portuguese withholding taxation treatment and stamp duty considerations relating to the Notes as at the date hereof. The Portuguese tax authorities have recently provided some guidance concerning securitisations. Article 9 of Law 30-G/2000, of 29 December, authorises the Portuguese Government to establish a tax regime applicable to credit securitisations in context with operations carried out under Decree-Law 453/99 of 5 November (which Decree-Law regulates credit securitisation vehicles and operations in Portugal). Such tax regime is to be based upon the principle of tax neutrality, i.e. by comparing the taxation of the securitisation vehicle and the taxation of the investors with that which would result from a direct investment. This authorisation lasts for six months, which is to say that if the Portuguese Government fails to produce such tax regime by then, a new authorisation will have to be approved by Parliament. This taken into account, prospective purchasers of the Notes who are in any doubt as to their tax position should consult their professional advisers.

Under the Portuguese Tax Incentives Statute (Estatuto dos Beneficios Fiscais), interest payments on bank term deposits placed by a non-resident credit institution with a Portuguese credit institution or a Portuguese Participant branch of a non-resident credit institution, are exempt from Portuguese withholding taxes. Interest payments by CSFBI Account Bank to the Grantor arising out of the Deposit will therefore not be subject to Portuguese withholding tax. However if the Portuguese tax authorities were to set aside the Deposit and treat it as a guarantee provided by CSFBI in favour of the obligors under the Bonds (i.e. securing the payment of the obligations of the Bond issuers to BPN), stamp duties would be due in Portugal at a rate of 0.6% of the guaranteed amounts (provided the term of such guarantee or security interest exceeds five years). Similarly, if the Portuguese tax authorities were to set aside the Deposit and treat it as either (a) a loan made by the Issuer to BPN or (b) as an agency arrangement between the Issuer and/or CSFBI and BPN, interest earned therefrom or, as the case may be, interest earned in respect of the Interest Component of the Portuguese Bonds, might be subject to withholding taxes in Portugal, at a rate of 20% or at a lower rate if the double taxation convention executed between Portugal and the United Kingdom were to apply.

There are no Portuguese withholding tax implications on the payments made by the Issuer under or in respect of the purchase of the Principal Component of the Portuguese Bonds.

Interest payable by BNP directly to the Issuer or another non-resident entity would be subject to Portuguese withholding tax, save if such non-resident entity is a financial institution.

The BPN Deed of Charge was executed by the Issuer in Jersey. If it is brought into Portugal or presented in Portugal before any public authority, stamp duty at the current rate of 0.5 to 0.6% of the aggregate amount of the obligations secured thereby or thereunder (that is, the Income Component of the Bonds) will be payable and a documentary tax of PTE 1,000 will also be payable.

Under current Portuguese law, interest payments in respect of the Notes made to Portuguese resident individuals or companies would be subject to tax. Interest payments on the Notes paid by a Portuguese paying agent would be liable to Portuguese withholding tax if those interest payments were made to a Portuguese resident individual, investment fund or company, such withholding tax being a payment on account of final tax due.

The Issuer's income will only be subject to Portuguese corporate income tax if the head office or effective place of management of the Issuer is situated in the Portuguese territory or if a permanent establishment to which the income is allocated is maintained by the Issuer in Portugal. A permanent establishment exists in Portugal when a company possesses any fixed installation or permanent representation through which a commercial, industrial or agricultural activity is carried on or when such company exercises its activity through a dependent agent and such agent has, and usually exercises, powers to mediate and conclude contracts in the name of the company.

Proposed European Union Directive on the taxation of savings income

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid to a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments and subject to the proposals not being required to be applied to Notes issued before 1 March 2001. The proposals are not yet final, and they may be subject to further amendments and/or clarification.

THE ABOVE SUMMARIES ARE NOT INTENDED TO CONSTITUTE A COMPLETE ANALYSIS OF ALL TAX CONSEQUENCES RELATING TO THE OWNERSHIP OF NOTES. PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CONSEQUENCES UNDER THE TAX LAWS OF THE COUNTRY OF WHICH THEY ARE RESIDENT OF A PURCHASE OF NOTES INCLUDING, WITHOUT LIMITATION, THE CONSEQUENCES OF RECEIPT OF INTEREST AND PREMIUM, IF ANY, AND SALE OR REDEMPTION OF NOTES OR ANY INTEREST THEREIN.

SUBSCRIPTION AND SALE

The Credit Suisse First Boston (Europe) Limited (the "Lead Manager") and ABN AMRO Bank NV and DG BANK Deutsche Genossenschaftsbank AG (together with the Lead Manager, the "Managers") in a subscription agreement dated 5 March 2001 (the "Subscription Agreement") and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, severally agreed to subscribe and pay for (i) the Senior Notes at their issue price of 100% of their principal amount (ii) the Class B1 Notes at their issue price of 100.55644% of their principal amount (iii) the Class B2 Notes at 100.55454% of their principal amount and (iv) the WHT Reserve Notes at their issue price of 100% of their principal amount.

In addition, the Issuer has agreed to reimburse the Managers for certain of its expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate its obligations thereunder in certain circumstances prior to payment to the Issuer of the subscription moneys for the Notes. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes. The Managers are entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

Selling Restrictions

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Manager has represented and agreed in the Subscription Agreement that:

- (a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to the expiry of the period of six months from the issue date of the Notes except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the Financial Services Act 1986 (the "Act");

- (b) it has complied and will comply with all applicable provisions of the Act with respect to anything done by it in relation to Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

Portugal

Each Manager has agreed that (i) it has not directly or indirectly taken any action or offered, advertised or sold or delivered and will not directly or indirectly offer, advertise, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer pursuant to the *Codigo do Mercado de Valores Mobiliarios* (the Portuguese Capital Markets Code) or in circumstances which could qualify the issue of the Notes as an issue in the Portuguese market and (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any document, circular, advertisements or any offering material except in accordance with all applicable laws and regulations.

Jersey

Each Manager has represented and agreed in the Subscription Agreement that it has not offered or sold and will not offer or sell any Notes to, or for the account of, persons (other than financial institutions in the normal course of business) resident for income tax purposes in Jersey.

General

No action has been or will be taken in any jurisdiction by the Issuer or any Manager that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Offering Circular or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. Application has been made to list the Notes on the Luxembourg Stock Exchange. In connection with the listing application, the Memorandum and Articles of Association of the Issuer and a legal notice relating to the issue of the Notes will have been deposited prior to the listing with the Chief Registrar of the District Court of Luxembourg (*Greffier en Chef du Tribunal d'Arrondissement de et à Luxembourg*), where they will be available for inspection and where copies thereof may be obtained upon request.
2. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 5 March 2001.
3. So long as the Notes are listed on the Luxembourg Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time shall be available free of charge at the specified office of the Paying Agent in Luxembourg. The Issuer does not publish interim accounts. The financial year of the Issuer ends on 31 December in each year. The first financial year end will be 31 December 2001.
4. Copies of the following documents will be obtainable free of charge in Luxembourg at the specified offices of the Paying Agent in Luxembourg while the Senior Notes are listed on the Luxembourg Stock Exchange:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Subscription Agreement;
 - (c) the Balance Sheet of the Issuer as at the date of this Offering Circular;
 - (d) the Paying Agency Agreement;
 - (e) the Custody Agreement;
 - (f) the Trust Deed;
 - (g) the Deed of Charge;
 - (h) the BPN Deed of Charge;
 - (i) the Belgian Pledge;
 - (j) the Securities Purchase Agreement;
 - (k) the Supplemental Securities Purchase Agreement;
 - (l) the On-Sale Agreement;
 - (m) the Deposit Agreement;
 - (n) the Participation Agreement;
 - (o) the Call Option Deed;
 - (p) the Interest Purchaser Default Power of Attorney;
 - (q) the Hedging Agreements;
 - (r) the Corporate Administration Agreement;
 - (s) the Bank Account Agreement;
 - (t) the Liquidity Facility Agreement;
 - (u) the Jersey Security Agreement;
 - (v) the Collateral Administration Agreement; and
 - (w) the Cash Management Agreement.

5. Since 28 November 2000 (being the date of incorporation of the Issuer) and save as disclosed in this document, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.
6. The Issuer is not involved in any legal or arbitration proceedings which may have, or have had since the date of incorporation of the Issuer, a significant effect on the Issuer's financial position nor are any such proceedings pending or threatened.
7. Save as disclosed in the section entitled "The Issuer", as of the date of this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages or charges or given any guarantees.
8. The Cash Manager, on behalf of the Issuer, will compile and provide to the Issuer, the Trustee and the Rating Agencies not later than the 10th Business Day after the end of each Interest Period, a report setting out specified information in respect of the Portfolio and the Issuer Accounts. This report will be available at the specified office of the Paying Agent in Luxembourg.
9. The Notes have been accepted for clearance through Euroclear and Clearstream. The ISIN and the common code in respect of each Class of Notes is as follows:.

	ISIN	Common Code
Senior Notes:	XS0125882323	012588232
Class B1 Notes:	XS0125883057	012588305
Class B2 Notes:	XS0125953959	012595395
WHT Reserve Notes:	XS0125957604	012595760

10. The auditors of the Issuer are PricewaterhouseCoopers, Jersey.

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "**Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.**" The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Note and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

GLOSSARY

The following is a glossary of defined terms used in this Offering Circular and the page number where each definition appears.

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