

Information Memorandum  
September 9, 2014



# REPUBLIC OF PORTUGAL

€ 3,500,000,000

3.875% Obrigações do Tesouro due February 15, 2030

Issue Price: 99.47%

Application has been made to list the Obrigações do Tesouro on the MTS, BrokerTec, BGC-eSpeed and Euronext Lisbon

**Caixa – Banco de Investimento**



**Credit Agricole CIB**



**Danske Bank**



**Deutsche Bank**



**Morgan Stanley**

Morgan Stanley

**Nomura**

**NOMURA**

**Santander Global Banking  
and Markets**

**BNP Paribas**

**Credit Suisse**

**Jefferies International**

**Barclays**

**Citigroup**

**Goldman Sachs International  
Bank**

**Novo Banco**

**Banco Bilbao Vizcaya  
Argentaria**

**Commerzbank**

**ING**

**Société Générale CIB**



*This Information Memorandum primarily contains certain information in relation to the issue of € 3,500,000,000 3.875% Obrigações do Tesouro, due February 15, 2030 (the "OTs") of The Republic of Portugal (the "Republic" or the "Issuer"). The delivery of this Information Memorandum at any time does not imply that the information herein is correct as of any time subsequent to the date of this Information Memorandum. This Information Memorandum does not constitute an offer of or an invitation by or on behalf of the Republic to subscribe for or purchase any of the OTs.*

*The Issuer has taken all reasonable care to ensure that the information contained in this Information Memorandum is true and accurate in all material respects and is not misleading and there are no other facts the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any opinions or intentions misleading in any respect. The Issuer accepts responsibility accordingly.*

*This Information Memorandum does not constitute an offer or an invitation or the solicitation of an offer by or on behalf of the Republic or by or on behalf of the Managers or any of them as defined in "Subscription and Sale" below, to subscribe or purchase any of the OTs. It may not be used for or in connection with any offer to, or solicitation by, anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. The distribution of this Information Memorandum and the offering or sale of the OTs in certain jurisdictions may be restricted by law. Neither the Republic or the Managers represent that this Information Memorandum may be lawfully distributed, or that any OTs may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no OTs may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstance that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum comes are required by the Republic and the Managers to inform themselves about and to observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of the OTs. For a description of certain restrictions on offers, sales and deliveries of the OTs and on the distribution of this Information Memorandum and other offering material relating to the OTs, see "Subscription and Sale".*

*No person is authorised to give any information or to make any representation not contained in this Information Memorandum in connection with the issue and sale of the OTs, and if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer or any of the Managers. Neither the delivery of this Information Memorandum nor any sale made in connection with the issue of the OTs shall, under any circumstances, create any implication that there has been no change in the affairs of the Republic since the date hereof.*

*No action has been taken or will be taken by the Republic or the Managers that would permit a public offering of the OTs or the circulation or distribution of this Information Memorandum or any offering material in relation to the Republic or the OTs, in any country or jurisdiction where action for that purpose is required.*

*References herein to "€" and "Euro" are to the lawful currency of the member states participating in the European Monetary Union.*

*In connection with the distribution of the OTs, Crédit Agricole Corporate and Investment Bank, or any person acting for it (the "Stabilisation Agent") may, to the extent permitted by any applicable laws and regulations, over-allot OTs or effect transactions with a view to supporting the market price of the OTs at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Agent (or persons acting on behalf of the Stabilisation Agent) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate disclosure of the terms of the offer of the OTs is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Closing Date (as defined below) of the OTs and 60 days after the date of the allotment of the OTs. Any stabilisation action or over-allotment must be conducted by the Stabilisation Agent in accordance with the applicable laws and rules.*

*Handwritten signature and initials.*



## Table of Contents

<b>Description of the OTs</b>	4
Form and Denomination	4
Status	4
Interest	4
Redemption and Purchase	4
Payments	4
Taxation	4
Prescription	6
Notices	6
Further Issues and Consolidation	6
Collective Action Clauses	6
Governing Law and Jurisdiction	6
<b>General Information</b>	8
Authorisation	8
Subscription and Sale	8
Clearing and Settlement	8
Sales Restrictions	8
Listing Information	8
Use of Proceeds	10
Ratings	10
Litigation	10
<b>Annex I: Common Terms of Reference and Supplemental Provisions on Collective Action Clauses</b>	11

103 -  
100.  
3

## Description of the OTs

### Form and Denomination

The aggregate principal amount of the OTs is € 3,500,000,000. The OTs are issued in book-entry form in the Portuguese securities depository and clearing system (the "Central de Valores Mobiliários" or the "CVM") in the denomination of € 0.01 each. No definitive certificates will be issued.

### Status

The OTs and all obligations of the Republic under the OTs are direct, unconditional, unsecured, unsubordinated and general obligations of the Republic and rank *pari passu* without preference or priority among themselves and at least *pari passu* with all other existing and future unsecured Indebtedness of the Republic.

"Indebtedness" means all indebtedness of the Republic in respect of money borrowed by the Republic.

### Interest

The OTs bear interest from and including September 10, 2014 at the rate of 3.875% per annum payable annually in arrear on February 15 of each year. The first interest payment will be made on February 15, 2015 for the period from and including September 10, 2014 to but excluding February 15, 2015. The OTs will cease to bear interest from the Maturity Date (as defined below). Where interest is to be calculated in respect of a period of other than one year, it will be calculated on the basis of the actual number of days elapsed, divided by the actual number of days (365 or 366) of the respective interest period. Interest accrual basis is Actual/Actual (ICMA).

### Redemption and Purchase

Unless previously purchased and cancelled, the Republic will redeem the OTs at their principal amount on February 15, 2030 (the "Maturity Date").

The Republic shall have the right at any time to purchase OTs in the open market or otherwise. Any OTs purchased as aforesaid will be cancelled forthwith and may not be reissued or sold.

### Payments

All payments in respect of the OTs will be made by Banco de Portugal following instructions of the Republic as Issuer. Banco de Portugal will pay the CVM, which will then credit the respective accounts of its registered book-entry accountholders with positions in OTs, including in the case of OTs held with Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme*, Luxembourg ("Clearstream") the accounts with the CVM through which Euroclear and Clearstream hold their positions in the OTs.

If any date for payment of interest or principal on the OTs is not a business day of the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET 2) System (a "TARGET Settlement Day") then payment will be made on the next succeeding TARGET Settlement Day without any interest or other sum being payable in respect of the delay in payment.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto.

### Taxation

The following summary is based on Portuguese tax laws in force on the date of this Information Memorandum and is subject to changes in tax laws, which may have a retroactive effect. This summary is not exhaustive and prospective purchasers of OTs are advised to consult their own tax advisers as to Portuguese law and other tax consequences of the purchase, ownership and disposal of the OTs.

Investment income derived on the OTs paid to a holder (who is the effective beneficiary thereof) considered to be resident in the Portuguese territory for tax purposes is subject to withholding tax (where a Portuguese issuer or paying agent exists) at a rate of 28% for single taxpayers. Where a Portuguese paying agent does not intermediate the payment or the income is not paid by the Portuguese issuer, the same final taxation of 28% applies upon the submission of the relevant Personal Income Tax Return.

100



Regarding holders that are corporate entities resident in the Portuguese territory (or non-residents having a permanent establishment therein to which income is imputable), except where the holder is either a Portuguese resident financial institution or a non-resident financial institution having a permanent establishment in the Portuguese territory to which the income is imputable, or other entity benefiting from a reduction or an exemption of the withholding tax, as specified by current Portuguese tax law, a 25% withholding tax rate will apply, which is treated as a payment in advance, being, the holders entitled to deduct such withholding tax from their Corporate Income Tax Liability and to a refund in case it exceeds their final tax liability.

Regarding holders that are individuals resident in the Portuguese territory, withholding tax shall be considered as final, unless the individual elects to include income received on the OTs in his taxable income, being therefore subject to tax at the general progressive Personal Income Tax rates of up to 48% (additional solidarity tax excluded). If the taxpayer elects to include the OTs income in his taxable income he has also to include other investment income and capital gains from sale or disposal of securities received in the civil year in his taxable income. In this case, the tax withheld is deemed to be a payment on account of the final tax due, being the holder entitled to deduct such withholding from their final Personal Income Tax liability and to a refund in case it exceeds this liability. In addition to the general progressive Personal Income Tax rates up to 48%, an extraordinary surtax ("*sobretaxa extraordinária*") of 3.5% is due upon the taxpayers taxable income exceeding the annual minimum guaranteed remuneration. Moreover, annual taxable income exceeding € 80,000 up to € 250,000 is subject to an additional solidarity tax ("*taxa adicional de solidariedade*") of 2.5% and annual taxable income above € 250,000 is subject to an additional solidarity tax of 5%. The quantitative part of the taxable income that exceeds € 80,000, when more than € 250,000, is divided in two parts: one equal to € 170,000 to which is applicable the 2.5% rate and another one equal to the taxable income that exceeds € 250,000 to which is applicable the 5% rate.

Investment income derived on the OTs paid to holders (whether these are corporate entities or individuals) considered as non-residents in the Portuguese territory is also subject to a final withholding tax rate of 28% to private holders and 25% to corporate holders. The domestic withholding tax rate may be reduced in accordance with any Double Taxation Treaty signed by the Republic of Portugal, subject to compliance with certain procedures and certification requirements of the Portuguese Tax Authorities, aimed at verifying the non-resident status and eligibility for the respective Double Taxation Treaty benefits.

Where the said investment income is obtained by non-Portuguese resident holders (whether these are corporate entities or individuals) who are domiciled in jurisdictions with a more favourable tax regime, as listed in Ministerial Order ("Portaria") 150/2004, of February 13 as amended by Ministerial Order 292/2011, of November 8, and have no permanent establishment in Portugal, a 35% final withholding tax rate applies.

Investment income on the OTs paid or made available to account holders opened in the name of one or several account holders acting on behalf of third entities not disclosed is subject to withholding tax, at a flat rate of 35%, except where the holders of such income are disclosed, in which case the general rule applies.

The OTs will not include any tax gross-up provisions.

Interest payments in respect of the OTs to non-resident holders (who are the effective beneficiaries thereof) as well as capital gains derived from them on a sale or other disposal of the OTs, will be exempt from taxation in Portugal, provided that: (i) the beneficiaries of the OTs are central banks and governmental agencies, or international organizations recognized by the Portuguese State, or entities resident in countries or jurisdictions with whom Portugal has a convention for avoidance of double taxation or an agreement for exchange of information on tax matters in force, or other entities without a head office, place of effective management or a permanent establishment in Portugal to which the relevant income is attributable which are not domiciled in jurisdictions regarded as tax havens for Portuguese tax purposes (as set out in Ministerial Order ("Portaria") 150/2004, of February 13 amended by Ministerial Order 292/2011, of November 8), (ii) all the necessary formalities are duly fulfilled, namely proof of the non-residence status of the holders and the required data regarding the OTs and the holders, as set out in Decree-Law 193/2005, of November 7 (as amended by Decree-Law 25/2006, of February 8, Decree-Law 29-A/2011, of March 1 and Law 83/2013, of December 9), and (iii) the OTs are registered (A) at a centralized system recognized under the Portuguese Securities Code and complementary legislation (the "CVM", as it is the case) or (B) at an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (the EUROCLEAR and CLEARSTREAM Luxembourg) or in a EEA Member State provided that such state is bound to cooperate with Portugal under an administrative cooperation agreement in tax matters similar to the exchange of information arrangements in relation to tax matters existing within the EU member states or (C) at other centralized systems provided that authorized for purposes of Decree-Law 193/2005, of November 7, as

100  
5  
100



amended, by the Portuguese government (the "Withholding Tax Exemption"). The Issuer will not pay any additional amounts to holders of the OTs in respect of any taxes which are required to be withheld.

The above-mentioned Withholding Tax Exemption is foreseen and subject to the requirements set forth in Decree-Law 193/2005, of November 7, as amended by Decree-Law 25/2006, of February 8, Decree-Law 29-A/2011, of March 1 and by Law 83/2013, of December 9, which establishes the tax regime applicable to debt securities issued by Portuguese public or private entities and held by the entities identified in the previous paragraph.

The European Directive on the taxation of savings income (the "Savings Directive") has been implemented and, subject to a number of important conditions being met, Member States of the European Union shall apply it. The Savings Directive was implemented in the Portuguese jurisdiction by way of Decree Law 62/2005, of March 11, as amended by Law 39-A/2005, of July 29 and Law 37/2010, of September 2, under which Portugal is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a paying agent - as defined in the Savings Directive - within its jurisdiction to an individual resident in that other Member State. The forms currently applicable to comply with the reporting obligations arising from the Savings Directive are available for downloading at:

[http://info.portaldasfinancas.gov.pt/pt/apoio\\_contribuinte/modelos\\_formularios/directivas\\_poupanca\\_obrigacoes/](http://info.portaldasfinancas.gov.pt/pt/apoio_contribuinte/modelos_formularios/directivas_poupanca_obrigacoes/)

On 24 March 2014, the European Council has adopted an amended Savings Directive, which has broaden the scope of its application. Member-States are bound to implement the same until 31 December 2015, so as to secure its application as from 1 January 2017.

### **Prescription**

Claims against the Republic for the payment of principal in respect of the OTs shall prescribe within ten years after the due date thereof. Claims against the Republic for the payment of interest in respect of the OTs shall prescribe within five years after the due date thereof.

### **Notices**

All notices in respect of any information concerning the OTs shall be published in the Official Gazette (*Diário da República - II Série*).

### **Further Issues and Consolidation**

The Republic may from time to time, without the consent of the holders of the OTs, create and issue further OTs so as to be consolidated and form a single issue with the OTs.

### **Collective Action Clauses**

As per Regulation no. 1/2014 of Agência de Gestão da Tesouraria e da Dívida Pública - IGCP, E.P.E. ("IGCP"), currently in force, regarding the issuance of Obrigações do Tesouro and the status of market operators, the Common Terms of Reference and the Supplemental Provisions of the Collective Action Clauses, as approved and published by IGCP following the decision of the EU Economic and Financial Committee on 18 November 2011 and annexed hereto as Annex I, are applicable to the OTs subject to the following:

1. References in the Common Terms of Reference to "Bond" and "Bonds" means the "OT" and "OTs" respectively;
2. In relation to any meeting or written resolution proposed for the purposes of the Common Terms of Reference, the Issuer may publish additional rules (consistent with the Common Terms of Reference), specifying, *inter alia*, how holders may give their voting instructions to the Issuer or appoint proxies;
3. The Issuer will publish the relevant notices and other matters required to be published pursuant to the Common Terms of Reference on, at least, one the following places: (i) its website (at the date hereof, [www.igcp.pt](http://www.igcp.pt)), (ii) through Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., (iii) in the Issuer's official gazette (being at the date hereof, *Diário da República*) and (iv) in such other places and in such other manner as may be required by applicable law or regulation (including as required by the markets where the OTs are listed);

103  
100<sup>8</sup>



4. "Holder" for the purposes of the Common Terms of Reference and Supplemental Provisions means in relation to the OTs:

Each person shown in the book-entry records of a financial institution which is licensed to act as a financial intermediary and which is entitled to hold control accounts (each such institution an "Affiliate Member of Interbolsa") as having an interest in the OTs shall be deemed the holder of the principal amount of OTs recorded, except if evidence is provided to the relevant financial intermediary that such holder is holding the OTs on behalf of another entity.

5. "business day" for the purpose of the Common Terms of Reference, means a TARGET Settlement Day as defined in this Information Memorandum;

6. The following provisions of the Common Terms of Reference and Supplemental Provisions shall not apply with respect to the OTs:

- (a) Any such provisions which would only apply if this Information Memorandum or the terms and conditions of the OTs were to include an event of default or other right of acceleration of payment;
- (b) Any such provisions which would only apply if the OTs were guaranteed or collateralised;
- (c) Any such provisions which would apply if the OTs were issued in bearer form;
- (d) Any such provisions which would apply if the OTs were to be governed by a law other than the laws of Portugal or if the Issuer has submitted to the jurisdiction of courts other than the courts of the Republic of Portugal;
- (e) Any such provisions which would apply if this Information Memorandum or the terms and conditions of the OTs were to provide for a fiscal agent or trustee in respect of the OTs.

#### Governing Law and Jurisdiction

The OTs are governed by, and shall be construed in accordance with, Portuguese law

In relation to any legal action or proceedings arising out of or in connection with the OTs ("Proceedings"), the Republic irrevocably submits to the jurisdiction of the courts of the Republic of Portugal and waives any objection to Proceedings in any such courts whether on the grounds that the Proceedings have been brought in an inconvenient forum or otherwise. These submissions are made for the benefit of each of the holders of the OTs and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any court of competent jurisdiction preclude any of them from taking Proceedings in any other court of competent jurisdiction (whether concurrently or not) unless precluded by applicable laws. The Republic agrees that, in the event of Proceedings being brought against the Republic, no immunity from such Proceedings or execution of judgment shall be claimed by or on behalf of the Republic or with respect to its assets (save for any property or assets used for public services purposes or in the public domain as provided by any applicable laws of the Republic), the Republic hereby irrevocably waiving any such right of immunity that it or such assets have at the date of this Information Memorandum or may hereafter acquire except to the extent that any such waiver of immunity from Proceedings or from execution of judgment is excluded by applicable laws.

10  
10



## General Information

### Authorisation

The issue of the OTs was authorised by resolution of the Board of Directors of Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E. dated September 1, 2014.

### Subscription and Sale

Banco Santander, S.A., Barclays Bank PLC, Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, Caixa – Banco de Investimento, S.A., Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited, Danske Bank A/S, Deutsche Bank Aktiengesellschaft, Goldman Sachs International Bank, ING Bank N.V. Belgian Branch, Jefferies International Limited, Morgan Stanley & Co. International plc, Nomura International plc, Novo Banco, S.A. and Société Générale (together, the “Managers”) have, pursuant to a Subscription Agreement dated September 9, 2014 jointly and severally agreed with the Republic, subject to the satisfaction of certain conditions, to subscribe for the OTs at an issue price of 99.47% of their principal amount less a total commission (including combined management and underwriting commission and the selling concession) of 0.20% of such principal amount. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Republic. The Managers have agreed to perform certain market making functions in relation to the OTs in accordance with Regulation no. 1/2014, of the Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E. regarding the issuance of Obrigações do Tesouro and the status of market operators.

### Clearing and Settlement

The OTs will be created in the book-entry account of the Republic with the CVM on the TARGET Settlement Day prior to September 10, 2014 (the Closing Date). On the same day, the Republic will transfer the OTs free of payment to the book-entry account no. 22143 of the Republic with Euroclear, thus holding them in CVM through Euroclear. On the Closing Date, the OTs will be settled against payment through Crédit Agricole Corporate and Investment Bank, Clearstream account no 70496. Immediately thereafter, delivery of the OTs will be effected by Crédit Agricole Corporate and Investment Bank on a delivery versus payment basis in accordance with current Euroclear and Clearstream procedures.

### Sales Restrictions

#### General

No action has been or will be taken by the Republic or any of the Managers that would permit a public offering of any of the OTs, or possession or distribution of this Information Memorandum (in proof or in final form) or any other offering material or any supplementary information memorandum, in any country or jurisdiction where action to that purpose is required. Accordingly, no OTs may be offered, sold or delivered nor may this Information Memorandum or any other offering or publicity material be distributed or published in any country or jurisdiction except in circumstances that will result in compliance with any applicable laws and regulations. In particular, no representation is made that the OTs may lawfully be sold in compliance with any applicable registration requirements and neither the Republic nor the Managers assume any responsibility for facilitating such sales. Persons into whose hands this Information Memorandum comes are required by the Republic to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver OTs or have in their possession or distribute this document, in each case at their own expense.

#### United Kingdom

Each Manager has represented, warranted and agreed that it:

- (a) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of any OTs in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by each of them in relation to the OTs in, from or otherwise involving the United Kingdom.

103 -  
100<sup>8</sup>



## United States

The OTs have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the OTs may be offered or sold by the Managers directly or through their respective U.S. broker-dealer affiliates to Qualified Institutional Buyers (as defined in Rule 144A ("Rule 144A") under the Securities Act) in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of OTs may be relying on the exemption from the provisions of the section 5 of the Securities Act provided by Rule 144A.

In addition, until 40 days after the commencement of the offering of the OTs, an offer or sale of OTs within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

Each of the Managers has agreed to deliver or cause to be delivered to each person to whom OTs are sold under Rule 144A, prior to the time of sale, a notice to the following effect:

"As a purchaser of the issue € 3,500,000,000 3.875% Obrigações do Tesouro due February 15, 2030 (the "OTs") you will be deemed to have represented and agreed as follows:

- (1) You understand that the OTs have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act") and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person whom you reasonably believe is a Qualified Institutional Buyer ("QIBs") (as defined in Rule 144A under the Securities Act) purchasing for its own account or the account of one or more QIBs in a transaction meeting the requirements of Rule 144A; (ii) in an offshore transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act; (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if applicable); or (iv) pursuant to an effective registration statement under the Securities Act and (B) in accordance with all applicable securities laws of the United States and other jurisdictions. No representation can be made as to the availability of the exemption provided by Rule 144 for re-sales of the OTs.
- (2) No representation is made by any of the Managers as to the truth, accuracy or completeness of any information regarding the Issuer. You have made such investigation of the Issuer and the OTs, including the tax consequences of ownership, as you have deemed necessary and have not relied on any investigation or verification that the Managers may have undertaken for the purposes of the offering. Investors will be deemed to have represented and agreed that they have relied on no such representation and have made their own assessment of the Issuer and the OTs.
- (3) If you are a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act), (a) you are aware that the sale of the OTs is being made to you in reliance upon Rule 144A; (b) you are acquiring the OTs for your own account or for the account of a Qualified Institutional Buyer (as defined in Rule 144A under the Securities Act), as the case may be; and (c) you are not acquiring such OTs with a view to any resale or distribution thereof other than in accordance with the restrictions set forth above."

## NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR ANY TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Jo  
Co. 9



### **Listing Information**

Application has been made for the OTs to be listed on the MTS, BrokerTec, BGC-eSpeed and the Euronext Lisbon.

### **Use of Proceeds**

The net proceeds of the sale of the OTs, in the amount of € 3,474,450,000, will be used to finance gross borrowing needs of the Republic.

### **Ratings**

The Republic is rated "BB" by Standard and Poor's Ratings Group, "BB+" by Fitch Ratings and "Ba1" by Moody's Investor Service Inc.

### **Litigation**

To the best of its knowledge and belief, the Republic is not involved in any litigation, arbitration or administrative proceedings which is material in the context of this issue of the OTs, and to the best of the knowledge of the Republic, no such litigation, arbitration or administrative proceedings is threatened or contemplated.

Common Code: 110780702  
ISIN Code: PTOTEROE0014  
CVM Code: OTEROE

Sc -  
10<sup>10</sup>



## Annex I

### Common Terms of Reference

#### 1. General Definitions

- (a) 'debt securities' means the Bonds and any other bills, bonds, debentures, notes or other debt securities issued by the Issuer in one or more series with an original stated maturity of more than one year, and includes any such obligation, irrespective of its original stated maturity, that formerly constituted a component part of a debt security.
- (b) 'zero-coupon obligation' means a debt security that does not expressly provide for the accrual of interest, and includes the former component parts of a debt security that did expressly provide for the accrual of interest if that component part does not itself expressly provide for the accrual of interest.
- (c) 'index-linked obligation' means a debt security that provides for the payment of additional amounts linked to changes in a published index, but does not include a component part of an index-linked obligation that is no longer attached to that index-linked obligation.
- (d) 'series' means a tranche of debt securities together with any further tranche or tranches of debt securities that in relation to each other and to the original tranche of debt securities are (i) identical in all respects except for their date of issuance or first payment date, and (ii) expressed to be consolidated and form a single series, and includes the Bonds and any further issuances of Bonds.
- (e) 'outstanding' in relation to any Bond means a Bond that is outstanding for the purposes of Section 2.7, and in relation to the debt securities of any other series means a debt security that is outstanding for the purposes of Section 2.8.
- (f) (f) 'modification' in relation to the Bonds means any modification, amendment, supplement or waiver of the terms and conditions of the Bonds or any agreement governing the issuance or administration of the Bonds, and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Bonds or any agreement governing the issuance or administration of the Bonds shall be read as references to such other debt securities or any agreement governing the issuance or administration of such other debt securities.
- (g) 'cross-series modification' means a modification involving (i) the Bonds or any agreement governing the issuance or administration of the Bonds, and (ii) the debt securities of one or more other series or any agreement governing the issuance or administration of such other debt securities.
- (h) 'reserved matter' in relation to the Bonds means any modification of the terms and conditions of the Bonds or of any agreement governing the issuance or administration of the Bonds that would:
  - (i) change the date on which any amount is payable on the Bonds;
  - (ii) reduce any amount, including any overdue amount, payable on the Bonds;
  - (iii) change the method used to calculate any amount payable on the Bonds;
  - (iv) reduce the redemption price for the Bonds or change any date on which the Bonds may be redeemed;<sup>1</sup>
  - (v) change the currency or place of payment of any amount payable on the Bonds;

<sup>1</sup> To be included if the Bonds are redeemable.

100-  
100



- (vi) impose any condition on or otherwise modify the Issuer's obligation to make payments on the Bonds;
- (vii) except as permitted by any related guarantee, release any guarantee issued in relation to the Bonds or change the terms of that guarantee;<sup>1</sup>
- (viii) except as permitted by any related security agreement, release any collateral that is pledged or charged as security for the payment of the Bonds or change the terms on which that collateral is pledged or charged;<sup>2</sup>
- (ix) change any payment-related circumstance under which the Bonds may be declared due and payable prior to their stated maturity;<sup>3</sup>
- (x) change the seniority or ranking of the Bonds;
- (xi) change the law governing the Bonds;<sup>4</sup>
- (xii) change any court to whose jurisdiction the Issuer has submitted or any immunity waived by the Issuer in relation to legal proceedings arising out of or in connection with the Bonds;<sup>5</sup>
- (xiii) change the principal amount of outstanding Bonds or, in the case of a cross-series modification, the principal amount of debt securities of any other series required to approve a proposed modification in relation to the Bonds, the principal amount of outstanding Bonds required for a quorum to be present, or the rules for determining whether a Bond is outstanding for these purposes; or
- (xiv) change the definition of a reserved matter.

and has the same meaning in relation to the debt securities of any other series save that any of the foregoing references to the Bonds or any agreement governing the issuance or administration of the Bonds shall be read as references to such other debt securities or any agreement governing the issuance or administration of such other debt securities

- (i) 'holder' in relation to a Bond means [the person in whose name the Bond is registered on the books and records of the Issuer]<sup>6</sup> / [the bearer of the Bond]<sup>7</sup> / [the person the Issuer is entitled to treat as the legal holder of the Bond]<sup>8</sup> and in relation to any other debt security means the person the Issuer is entitled to treat as the legal holder of the debt security under the law governing that debt security
- (j) 'record date' in relation to any proposed modification means the date fixed by the Issuer for determining the holders of Bonds and, in the case of a cross-series modification, the holders of debt securities of each other series that are entitled to vote on or sign a written resolution in relation to the proposed modification.

## 2. Modification of Bonds

- 2.1 Reserved Matter Modification. The terms and conditions of the Bonds and any agreement governing the issuance or administration of the Bonds may be modified in relation to a reserved matter with the consent of the Issuer and:

<sup>1</sup> To be included if the Bonds are guaranteed.

<sup>2</sup> To be included if the Bonds are collateralised.

<sup>3</sup> To be included if the Bonds are subject to acceleration

<sup>4</sup> To be included if the Bonds are governed by a foreign law

<sup>5</sup> To be included, as appropriate, if the Issuer has submitted to the jurisdiction of a foreign court or expressly waived its immunity

<sup>6</sup> Include (subject to footnote 9) if the Bonds are registered bonds, regardless of whether held in global form by a common depositary or custodian.

<sup>7</sup> Include (subject to footnote 9) if the Bonds are bearer securities, regardless of whether held in global form by a common depositary or custodian.

<sup>8</sup> Include if under applicable law the person entitled to vote the Bond in relation to the Issuer is not the bearer of the Bond or the person in whose name the Bond is registered on the books and record of the Issuer



- (a) the affirmative vote of holders of not less than 75% of the aggregate principal amount of the outstanding Bonds represented at a duly called meeting of Bondholders; or
- (b) a written resolution signed by or on behalf of holders of not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding

2.2 Cross-Series Modification. In the case of a cross-series modification, the terms and conditions of the Bonds and debt securities of any other series, and any agreement governing the issuance or administration of the Bonds or debt securities of such other series, may be modified in relation to a reserved matter with the consent of the Issuer and

- (a)(i) the affirmative vote of not less than 75% of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of the debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification; or
- (a)(ii) a written resolution signed by or on behalf of the holders of not less than 66 2/3% of the aggregate principal amount of the outstanding debt securities of all the series (taken in the aggregate) that would be affected by the proposed modification;

and

- (b)(i) the affirmative vote of more than 66 2/3% of the aggregate principal amount of the outstanding debt securities represented at separate duly called meetings of the holders of each series of debt securities (taken individually) that would be affected by the proposed modification; or
- (b)(ii) a written resolution signed by or on behalf of the holders of more than 50% of the aggregate principal amount of the then outstanding debt securities of each series (taken individually) that would be affected by the proposed modification.

A separate meeting will be called and held, or a separate written resolution signed, in relation to the proposed modification of the Bonds and the proposed modification of each other affected series of debt securities.

2.3 Proposed Cross-Series Modification. A proposed cross-series modification may include one or more proposed alternative modifications of the terms and conditions of each affected series of debt securities or of any agreement governing the issuance or administration of any affected series of debt securities, provided that all such proposed alternative modifications are addressed to and may be accepted by any holder of any debt security of any affected series.

2.4 Partial Cross-Series Modification. If a proposed cross-series modification is not approved in relation to a reserved matter in accordance with Section 2.2, but would have been so approved if the proposed modification had involved only the Bonds and one or more, but less than all, of the other series of debt securities affected by the proposed modification, that cross-series modification will be deemed to have been approved, notwithstanding Section 2.2, in relation to the Bonds and debt securities of each other series whose modification would have been approved in accordance with Section 2.2 if the proposed modification had involved only the Bonds and debt securities of such other series, provided that:

- (a) prior to the record date for the proposed cross-series modification, the Issuer has publicly notified holders of the Bonds and other affected debt securities of the conditions under which the proposed cross-series modification will be deemed to have been approved if it is approved in the manner described above in relation to the Bonds and some but not all of the other affected series of debt securities; and
- (b) those conditions are satisfied in connection with the proposed cross-series modification.

2.5 Non-Reserved Matter Modification. The terms and conditions of the Bonds and any agreement governing the issuance or administration of the Bonds may be modified in relation to any matter other than a reserved matter with the consent of the Issuer and



- (a) the affirmative vote of holders of more than 50% of the aggregate principal amount of the outstanding Bonds represented at a duly called meeting of Bondholders, or
- (b) a written resolution signed by or on behalf of holders of more than 50% of the aggregate principal amount of the outstanding Bonds.

2.6 Multiple Currencies, Index-Linked Obligations and Zero-Coupon Obligations. In determining whether a proposed modification has been approved by the requisite principal amount of Bonds and debt securities of one or more other series:

- (a) if the modification involves debt securities denominated in more than one currency, the principal amount of each affected debt security will be equal to the amount of euro that could have been obtained on the record date for the proposed modification with the principal amount of that debt security, using the applicable euro foreign exchange reference rate for the record date published by the European Central Bank;
- (b) if the modification involves an index-linked obligation, the principal amount of each such index-linked obligation will be equal to its adjusted nominal amount;
- (c) if the modification involves a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be equal to its nominal amount or, if its stated maturity date has not yet occurred, to the present value of its nominal amount;
- (d) if the modification involves a zero-coupon obligation that formerly constituted a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation that formerly constituted the right to receive:
  - (i) a non-index-linked payment of principal or interest will be equal to its nominal amount or, if the stated maturity date of the non-index-linked payment has not yet occurred, to the present value of its nominal amount; and
  - (ii) an index-linked payment of principal or interest will be equal to its adjusted nominal amount or, if the stated maturity date of the index-linked payment has not yet occurred, to the present value of its adjusted nominal amount; and
- (e) For purposes of this Section 2.6:
  - (i) the adjusted nominal amount of any index-linked obligation and any component part of an index-linked obligation is the amount of the payment that would be due on the stated maturity date of that index-linked obligation or component part if its stated maturity date was the record date for the proposed modification, based on the value of the related index on the record date published by or on behalf of the Issuer or, if there is no such published value, on the interpolated value of the related index on the record date determined in accordance with the terms and conditions of the index-linked obligation, but in no event will the adjusted nominal amount of such index-linked obligation or component part be less than its nominal amount unless the terms and conditions of the index-linked obligation provide that the amount of the payment made on such index-linked obligation or component part may be less than its nominal amount; and
  - (ii) the present value of a zero-coupon obligation is determined by discounting the nominal amount (or, if applicable, the adjusted nominal amount) of that zero-coupon obligation from its stated maturity date to the record date at the specified discount rate using the applicable market day-count convention, where the specified discount rate is:
    - (x) if the zero-coupon obligation was not formerly a component part of a debt security that expressly provided for the accrual of interest, the yield to maturity of that zero-coupon obligation at issuance or, if more than one tranche of that zero-coupon obligation has been issued, the yield to maturity of that zero coupon obligation at the arithmetic average of all the issue prices of all the zero-coupon obligations of that series of zero-coupon obligations weighted by their nominal amounts; and

100-  
100  
14



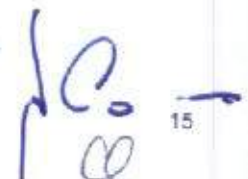
(y) if the zero-coupon obligation was formerly a component part of a debt security that expressly provided for the accrual of interest

- (1) the coupon on that debt security if that debt security can be identified; or
- (2) if such debt security cannot be identified, the arithmetic average of all the coupons on all of the Issuer's debt securities (weighted by their principal amounts) referred to below that have the same stated maturity date as the zero coupon obligation to be discounted, or, if there is no such debt security, the coupon interpolated for these purposes on a linear basis using all of the Issuer's debt securities (weighted by their principal amounts) referred to below that have the two closest maturity dates to the maturity date of the zero-coupon obligation to be discounted, where the debt securities to be used for this purpose are all of the Issuer's index-linked obligations if the zero-coupon obligation to be discounted was formerly a component part of an index linked obligation and all of the Issuer's debt securities (index-linked obligations and zero-coupon obligations excepted) if the zero-coupon obligation to be discounted was not formerly a component part of an index-linked obligation, and in either case are denominated in the same currency as the zero-coupon obligation to be discounted.

2.7 Outstanding Bonds. In determining whether holders of the requisite principal amount of outstanding Bonds have voted in favour of a proposed modification or whether a quorum is present at any meeting of Bondholders called to vote on a proposed modification, a Bond will be deemed to be not outstanding, and may not be voted for or against a proposed modification or counted in determining whether a quorum is present, if on the record date for the proposed modification:

- (a) the Bond has previously been cancelled or delivered for cancellation or held for reissuance but not reissued;
- (b) the Bond has previously been called for redemption in accordance with its terms or previously become due and payable at maturity or otherwise and the Issuer has previously satisfied its obligation to make all payments due in respect of the Bond in accordance with its terms.<sup>1</sup>
- (c) the Bond is held by the Issuer, by a department, ministry or agency of the Issuer, or by a corporation, trust or other legal entity that is controlled by the Issuer or a department, ministry or agency of the Issuer and, in the case of a Bond held by any such above-mentioned corporation, trust or other legal entity, the holder of the Bond does not have autonomy of decision, where
  - (i) the holder of a Bond for these purposes is the entity legally entitled to vote the Bond for or against a proposed modification or, if different, the entity whose consent or instruction is by contract required, directly or indirectly, for the legally entitled holder to vote the Bond for or against a proposed modification;
  - (ii) a corporation, trust or other legal entity is controlled by the Issuer or by a department, ministry or agency of the Issuer if the Issuer or any department, ministry or agency of the Issuer has the power, directly or indirectly, through the ownership of voting securities or other ownership interests, by contract or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of that legal entity; and
  - (iii) the holder of a Bond has autonomy of decision if, under applicable law, rules or regulations and independent of any direct or indirect obligation the holder may have in relation to the Issuer:
    - (x) the holder may not, directly or indirectly, take instruction from the Issuer on how to vote on a proposed modification; or

<sup>1</sup> The reference to the Bond having previously been called for redemption to be included if the Bond is redeemable

  
15



- (y) the holder, in determining how to vote on a proposed modification, is required to act in accordance with an objective prudential standard, in the interest of all of its stakeholders or in the holder's own interest; or
- (z) the holder owes a fiduciary or similar duty to vote on a proposed modification in the interest of one or more persons other than a person whose holdings of Bonds (if that person then held any Bonds) would be deemed to be not outstanding under this Section 2.7.

2.8 Outstanding Debt Securities. In determining whether holders of the requisite principal amount of outstanding debt securities of another series have voted in favour of a proposed cross-series modification or whether a quorum is present at any meeting of the holders of such debt securities called to vote on a proposed cross-series modification, an affected debt security will be deemed to be not outstanding, and may not be voted for or against a proposed cross-series modification or counted in determining whether a quorum is present, in accordance with the applicable terms and conditions of that debt security.

2.9 Entities Having Autonomy of Decision. For transparency purposes, the Issuer will publish promptly following the Issuer's formal announcement of any proposed modification of the Bonds, but in no event less than 10 days prior to the record date for the proposed modification, a list identifying each corporation, trust or other legal entity that for purposes of Section 2.7(c):

- (a) is then controlled by the Issuer or by a department, ministry or agency of the Issuer;
- (b) has in response to an enquiry from the Issuer reported to the Issuer that it is then the holder of one or more Bonds; and
- (c) does not have autonomy of decision in respect of its Bondholdings.

2.10 Exchange and Conversion. Any duly approved modification of the terms and conditions of the Bonds may be implemented by means of a mandatory exchange or conversion of the Bonds for new debt securities containing the modified terms and conditions if the proposed exchange or conversion is notified to Bondholders prior to the record date for the proposed modification. Any conversion or exchange undertaken to implement a duly approved modification will be binding on all Bondholders.

### 3. **Calculation Agent**

3.1 Appointment and Responsibility. The Issuer will appoint a person (the 'calculation agent') to calculate whether a proposed modification has been approved by the requisite principal amount of outstanding Bonds and, in the case of a cross-series modification, by the requisite principal amount of outstanding debt securities of each affected series of debt securities. In the case of a cross-series modification, the same person will be appointed as the calculation agent for the proposed modification of the Bonds and each other affected series of debt securities.

3.2 Certificate. The Issuer will provide to the calculation agent and publish prior to the date of any meeting called to vote on a proposed modification or the date fixed by the Issuer for the signing of a written resolution in relation to a proposed modification, a certificate:

- (a) listing the total principal amount of Bonds and, in the case of a cross-series modification, debt securities of each other affected series outstanding on the record date for purposes of Section 2.7;
- (b) specifying the total principal amount of Bonds and, in the case of a cross-series modification, debt securities of each other affected series that are deemed under Section 2.7(c) to be not outstanding on the record date; and
- (c) identifying the holders of the Bonds and, in the case of a cross-series modification, debt securities of each other affected series, referred to in (b) above, determined, if applicable, in accordance with the provisions of Section 2.6.



3.3 Reliance. The calculation agent may rely on any information contained in the certificate provided by the Issuer, and that information will be conclusive and binding on the Issuer and the Bondholders unless:

- (a) an affected Bondholder delivers a substantiated written objection to the Issuer in relation to the certificate before the vote on a proposed modification or the signing of a written resolution in relation to a proposed modification; and
- (b) that written objection, if sustained, would affect the outcome of the vote taken or the written resolution signed in relation to the proposed modification.

In the event a substantiated written objection is timely delivered, any information relied on by the calculation agent will nonetheless be conclusive and binding on the Issuer and affected Bondholders if:

- (x) the objection is subsequently withdrawn;
- (y) the Bondholder that delivered the objection does not commence legal action in respect of the objection before a court of competent jurisdiction within 15 days of the publication of the results of the vote taken or the written resolution signed in relation to the proposed modification; or
- (z) a court of competent jurisdiction subsequently rules either that the objection is not substantiated or would not in any event have affected the outcome of the vote taken or the written resolution signed in relation to the proposed modification.

3.4 Publication. The Issuer will arrange for the publication of the results of the calculations made by the calculation agent in relation to a proposed modification promptly following the meeting called to consider that modification or, if applicable, the date fixed by the Issuer for signing a written resolution in respect of that modification.

#### 4. **Bondholder Meetings; Written Resolutions**

4.1 General. The provisions set out below, and any additional rules adopted and published by the Issuer will, to the extent consistent with the provisions set out below, apply to any meeting of Bondholders called to vote on a proposed modification and to any written resolution adopted in connection with a proposed modification. Any action contemplated in this Section 4 to be taken by the Issuer may instead be taken by an agent acting on behalf of the Issuer.

4.2 Convening Meetings. A meeting of Bondholders:

- (a) may be convened by the Issuer at any time; and
- (b) will be convened by the Issuer if an event of default in relation to the Bonds has occurred and is continuing and a meeting is requested in writing by the holders of not less than 10% of the aggregate principal amount of the Bonds then outstanding.<sup>1</sup>

4.3 Notice of Meetings. The notice convening a meeting of Bondholders will be published by the Issuer at least 21 days prior to the date of the meeting or, in the case of an adjourned meeting, at least 14 days prior to the date of the adjourned meeting. The notice will

- (a) state the time, date and venue of the meeting;
- (b) set out the agenda and quorum for, and the text of any resolutions proposed to be adopted at, the meeting;
- (c) specify the record date for the meeting, being not more than five business days<sup>2</sup> before the date of the meeting, and the documents required to be produced by a Bondholder in order to be entitled to participate in the meeting;
- (d) include the form of instrument to be used to appoint a proxy to act on a Bondholder's behalf;

<sup>1</sup> To be included if the Bonds contain events of default

<sup>2</sup> The term 'business day' will be defined elsewhere in the Bond documentation

10-17



- (e) set out any additional rules adopted by the Issuer for the convening and holding of the meeting and, if applicable, the conditions under which a cross-series modification will be deemed to have been satisfied if it is approved as to some but not all of the affected series of debt securities; and
  - (f) identify the person appointed as the calculation agent for any proposed modification to be voted on at the meeting.
- 4.4 Chair. The chair of any meeting of Bondholders will be appointed:
- (a) by the Issuer; or
  - (b) if the Issuer fails to appoint a chair or the person nominated by the Issuer is not present at the meeting, by holders of more than 50% of the aggregate principal amount of the Bonds then outstanding represented at the meeting.
- 4.5 Quorum. No business will be transacted at any meeting in the absence of a quorum other than the choosing of a chair if one has not been appointed by the Issuer. The quorum at any meeting at which Bondholders will vote on a proposed modification of:
- (a) a reserved matter will be one or more persons present and holding not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding; and
  - (b) a matter other than a reserved matter will be one or more persons present and holding not less than 50% of the aggregate principal amount of the Bonds then outstanding.
- 4.6 Adjourned Meetings. If a quorum is not present within thirty minutes of the time appointed for a meeting, the meeting may be adjourned for a period of not more than 42 days and not less than 14 days as determined by the chair of the meeting. The quorum for any adjourned meeting will be one or more persons present and holding:
- (a) not less than 66 2/3% of the aggregate principal amount of the Bonds then outstanding in the case of a proposed reserved-matter modification; and
  - (b) not less than 25% of the aggregate principal amount of the Bonds then outstanding in the case of a non-reserved matter modification.
- 4.7 Written Resolutions. A written resolution signed by or on behalf of holders of the requisite majority of the Bonds will be valid for all purposes as if it was a resolution passed at a meeting of Bondholders duly convened and held in accordance with these provisions. A written resolution may be set out in one or more document in like form each signed by or on behalf of one or more Bondholders.
- 4.8 Entitlement to Vote. Any person who is a holder of an outstanding Bond on the record date for a proposed modification, and any person duly appointed as a proxy by a holder of an outstanding Bond on the record date for a proposed modification, will be entitled to vote on the proposed modification at a meeting of Bondholders and to sign a written resolution with respect to the proposed modification.
- 4.9 Voting. Every proposed modification will be submitted to a vote of the holders of outstanding Bonds represented at a duly called meeting or to a vote of the holders of all outstanding Bonds by means of a written resolution without need for a meeting. A holder may cast votes on each proposed modification equal in number to the principal amount of the holder's outstanding Bonds. For these purposes:
- (a) in the case of a cross-series modification involving debt securities denominated in more than one currency, the principal amount of each debt security will be determined in accordance with Section 2.6(a);
  - (b) in the case of a cross-series modification involving an index-linked obligation, the principal amount of each such index-linked obligation will be determined in accordance with Section 2.6(b);
  - (c) in the case of a cross-series modification involving a zero-coupon obligation that did not formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with Section 2.6(c); and

105-  
100<sup>18</sup>



(d) in the case of a cross-series modification involving a zero-coupon obligation that did formerly constitute a component part of an index-linked obligation, the principal amount of each such zero-coupon obligation will be determined in accordance with Section 2.6(d).

4.10 Proxies. Each holder of an outstanding Bond may, by an instrument in writing executed on behalf of the holder and delivered to the Issuer not less than 48 hours before the time fixed for a meeting of Bondholders or the signing of a written resolution, appoint any person (a "proxy") to act on the holder's behalf in connection with any meeting of Bondholders at which the holder is entitled to vote or the signing of any written resolution that the holder is entitled to sign. Appointment of a proxy pursuant to any form other than the form enclosed with the notice of the meeting will not be valid for these purposes.

4.11 Legal Effect and Revocation of a Proxy. A proxy duly appointed in accordance with the above provisions will, subject to Section 2.7 and for so long as that appointment remains in force, be deemed to be (and the person who appointed that proxy will be deemed not to be) the holder of the Bonds to which that appointment relates, and any vote cast by a proxy will be valid notwithstanding the prior revocation or amendment of the appointment of that proxy unless the Issuer has received notice or has otherwise been informed of the revocation or amendment at least 48 hours before the time fixed for the commencement of the meeting at which the proxy intends to cast its vote or, if applicable, the signing of a written resolution.

4.12 Binding Effect. A resolution duly passed at a meeting of holders convened and held in accordance with these provisions, and a written resolution duly signed by the requisite majority of Bondholders, will be binding on all Bondholders, whether or not the holder was present at the meeting, voted for or against the resolution or signed the written resolution.

4.13 Publication. The Issuer will without undue delay publish all duly adopted resolutions and written resolutions.

## 5. Publication

5.1 Notices and Other Matters. The Issuer will publish all notices and other matters required to be published pursuant to the above provisions:

(a) on [insert the Issuer's website for financial notices];

(b) through [insert clearing system]; and

(c) in such other places, including in [insert the Issuer's official gazette], and in such other manner as may be required by applicable law or regulation.



## SUPPLEMENTAL PROVISIONS

### 1. Technical Amendments

- 1.1 Manifest Error, Technical Amendments. Notwithstanding anything to the contrary herein, the terms and conditions of the Bonds and any agreement governing the issuance or administration of the Bonds may be modified by the Issuer without the consent of Bondholders:

- (i) to correct a manifest error or cure an ambiguity, or
- (ii) if the modification is of a formal or technical nature or for the benefit of Bondholders.

The Issuer will publish the details of any modification of the Bonds made pursuant to this Section within ten days of the modification becoming legally effective.

### 2. Acceleration and Rescission of Acceleration<sup>1</sup>

- 2.1 Acceleration. If any event of default occurs and is continuing, the holders of not less than 25% of the aggregate principal amount of the outstanding Bonds may, by written notice given to the Issuer, declare the Bonds to be immediately due and payable. Upon any declaration of acceleration properly given in accordance with this Section, all amounts payable on the Bonds will become immediately due and payable on the date that written notice of acceleration is received by the Issuer, unless the event of default has been remedied or waived prior to the receipt of the notice by the Issuer.
- 2.2 Rescission of Acceleration. The holders of more than 50% of the aggregate principal amount of the outstanding Bonds may, on behalf of all Bondholders, rescind or annul any notice of acceleration given pursuant to Section 2.1 above.

### 3. Limitation on Sole Holder Action<sup>2</sup>

- 3.1 No Bondholder will be entitled to institute proceedings against the Issuer or take steps to enforce the rights of the Bondholders under the terms and conditions of the Bonds unless the [trustee/fiscal agent], having become bound to proceed in accordance with these terms and conditions, has failed to do so within a reasonable time and such failure is continuing.

<sup>1</sup> To be included only if the Bonds provide for acceleration.

<sup>2</sup> To be included only if the Bonds provide for a fiscal agent or trustee.

SCB -  
1 Co.  
20



## **ISSUER**

**Republic of Portugal**

*represented by*

**Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, E.P.E. (IGCP)**  
Av. da República, 57-6th Floor  
1050-189 Lisbon  
Portugal

## **LEGAL ADVISERS TO THE ISSUER**

*as to Portuguese Law*

**Cuatrecasas Gonçalves Pereira**  
**Sociedade de Advogados, RL**  
Praça Marquês de Pombal, 2  
1250-160 Lisbon  
Portugal

## **LEGAL ADVISERS TO THE MANAGERS**

*as to Portuguese Law*

**Abreu & Marques e Associados, Sociedade de Advogados, RL**  
Rua Filipe Folque, 2 4<sup>th</sup> Floor  
1069-121 Lisbon  
Portugal

*as to the United States Law*

**Clifford Chance LLP**  
10 Upper Bank Street, London E14 5JJ  
England