

**Banco Espírito Santo**

**PPRV 2008-2010**

BETWEEN:

BANCO ESPÍRITO SANTO, S.A., public limited company with head office at Av. da Liberdade, nº 195, Lisbon, with paid up share capital of €2,500,000,000.00 and company registration number 500852367 at the Lisbon Commercial Registry (“BES”);

and

\_\_\_\_\_, resident in \_\_\_\_\_, holder of identity document number \_\_\_\_\_, issued on \_\_\_\_\_, by \_\_\_\_\_, tax number \_\_\_\_\_ (“Employee”),

**Having regard to:**

- 1. The variable remuneration plan for the period 2008-2010 (PPRV 2008-2010) allocating employees the right to receive a variable remuneration indexed to the value of BES shares, which the BES Board of Directors submitted for appraisal to the General Meeting of Shareholders and which was approved by this body on 31 March 2008.*
- 2. The rules applicable to the PPRV 2008-2010, described in the Regulations forming the appendix to this contract, which the Employee accepts in full.*
- 3. The Employee’s designation as a Beneficiary of the PPRV 2008-2010.*

*This contract is signed, allocating the right to a variable remuneration:*

1. **Allocation:** number of units of account: \_\_\_\_\_
  
2. **Start Date:** \_\_/\_\_/2008
  
3. **End Date:** \_\_/\_\_/2010
  
4. **Regulation:** The Regulations for PPRV 2008-2010, contained in the appendix to this contract.
  
5. **Communication:** Communication with BES to take place in writing, to the Personnel Department, Rua Castilho, nº 26 – 9º andar, 1250-069 Lisboa; and with the Employee by letter addressed to the home address recorded on their BES file, or by e-mail to their registered work electronic mailbox address.
  
6. **Date of Contract:** \_\_\_\_\_
  
7. **Applicable law and jurisdiction:** Portuguese law, with all issues arising from this contract subject to the ruling of the Lisbon District court (Comarca de Lisboa).

BANCO ESPÍRITO SANTO

THE EMPLOYEE

**REGULATIONS  
FOR  
THE VARIABLE REMUNERATION PLAN 2008-2010  
PPRV 2008-2010**

***WHEREAS:***

1. The current state of the global economy and strong competition in the domestic and foreign markets demand that all employees of the Banco Espírito Santo Group (GBES) show constant drive, their motivation on all levels being of vital importance.
2. As has been done in the past, the creation of a system of incentives that encourages employees to participate in enhancing the success of BES, while increasing their loyalty to the company is planned;
3. This system involves allocating a potential cash bonus to selected employees for their efficiency and loyalty. This payment should be deferred and linked to the listed price of shares representing BES share capital, which are held by all shareholders.

Having regard to the reasons mentioned above, approval is given for a Variable Remuneration Plan lasting three years and indexed to the value of shares representing BES share capital (“BES Shares”) during that period. This plan, hereinafter referred to as **PPRV 2008-2010**, is regulated by the following clauses:

## **One**

### **(Contents of the Plan)**

1. The PPRV 2008-2010 allocates the right to receive a variable remuneration linked to the potential increase in value of BES Shares during the three-year period ending in 2010. The start date (“Start Date”) and end date (“End Date”) will be set by the BES Board of Directors.
2. This payment will only become due if BES Shares increase in value.
3. The PPRV 2008-2010 is not a share allocation or stock options plan, with Beneficiaries not being allocated any rights associated with holdings in BES share capital.

## **Two**

### **(Characteristics of the Plan)**

1. Each Beneficiary will be allocated a certain number of units of account (these are not shares), which will form the basis for calculating the variable remuneration payment.
2. The PPRV 2008-2010 involves the issuance of a maximum of 5,000,000 (five million) units of account, to be divided among all the Beneficiaries. This number can be exceeded as a result of adjustments that may become necessary due to the application of the terms of Clause Six.
3. If one or several of the Beneficiaries is excluded or does not benefit from the PPRV 2008-2010 for any reason, the units of account they were allocated will be cancelled rather than redistributed.

### **Three (Determining the Variable Remuneration)**

1. The variable remuneration will correspond to the increase in the value of BES Shares, multiplied by the number of units of account allocated to each Beneficiary.

2. The variable remuneration to be paid to each Beneficiary will be the amount in Euros that results from the application of the following formula:

$$VR = (Final\ Value - Initial\ Value) \times N$$

In which:

**VR** = Variable Remuneration

**Final Value** – the simple arithmetic mean of the closing price of BES Shares on EURONEXT LISBOA – the Euronext Lisbon Stock Exchange (or on the exchange that succeeds it by virtue of its integration into another, or other, stock exchanges) in the 10 days of trading prior to the End Date.

**Initial Value** = the reference unit value for each unit of account allocated, as defined on the Start Date. This Initial Value can be adjusted during the period of the plan, under the terms set forth in Clause Six.

**N** = number of units of account allocated to each Beneficiary and subject to adjustment under the terms of Clause Six.

3. The Beneficiaries will receive the variable remuneration as a performance-related bonus, to be paid into their normal salary account at the end of the first month following the End Date, after deduction of the applicable taxes.

**Four**  
**(Beneficiaries)**

1. The following are eligible to become Beneficiaries of the PPRV 2008-2010:
  - a) – Members of the BES Board of Directors Executive Committee.
  - b) – Permanent employees of the BES Group with a valid employment contract.
2. Designation as a Beneficiary does not confer any special rights with regards to the preservation of an employment contract with BES.

**Five**  
**(Execution of the PPRV)**

1. It is the duty of the BES Board of Directors (the “BoD”) to execute the PPRV 2008-2010.
2. Following a proposal from the BES Executive Committee, it is the duty of the BoD to select the Beneficiaries and decide the division of units of account among them. The decision of the BoD will need to be ratified by the BES Salaries Committee with regard to the units of account to be allocated to the members of the Executive Committee.
3. The PPRV 2008-2010 is a universal plan, aiming to include all BES Group employees as Beneficiaries unless the BoD decides otherwise, with such a decision requiring special justification. Only BES employees who are working outside of Portugal and attached to representative branches and offices are excepted from this plan.
3. The BoD may decide to create a PPRV designed specially for employees working outside of Portugal, subject to resolution of all the tax and accounting issues associated with such a plan.

4. The BoD will have the broadest possible powers to interpret and apply the PPRV 2008-2010 and all questions related to its execution should be directed to it.

5. No appeal lies from BoD decisions.

## **Six**

### **(Execution of the PPRV: exceptional circumstances)**

1. If BES share capital changes during the PPRV 2008-2010, due to a merger, split, increase or reduction of capital, or for any other reason, or if BES Shares are no longer listed on the stock exchange for any reason, the BoD has the power to make the necessary alterations to maintain the impartiality of the PPRV by changing the total number of units of account allocated to each Beneficiary and/or the Initial Value.

2. If BES makes an extraordinary distribution or changes its dividends policy, the BoD has the right to make the necessary alterations to maintain the impartiality of the PPRV by changing the total number of units of account allocated to each Beneficiary and/or the Initial Value.

3. If a public tender offer is made on BES Shares, regardless of its success and as long as its preliminary announcement occurs at least one year after the Start Date, the right to the variable remuneration will, for all effects, become immediately due and the End Date will be taken as 30 trading days after this announcement.

## **Seven**

### **(Exclusion of Beneficiaries)**

1. Unless the BoD decides otherwise, Beneficiaries falling into one of the following categories will be automatically excluded from the PPRV 2008-2010 :

- a) – They are not employees or members of the Executive Committees of BES Group companies on the End Date;
  - b) – They suspended their duties at the BES Group for more than six months during the course of the PPRV 2008-2010;
  - c) – They were subject to any disciplinary sanction set forth in the law.
2. The BES Group companies include BES and all the Credit Institutions and Financial Companies included within the Group’s consolidation perimeter for banking supervision purposes.
  3. In case of serious breach of the rules of conduct governing Beneficiaries, the BoD may decide to exclude the infringer from the PPRV 2008-2010 with immediate effect.
  4. Exclusion is made by simple written communication to the Beneficiary.

## **Eight**

### **(Death and Permanent Disability of Beneficiaries)**

1. In case of death of the Beneficiary during the period in which the PPRV 2008-2010 is in force, the right to receive their variable remuneration is transferred to their heirs, pro rata for the period elapsed between the Start Date and the date of death. This is calculated based on the amount due on the End Date and will be paid to the heirs at the end of the first month after the calculation is performed.
2. The same rule will be applied in case of permanent incapacity for work that is verified under the terms of the applicable law. In this case, the Beneficiary has the right to receive the remuneration pro rata for the period of service completed before such verification.



3. By virtue of concrete circumstances presented to it, the BoD may make exceptions to the rules contained in this clause and decide to award the total amount of the variable remuneration to the Beneficiaries in question.

## **Nine**

### **(Non-transferable nature of the PPRV)**

1. Except in the case of succession by death provided for in the previous clause, none of the rights resulting from status as a Beneficiary of the PPRV 2008-2010 may be transferred for any reason. Beneficiaries are also under obligation not to promise to transfer, provide as a guarantee or incur any duty or obligation on these rights.

2. Non-compliance with the obligation established in this clause will result in the Beneficiary's immediate exclusion from PPRV 2008-2010.

## **Ten**

### **(Extension of the PPRV)**

The remaining companies in the BES Group may establish a PPRV 2008-2010 for their employees by creating their own variable remuneration plans. This is subject to their adopting this set of Regulations, with the necessary adaptations, and obtaining the prior approval of the Boards of Directors of the Company and BES and their respective Salaries Committees, if the Beneficiaries include members of the Executive Committee.