

**BANCO ESPÍRITO SANTO, S.A.**

**Publicly Traded Company**

**Head Office: Av. da Liberdade, 195, Lisboa**

**Share Capital: EUR 2,500,000,000.00**

**Corporate Registration and Tax payer number: 500 852 367**

**Registered in the 1st section of the Lisbon Commercial Registry**

## **BES INFORMS ABOUT THE PROCEDURE FOR THE RESOLUTION ON THE SHARE CAPITAL INCREASE**

The Board of Directors of Banco Espírito Santo convened its Annual General Shareholders' Meeting for the 16<sup>th</sup> of March 2009.

It is intended that this General Shareholders' Meeting deliberates upon a share capital increase, through cash entries and with expected proceeds of about 1,200 million Euros. The aforementioned share capital increase serves the purpose of raising the Bank's capital ratios to meet the required levels established by the new regulatory standards, allowing the reinforcement of BES Group's competitive position and its business' sustained growth.

The share capital increase will be executed through a process that involves three stages:

Release

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1. The first will consist of the reduction of the nominal value of each of its shares from the current value of 5 Euros to 1 Euro, through the decrease of its share capital from 2,500 million Euros to 500 million Euros and the constitution of a special reserve in the amount of 2,000 million Euros, which will be incorporated into the share capital at the end of this process.

This operation, which will not have any direct impact on the Bank's total equity, serves the purpose of enabling the execution of the share capital increase through cash entries according to prevailing market conditions.

2. The second stage consists in the execution of a share capital increase through new cash entries, by issuing new shares with the nominal value of 1 Euro each, through public subscription and pursuant to pre-emptive transferable subscription rights granted to existing holders of BES' ordinary shares.

The exact amount of this share capital increase and the premium for the new shares' issue will be determined on the date of the General Shareholders' Meeting. It is anticipated that this transaction will result in proceeds of about 1,200 million Euros. The maximum amount that the share capital may reach after this increase is 1,700 million Euros.

3. The third stage will be executed through a new share capital increase, through the incorporation of reserves (including the special 2,000 million Euros reserve constituted in the first stage described above and share premiums and free reserves evidenced on the balance sheet, up to a limit of 1,300 million Euros), with a maximum amount of 3,300 million Euros, through the increase of the nominal values of all the shares. The exact amount of this new share capital increase, as well as the exact amount of the shares' new nominal value, will also be determined on the date of the General Shareholders' Meeting, whereas the maximum amount that the share capital may reach after this last increase is of 4,500 million Euros.

Lisbon, 11<sup>th</sup> February 2009

**BANCO ESPÍRITO SANTO**

## **DISCLAIMER**

*These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The securities mentioned herein (the "Securities") have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act").*

*The Securities may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the Securities Act. There will be no public offer of the Securities in the United States.*

*The Company has not authorised any offer to the public of Securities in any Member State of the European Economic Area other than Portugal. With respect to each Member State of the European Economic Area other than Portugal and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action has been undertaken or will be undertaken to make an offer to the public of Securities requiring a publication of a prospectus in any Relevant Member State. As a result, the Securities may only be offered in Relevant Member States:*

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;*
- (b) to any legal entity meeting two or more of the following criteria: (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts; or*
- (c) in any other circumstances, not requiring the Company to publish a prospectus as provide under Article 3(2) of the Prospectus Directive.*

*For the purposes of this paragraph, the expression an "offer to the public of Securities" in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase any securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.*

*This communication is directed solely at persons who (i) have professional experience in matters relating to investments and who fall within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), or (ii) are high net worth entities and other persons to whom such communication may otherwise lawfully be made falling within Article 49(2)(A) to (D) of the Order (all such persons together being referred to as "Relevant Persons"). This communication must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons. Persons distributing this communication must satisfy themselves that it is lawful to do so.*