



HAITONG INVESTMENT IRELAND p.l.c.

(formerly named as Espirito Santo Investment p.l.c.)

(incorporated as a limited liability company in Ireland)

Series 736 - CLN Portugal Telecom International Finance BV 2018

(ISIN XS0948479745)

issued pursuant to the €2,500,000,000 Euro Medium Term Note Programme

with the benefit of a Keep Well Agreement provided by

HAITONG BANK, S.A.

(formerly named Banco Espírito Santo de Investimento, S.A.)

Date: 27th July 2016

From: Haitong Investment Ireland, p.l.c.

To: The Noteholders

NOTICE OF SETTLEMENT

Reference is made to the terms and conditions of the Series 736 CLN Portugal Telecom International Finance BV 2018 (ISIN XS0948479745) issued by Haitong Investment Ireland p.l.c. (formerly named Espirito Santo Investment p.l.c.) (the “**Issuer**”) pursuant to the € 2,500,000,000 Euro Medium Term Note Programme with the benefit of a Keep Well Agreement provided by Haitong Bank, S.A. (formerly named Banco Espírito Santo de Investimento, S.A.) (the “**Notes**”), as set out in the Offering Circular dated 08 July 2013 (including any supplement thereto) relating to the Notes (the “**Offering Circular**”) and as modified and/or supplemented by the Final Terms dated 11 July 2013, relating to the Notes (such terms and conditions, as modified and/or supplemented, the “**Conditions**”). Capitalised terms used herein and not defined will have the meaning ascribed to them in the Conditions or, if no meaning is specified herein, in the 2014 ISDA Credit Definitions (the “**Definitions**”).

Reference is also made to the Credit Event Notice and Notice of Publicly Available Information dated 6 July 2016 previously delivered to you regarding the **Bankruptcy Credit Event** in respect to Portugal Telecom International Finance B.V. (the “**Reference Entity**”).

This notice constitutes a Notice of Cash Settlement due to the impossibility of Physical Settlement, as the Issuer has not received deliverable obligations under the terms of the

hedging transactions entered to hedge its obligations in respect of the Notes (in this respect, we refer to Annex I to this Notice below). We hereby confirm that we will settle the Notes in accordance with the provisions of the Offering Circular, the Conditions and the Definitions. Subject to the terms of the Notes, the Notes will be redeemed early on the 1st of August 2016 and the redemption amount shall be as described in the Annex I to this Notice.

Yours faithfully,

Haitong Investment Ireland p.l.c.

By: 
Name: Peter Murphy
Title: Executive Director

By: 
Name: Artur Siedlec
Title: Deputy Company Secretary

Annex I

Calculation of Noteholders' entitlements

Series 736 CLN Portugal Telecom International Finance BV 2018 (ISIN XS0948479745)
Outstanding Principal Amount of 13,487,000 EUR

The Issuer has not received deliverable obligations under the terms of the hedging transactions entered to hedge its obligations in respect of the Notes. For that reason, the Issuer will settle the Notes in accordance to the provisions of the Offering Circular, the Conditions and the Definitions relating to Cash Settlement.

Pursuant to the provisions of the Offering Circular, the Conditions and the Definitions, each Noteholder will be entitled to receive an amount of $DA * 19.477333729\%$ [$DA * (FP + CV)$] per Note where:

DA: denomination amount (Specified Denomination)

FP: 20 per cent (being the Final Price of the Deliverable Obligations expressed as a percentage of the Nominal Amount of the Deliverable Obligations)

CV: -0.522666271 per cent (being the cancelation value of the Interest Rate swaps done for hedging purposes, expressed as a percentage of the DA, if it represents a cost incurred by the Issuer)

For avoidance of doubt, there shall be no Physical Settlement. Deliverable obligations are used for valuation purposes only.

The Final Price was determined by the Issuer in accordance to the terms of the auction procedure held by the ISDA Credit Derivatives Determinations Committee on 21.07.2016, the relevant results being available in:

<http://www.creditfixings.com/CreditEventAuctions/results.jsp?ticker=PLTMPL-IntFin> .

For further clarification with regards to the cancelation value please refer to Annex II (Unwind Costs).

Annex II

Unwind Costs

The cancellation value of the Interest Rate swaps (“IRSs”) results from the unwind of the IRSs at market value on the Determination Date 8 July 2016, traded by the Issuer for hedging purposes. Moreover, the rationale for the swaps was to hedge the Issuer’s interest payment obligations under the Notes.

The relevant elements of the IRSs are as follows:

Outstanding Notional Amount: 13,487,000 EUR

Issuer pays Floating Rate + Spread (6-Month Euribor + 2.50%,p.a.)

Issuer receives Coupon,p.a. (7.45%,p.a.)

Issuer pays Fixed Rate linked to the Credit Derivative Transaction (5%,p.a.)

Termination Date: Maturity Date of the Notes

Swap Counterparty: Haitong Bank, S.A. (formerly named Banco Espíritu Santo de Inverimento, S.A.)

The net present value of the IRSs on the Determination Date was calculated in accordance with the ISDA Master Agreement entered into between the Issuer and the Swap Counterparty, by discounting all future payments due under the IRSs, using rates for the relevant period of discounting determined in accordance with the relevant interest rate curve.

The Unwind Costs only reflect the cancellation value of the IRSs as stated above and did not take into consideration any additional costs associated with the Early Redemption of the Notes, such as legal costs or funding associated costs.