

Schedule 1
Form of Exchange Notice

To: [Paying, Transfer and Exchange Agent]

Controlinveste International Finance

**€224,000,000 3.00 per cent. Secured Guaranteed Exchangeable Bonds due 2015 (the "Bonds")
guaranteed by Banco Comercial Português acting through Sucursal Financeira International and
exchangeable into Exchange Property initially comprising Shares of Portugal Telecom, SGPS, S.A.**

To: CONTROLINVESTE INTERNATIONAL FINANCE

[where the Bonds in respect of which this Exchange Notice is given are evidenced by the Global Bond, this Notice need not be signed. In such a case, delivery of the Exchange Notice will constitute confirmation by the beneficial owner of interest in the Bonds to be exchanged that the information and the representations in the Exchange Notice are true and accurate on the date of delivery.]

Failure to properly and completely deliver this Exchange Notice (in the determination of the Paying, Transfer and Exchange Agent) may result in this Exchange Notice being treated as null and void. Once validly delivered, this Notice is irrevocable.

- 1 I/We, the undersigned, being the holder(s) of the Bonds/interests in the Global Bond specified below hereby irrevocably elect to exchange the principal amount of such Bonds in accordance with the Conditions of the Bonds for a *pro rata* share of the Exchange Property in accordance with the Conditions.

The total principal amount and, where applicable, identifying numbers of Bonds to which this Exchange Notice applies.

Bonds:

Total principal amount (must be an authorised denomination, as defined in the Conditions):
.....

Identifying numbers of Bonds, if in definitive form:

If necessary, the certificate numbers of Bonds can be attached separately.

- 2 I/We hereby request that:

the Relevant Securities to be delivered in pursuance of this Exchange Notice be credited to the [●] account, details of which are set out below and any cash amounts payable in respect of the exercise of Exchange Rights pursuant to the Conditions are made in the manner specified below.

Participant Number ID:

Member Account ID:

Name:

Address:

Accounts for cash payments in respect of the exercise of Exchange Rights, pursuant to the Conditions, if any:

Account no:

Account name:

Bank:

Branch:

SWIFT Code:

I/We hereby certify that at the time of execution and deposit of this Exchange Notice I/we or the person who has the beneficial interest in the Bonds specified above is/are not in the United States (within the meaning of Regulation S ("Regulation S") under the US Securities Act of 1933, as amended) and that I/we, or such person, purchased such Bonds, or the beneficial interest therein, in a transaction made in accordance with Rule 903 or Rule 904 of Regulation S.¹

I/We acknowledge, that prior to the exercise of my/our Exchange Rights (i) I/we have complied with any applicable fiscal or other laws or regulations subject to and as provided in the Conditions, and (ii) that I/we shall have paid directly to the relevant authorities any taxes and capital, stamp, issue and registration and transfer taxes and duties arising on exchange (other than any taxes or capital, stamp, issue and registration and transfer taxes and duties payable in Luxembourg, Portugal, the United Kingdom or the jurisdiction in which the relevant Exchange Property is situated in respect of the transfer and delivery of any Exchange Property, which shall be paid by the Issuer and all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond or interest therein in connection with such exchange.

N.B.

- (i) This Exchange Notice will be void unless the introductory details and sections 1 and 2 are completed.
- (ii) Your attention is drawn to Condition 8 of the Bonds with respect to the conditions relating to exchange.
- (iii) The exercise of an Exchange Right is subject to any applicable fiscal or other laws or regulations applicable in the jurisdiction where the specified office of the Paying, Transfer and Exchange Agent to whom this notice is delivered is located.
- (iv) Dispatch of statements of *pro rata* shares of Exchange Property will be made at the risk and (if sent at the request of such person otherwise than by ordinary mail and uninsured) expense of the Bondholder, and the Bondholder will be required to prepay the expenses of, and submit any necessary documents required in order to effect, dispatch in any other manner specified hereon.
- (v) This Exchange Notice may be completed by or on behalf of an accountholder of any clearing system in which an interest in the relevant Bonds is held at such time which has an interest in such Global Bond.
- (vi) The holding of an interest in a Bond by an accountholder of any clearing system in which interests in the Global Bond is held and in respect of which Exchange Rights are being

¹ No Relevant Securities will be issued to a Bondholder unless the Bondholder satisfies the foregoing conditions.

exercised will be confirmed by the Principal Paying, Transfer and Exchange Agent with the relevant clearing system.

- (vii) Terms used in this Exchange Notice and not otherwise defined have the meanings set forth in the Trust Deed dated 28 January 2010 between Controlinveste International Finance and Citicorp Trustee Company Limited as Trustee.

3 The relevant certificates in respect of Bonds to be exchanged are attached hereto (not necessary in the case of Bonds evidenced by Global Bonds).

Dated:

Name of Bondholder:

Signature:

4 I/We hereby represent and warrant that the Bonds to which this Exchange Notice relates are free from all liens, charges, encumbrances or any other third party rights and that the person(s) named in section 2 have consented to become a holder of the Relevant Securities.

To be completed by the Principal Paying, Transfer and Exchange Agent

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- (A) Bond exchange identification reference: []
- (B) Date of delivery of Exchange Notice to Paying, Transfer and Exchange Agent:
- (C) Exchange Date: (to be filled in by Paying, Transfer and Exchange Agent):

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- (A) Aggregate principal amount of Bonds deposited for exchange/represented by the Global Bond* being exchanged:.....

N.B. The Paying, Transfer and Exchange Agent must complete items 1 and 2.

* Delete as appropriate.