

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

30 April 2014

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 3 ON THE AGENDA:

(To resolve on the proposal for application of profits)

Whereas:

- A) The net profit of the financial year ending on 31 December 2013 amounted to 341,808,031 Euros;
- B) On 14 August 2013, the Board of Directors of PT approved the modification of the shareholder remuneration policy for the financial years of 2013 and 2014, which now exclusively comprises a cash dividend of 0.10 Euros per share to be paid annually;

We propose that it be resolved:

- 1) That, considering the net profit of 341,808,031 Euros, the total amount of 89,651,250 Euros is paid to the Shareholders, which corresponds to 0.10 Euros per share in respect of the total number of issued shares, and that the remaining amount of the net profit be transferred to the retained earnings account;
- 2) Taking into account the proposal set out in item 5 on the agenda, and since it will not be possible to accurately determine the number of own shares that will be in treasury on the date of the payment mentioned in 1) above without limiting the Company's intervention ability, that, in the distribution of the overall sum of 89,651,250 Euros as provided for in the foregoing paragraph, calculated on the basis of an unit amount per issued share (in this case, 0.10 Euros per share), the following is observed:
 - a) Each issued share be paid the unit amount of 0.10 Euros;
 - b) The amount corresponding to the shares that, on the payment day of the above mentioned amount, belong to the Company itself (calculated on the basis of said unit amount of 0.10 Euros per issued share) not be paid, but transferred to retained earnings.

Lisbon, 24 March 2014

The Board of Directors,

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

30 April 2014

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 5 ON THE AGENDA:

(To resolve on the acquisition and disposal of own shares)

Whereas:

- A) Without prejudice to the projected merger by incorporation of the Company into Telemar Participações, S.A., as announced and which is under preparation (the "Merger"), it is convenient for the Company to be able to continue to make use, while the Merger is not executed, under general terms, as approved by the General Meeting of Shareholders in previous years, of the possibilities inherent to the acquisition and disposal of own shares;
- B) That same interest exists with regard to dependent companies, which may notably be bound under their own issuances of securities to acquire or dispose of shares of the Company, which, without prejudice to the provisions of number 3 of article 319 of the Portuguese Companies Code, it is also convenient to provide for;
- C) Additionally, and as duly announced to the market, the Company has entered into contracts with several financial institutions on equity swaps over own shares, and currently has an equity swap contract with Barclays Bank Plc foreseeing the possibility of physical settlement, which implies a share buyback;
- D) Regulation (EC) no. 2273/2003 of the Commission of 22 December 2003 established a special system of rules containing exemption requirements from the general regime governing market abuse for certain share buyback programmes, which it is advisable to take into account even in the case of acquisitions not within the scope of the programmes covered by those regulations;

We propose that it be resolved:

- 1) To approve the acquisition by the Company, or by any dependent companies, present or future, of own shares, including any rights to the acquisition or allocation thereof, subject to a decision by the management body of the acquiring company, and under the following terms:
 - a) Maximum number of shares to be acquired: Up to a limit equivalent to 10% of the share capital, deducting any disposals made, without prejudice to such quantity as may be

required for compliance with the acquirer's obligations under law, contract or issuance of securities, or arising from any contractual obligation to implement a Company's stock option plan, subject, if applicable, to subsequent disposal, as established by law, of such shares exceeding said limit. The abovementioned limit of 10% of the share capital may include the 20,640,000 shares currently object of an equity swap executed by the Company. Subject to the requirements established by law and in this resolution, it is hereby notably approved the acquisition that the Board of Directors may come to execute within the framework of a share buyback programme, such acquisition to be made in any of the forms provided for under this resolution;

- b) Term during which the acquisition may be made: Eighteen months, as from the present resolution, without prejudice to the execution of the Merger;
 - c) Forms of acquisition: Subject to the terms and mandatory limits established by law, acquisition of shares, or rights of acquisition or allocation of shares, for consideration, in any form, on a regulated market or in an over-the-counter acquisition, in compliance with the principle of equal treatment of shareholders as established by law, notably from a financial institution with which the Company has entered into an equity swap agreement (including the equity swap agreement entered into with Barclays Bank, Plc in respect of 20,640,000 shares) or other similar financial derivative instruments, or any other acquisition for the purpose of, or by virtue of, complying with an obligation established by law or contract, or conversion or exchange of convertible or exchangeable securities issued by the Company or a dependent company, in accordance with the relevant terms of issue or any contracts implemented with regard to such conversion or exchange;
 - d) Minimum and maximum consideration for the acquisitions: The consideration of the acquisition should fall within an interval of 20% less than the lowest trading price and 20% more than the average trading price, respectively, of the shares to be acquired on the Euronext Lisbon during the 5 regulated market sessions immediately preceding the date of acquisition or the creation of the right of acquisition or allocation of shares, or should correspond to the acquisition price resulting from any contracted financial instruments, to the terms of issue, by the Company or any dependent company, of securities convertible into or exchangeable for Company shares, or to contracts entered into in connection with such conversions or exchanges;
 - e) Objectives: The acquisition by the Company, or any dependent company, either already existing or to be incorporated, of own shares, including the rights of acquisition or allocation of own shares, may be configured as a buyback programme pursuant to and for the purposes of Regulation (EC) 2273/2003 of the Commission of 22 December 2003, with any of the objectives set out in article 3 therein;
 - f) Time of the acquisition: To be determined by the management body of the Company, taking into account the market situation and the convenience or obligations of the seller and / or the Company, and to be carried out in one or more times in the proportions established by said body.
- 2) To approve the disposal of own shares that may have been acquired, subject to a resolution of the management body of the disposing company, and under the following terms:
- a) Minimum number of shares to be disposed of: The number corresponding to the minimum block of shares which at the time of the disposal is legally stipulated for the shares of the Company, or such lesser quantity as may be sufficient to fulfil any obligation undertaken by virtue of law, contract or issuance of other securities;

- b) Term during which the transfer may be made: Eighteen months, as from the present resolution, without prejudice to the execution of the Merger;
 - c) Form of disposal: Subject to the terms and mandatory limitations established by law, disposal for consideration in any form, notably by sale or exchange, to be made on a regulated market or over-the-counter to certain entities designated by the management body of the disposing company, in compliance with the principle of equal treatment of shareholders as established by law, notably to financial institutions counterparties to equity swap agreements or other similar financial derivative instruments, or where the disposal is resolved within the framework of, or in connection with, a proposal of application of profits or distribution of reserves in kind, without prejudice to, in case of any disposal in fulfilment of an obligation or arising from the issuance of other securities by the Company or a dependent company, or of contracts related to such issuance, or contractual bond to implement a stock option plan of the Company, to be carried out in accordance with the applicable terms and conditions;
 - d) Minimum price: Consideration of no more than 20% below the average trading price on the Euronext Lisbon of the shares to be disposed of during the 5 regulated market sessions immediately preceding the date of disposal, or such price as may be stipulated or result from the terms and conditions of issuance of other securities, notably convertible or exchangeable securities, or from any contract entered into in connection with such issuance, conversion or exchange, in the case of a disposal arising thereof;
 - e) Time of the disposal: To be determined by the management body of the Company, taking into account the market situation and the convenience or obligations of the acquirer and / or the Company, and to be carried out in one or more times in the proportions established by said body.
- 3) To approve that an indication be conveyed to the Board of Directors, without prejudice to its freedom of decision and action within the framework of the resolutions of numbers 1 and 2 above, so that it takes into account, depending on the circumstances that the Board deems relevant (and, especially, regarding acquisitions comprised in buyback programmes aimed at the satisfaction of conversion rights of bonds or other securities, or stock options or similar rights, or others that may be the subject of the Regulation referred to in the Whereas clauses), in addition to the recommendations of the Portuguese Securities Commission (*Comissão do Mercado de Valores Mobiliários*) in force from time to time, the following practices advisable regarding the acquisition and disposal of own shares under the authorisations granted in accordance with the foregoing paragraphs:
- a) Disclosure to the public, before the beginning of the acquisition and disposal transactions, of the content of the preceding authorisation, in particular, its goal, the maximum value of the acquisition, the maximum number of shares to be acquired and the term authorised for such purpose;
 - b) Record keeping of each transaction carried out within the framework of the preceding authorisations;
 - c) Public disclosure of the transactions carried out until the end of the seventh day of the trading session following the date on which such transactions take place;
 - d) Carrying out the transactions under conditions of time, form and volume that do not disturb the regular operation of the market, notably seeking to avoid it at sensitive times for trading, in particular, at the opening and closing of the session, at times of market

disturbance and at times close to the disclosure of privileged information;

- e) Carrying out of the acquisitions at a price not exceeding the highest of the last independent transaction and the highest independent offer at the time of acquisition on the Euronext Lisbon;
- f) Limiting the acquisitions to 25% of the daily average trading volume, or to 50% of such volume if communicated to the competent authority and disclosed to the market;
- g) Refraining from disposing of shares during any execution of a buyback programme covered by the Regulation mentioned in the Whereas clauses.

For such purpose, the Board of Directors may organize the separation of the acquisitions and their respective systems of rules, notably according to the programme in which they are included, and provide information regarding such separation in the relevant public disclosure.

Lisbon, 24 March 2014

The Board of Directors,

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

30 April 2014

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 6 ON THE AGENDA:

(To resolve on the issuance of bonds and other securities, of whatever nature, by the Board of Directors, and notably on the fixing of the value of such securities, in accordance with article 8, number 3 and article 15, number 1, paragraph e), of the Articles of Association)

Whereas:

The provisions of number 3 of article 8 and paragraph e) of number 1 of article 15 of the Articles of Association, as well as the possible investment requirements of the Company and the convenience to ensure flexibility in the Company's management until the next Annual General Meeting of Shareholders, without prejudice to the projected merger by incorporation of the Company into Telemar Participações, S.A., as announced and which is under preparation;

We propose that it be resolved:

To fix at 6,000,000,000 Euros, or its equivalent in another currency or currencies at the date of issue, the amount provided in number 3 of article 8 and paragraph e) of number 1 of article 15 of the Articles of Association for issuance by the Company, by resolution of the Board of Directors, of bonds, in any form, or other debt instruments, including hybrid instruments, alone or (with respect to the portion concerning the Company) jointly with one or more companies in which the Company holds, directly or indirectly, over 50% of the respective voting share capital, without prejudice to any issues made by such companies, with the exception of convertible bonds and bonds or other securities convertible into or exchangeable for Portugal Telecom, SGPS S.A.'s shares, and bonds or other securities conferring a right to subscribe for shares of Portugal Telecom, SGPS S.A., as to which, even when issued by a dependent company, the limits approved in each case by the General Meeting shall apply should the said Meeting resolve to stipulate such limits, and the parameters approved under the provisions of number 4 of article 8 of the Articles of Association shall be applicable as regards the Company.

Pending a new resolution of the General Meeting, the amount hereby fixed shall be valid until exhausted, with such value being deemed increased by repayments or extinction of securities made, and, in the case of commercial paper programmes, only the portion of the maximum overall amount of the programmes contracted (or any renewal or substitution thereof) being used from time to time, always deducting any repayments made, shall be relevant as to the use of the amount set forth in the first paragraph of this resolution.

Lisbon, 24 March 2014

The Board of Directors,

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

30 April 2014

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 7 ON THE AGENDA:

(To resolve on the acquisition and disposal of own bonds and other own securities)

Whereas:

- A) Without prejudice to the projected merger by incorporation of the Company into Telemar Participações, S.A., as announced and which is under preparation (the "Merger"), it is convenient that the Company, as well as its dependent companies, can make use, under the legal and usual terms available to the other companies, of the possibilities inherent to the operations with own bonds and other own securities;
- B) Taking into account the characteristics of the bonds that may be issued by the Company, notably in connection with the issuance of convertible or exchangeable securities performed by the Company or its dependent company;

We propose that it be resolved:

- 1) To approve the acquisition, in any case where approval is legally required, and subject to resolution of the management body, of own bonds or other own securities, already issued or to be issued, in any of its forms, as follows:
 - a) Maximum number of bonds or securities to be acquired: The number corresponding to the total of each issue, without prejudice to the limits resulting from the law, deducting any disposals made;
 - b) Term during which the acquisition may be made: Eighteen months, as from the present resolution, without prejudice to the execution of the Merger;
 - c) Forms of acquisition: Acquisition, in any form, notably original acquisition or derivative acquisition for consideration on regulated market on which the bonds or the securities are listed or over-the-counter acquisition, performed or not through financial intermediaries, in addition to the conversion cases regarding convertible bonds, which may be followed by cancellation;
 - d) Minimum and maximum consideration for the acquisitions: The consideration of the derivative acquisition should fall within an interval of 15% less than the lowest trading

price and 15% more than the average trading price, respectively, of the bonds or other securities to be acquired during the 5 sessions immediately preceding this one;

In the case of an issue not listed on national market and placed in the international market, that interval shall refer to the average price ("mid") presented by Bloomberg, using the source ("price source") BVAL – Bloomberg Valuation, at 4 p.m. in London, whether or not the bonds or the securities are listed in foreign markets;

In case of an issue neither listed nor referenced to in Bloomberg, using the mentioned source BVAL, the interval shall refer to the estimated value calculated by a financial intermediary or independent consultant appointed by the Board of Directors;

In the case of an acquisition in connection or in compliance with conditions for the issuance of other securities, or with contract related to such issue, the price shall be the one resulting from the terms of such issuance or contract;

- e) Time of the acquisition: To be determined by the management body, taking into account the market situation and the convenience or obligations under the law, contract, or other securities' issuance, which lead to the acquisition, carried out in one or more times, in the proportions established by the management body;
- 2) To approve, except for the cases of conversion or redemption and the competence of the management body, the disposal of own bonds or other own securities that, in particular, have been acquired, subject to a resolution of the management body, and under the following terms:
- a) Minimum number of bonds or securities to be disposed of: The number corresponding to the minimum which, at the time of the disposal, is legally stipulated for the Company's bonds or other securities, or such lesser quantity as may be sufficient to fulfil any obligation undertaken by virtue of law, contract or issuance of other securities;
 - b) Term during which the disposal may be made: Eighteen months, as from the present resolution;
 - c) Form of disposal: Disposal for consideration in any form, notably by sale or exchange, to be made on a regulated market, or over-the-counter to certain entities designated by the management body (in compliance with the principle of equal treatment of shareholders as established by law, in the case of bonds convertibles into shares) or, in the case of disposal in connection with or to the implementation of a stock option programme or fulfilment of obligations arising from the law, issuance of other securities, or contract, notably contract related to the issuance of convertible or exchangeable securities or to the respective conversion, in its terms and conditions;
 - d) Minimum price: No more than 15% below the prices referred to on paragraph d) of number 1 of this resolution, as applicable, or such price as may result from the terms and conditions of a stock options programme or an issue of other securities, notably convertible, or any contract in connection with such programme, issue or conversion, when the disposal is made in connection or in compliance with the respective terms;
 - e) Time of the disposal: To be determined by the management body, taking into account the market situation and the convenience or obligations undertaken, and to be carried out in one or more times in the proportions established by the management body.

Lisbon, 24 March 2014

The Board of Directors,

