

PORTUGAL TELECOM, SGPS, S.A.

Public Company
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisboa
Share Capital: Euro 395,099,775
Registered with the Commercial Registry of Lisbon and
Corporation no. 503 215 058

NOTICE

In accordance with the law and the Articles of Association, I hereby call a General Meeting of the Shareholders of Portugal Telecom, SGPS, S.A. at the Company's registered office, at Forum Picoas, Avenida Fontes Pereira de Melo, no. 40, in Lisbon, on 22 June 2007, at 2:00 (two) p.m., with the following agenda:

AGENDA

- 1:** To resolve on the following amendments to the Articles of Association: amendment to no. 2 of Article Two, amendment to no. 3 of Article Four, amendment to no. 8 of Article Nine, amendment to Article Tenth, amendment to no. 1 and adding no. 3 to Article Eleven, amending the heading and paragraphs b) and d) of no. 1 and adding no. 4 to Article Twelve, amendments to nos. 2, 3 and 6, adding nos. 7 to 9, renumbering the previous nos. 7 and 8, which shall become nos. 10 and 11, amendment to the previous no. 9 which shall become no. 12, renumbering the previous nos. 10 and 11 which shall become nos. 13 and 14, eliminating the previous no. 12, renumbering the previous no. 13 which shall become no. 15, amendment to paragraph b) of previous no. 14 which shall become no. 16 and renumbering the previous nos. 15 and 16 which shall become nos. 17 and 18, all of Article Thirteen, amendment to no. 2 of Article Fourteen, amendment to paragraphs a) and b) of no. 1 of Article Fifteen, amendment to no. 3 and adding no. 4 to Article Sixteen, amendment to Article Seventeen, amendment to no. 1 of Article Eighteen, adding nos. 4 and 7 to Article Twenty, amending the heading, adding paragraph f) of no. 1, amendment the previous paragraph f) of no. 1 which shall become paragraph g) and adding nos. 2 and 6 of Article Twenty One, amendment to no. 2 of Article Twenty Three, amendment to nos. 1 and 2 of Article Twenty Four, amending the heading of Section IV to Chapter III, amendment of Articles Twenty Seven to Thirty, adding a new Section V to Chapter III of the Articles of Association and amendment to Article Thirty One of the Articles of Association, as well as renumbering in accordance the paragraphs, numbers and articles of the Articles of Association as a consequence of the statutory amendments resolved in the present General Meeting;
- 2:** To resolve on the election of the members of the Audit Committee as well as its Chairman, for the 2006-2008 period;
- 3:** To resolve on the election of the Statutory Auditor effective and alternate, for the 2006-2008 period;
- 4:** To resolve on the authorization for the Board of Directors to increase the share capital, with the corresponding amendment to paragraph 3 of Article Four of the Articles of Association.

Article 13 of the Articles of Association of Portugal Telecom, SGPS, S.A., on the participation in and exercise of voting rights at a General Meeting of Shareholders, is set forth below.

"Article 13
Participation and Voting Rights

1. Only shareholders with voting rights shall be entitled to attend a General Meeting of Shareholders.
2. Shareholders intending to participate in a General Meeting of Shareholders must provide evidence, no later than five working days prior to the relevant meeting, of the deposit of their shares in a book-entry securities account, as well as submit, within the same period, the statement referred to in paragraph twelve hereof.
3. Holders of shares with certificates, where legally permitted, who intend to participate in a General Meeting of Shareholders must either have their shares registered in their name on the Company's share registry, no later than five working days prior to the date scheduled for the meeting, or provide evidence, by the same date, of the deposit thereof with a financial intermediary that legally replaces such register, as well as submit, within the same period, the statement referred to in paragraph twelve hereof.
4. For the purposes of the provisions of paragraphs two and three above, the shares must remain inscribed or registered in the name of the Shareholder at least until the time of adjournment of the General Meeting of Shareholders.
5. To each 500 shares shall correspond one vote, and Shareholders having less than such number of shares may form a group so that, jointly and arranging to be represented by one of the group's members, they make up the number of shares required to exercise voting rights.
6. The exercise of voting rights by correspondence or electronic means may cover all matters included in the notice, under the terms and conditions therein established, and the vote by electronic means may be subject to the verification by the Chairman of the General Meeting of Shareholders to the satisfaction of conditions established by him for the security and reliability of the same.
7. Votes cast by a holder of ordinary shares, on his own account or through a representative, in his own name or as a representative of another shareholder, that exceed ten per cent of the company's total voting stock shall not be counted.
8. For purposes of this article, shares shall be deemed to belong to the Shareholder if held by persons in the situations contemplated by article 20 of the Portuguese Securities Code, and the limit for each person covered shall be proportional to the number of votes cast by such person.
9. The limit set out in paragraph seven above shall apply to all resolutions, even those requiring a qualified majority.
10. In the case of joint ownership of shares, only the common representative, or a representative of the latter, may participate in a General Meeting of Shareholders.
11. The limitations set forth in the foregoing paragraphs shall apply to any usufructuaries and pledgees of shares.
12. For purposes of the provisions of paragraph eight above, Shareholders must submit a statement attesting they are not in the situation provided for therein.
13. In the context of ADR (American Depositary Receipt) or GDR (global Depositary Receipt) representing shares of the Company, owners of ADRs or GDRs shall be deemed to be shareholders, in accordance with the following paragraph, and the entity in whose name the underlying shares are registered shall be deemed to be a mere representative.

14. By virtue of the foregoing paragraph:

a) The provisions of article three hundred eighty-five of the Portuguese Companies Code shall apply to the entity in whose name the shares serving as a basis for the issue of ADR or GDR programmes are inscribed as a representative;

b) The limitation on the counting of votes as established under the law or the Articles of Association shall refer to votes cast on behalf of each ADR or GDR owner, as to whom the provisions of paragraph eight shall be considered, and each such owner shall be subject to the provisions of article twelve.

15. The limitation on the counting of votes cast by an entity on behalf of another shall not apply to entities in whose name shares of the Company serving as a basis for the ADR or GDR programme are registered.

16. For the purposes of participation in and exercise of voting rights at a General Meeting of Shareholders, the owners of ADRs or GDRs must comply with the provisions of this article."

Representation of Shareholders

Shareholders may arrange to be represented at a General Meeting pursuant to the provisions of article 380 of the Portuguese Companies Code, and as an instrument of representation a signed letter addressed to the Chairman of the General Meeting of Shareholders will be sufficient.

The letters of representation of Shareholders as referred to in the foregoing paragraph, as well as the letters of Shareholders who are corporations conveying the name of the person who will represent them and the instruments of Shareholder groupings, shall be addressed to the Chairman of the General Meeting of Shareholder (*) no later than 5:00 p.m. on 19 June 2007.

Declaration of the financial intermediary

Declarations of share blockage issued by financial intermediaries shall be sent to the Chairman of the General Meeting of Shareholders (*) so that the Chairman receives them no later than 5:00 p.m. on 15 June 2007.

Shareholders, if they wish, may delegate to the Company the request for issuance of the declaration of the financial intermediary entrusted with the registration of their shares, and for such purpose they shall grant the required powers by means of a document addressed to the Chairman of the General Meeting of Shareholders (*), to be received no later than 5:00 p.m. on 31 May 2007.

Shareholders may access the form that will be available for such purpose, beginning on 22 May 2007, on the Internet site www.telecom.pt.

Voting by correspondence

Shareholders with voting rights as referred to above may, in accordance with article 22 of the Portuguese Securities Code, exercise such rights by correspondence, provided that, no later than 5:00 p.m. on 31 May 2007, the Chairman of the General Meeting of Shareholders (*) receives a communication, with a legally acknowledged signature (or, in the case of individuals, with a simple signature accompanied by a photocopy of the relevant identity card), which communication shall set out the address to which voting papers and other documentation should be sent. In reply, the Company will send out the relevant voting papers and other documentation, and such Shareholder must send to the Chairman of the General Meeting of Shareholders (*), such that the Chairman receives it no later than 5:00 p.m. on 15 June 2007, an envelope containing the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration as referred to in paragraph 12 of article 13 of the Articles of Association, and another closed envelope containing the duly completed voting papers.

As an alternative, Shareholders may also download the voting papers from the Internet site www.telecom.pt and send the same, addressed to the Chairman of the General Meeting of Shareholders (*), duly completed and in a closed envelope, such that they are received, together with an envelope containing the photocopy of the identity card (or, in the case of shareholders who are corporations, a legally acknowledged signature), the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration as referred to in paragraph 12 of article 13 of the Articles of Association, no later than 5:00 p.m. on 15 June 2007.

Voting by electronic means

Shareholders with voting rights may also vote through the Internet site www.telecom.pt, in accordance with the requirements established thereon, provided that, no later than 5:00 p.m. on 31 May 2007, the Chairman of the General Meeting of Shareholders (*) receives a communication, prepared in accordance with the form made available on that same Internet site, which communication must contain a legally acknowledged signature (or, in the case of individuals, a simple signature accompanied by a photocopy of the relevant identity card), and set out the mailing address to which the shareholder wishes that the password to be made available by the Company to be sent.

Such shareholders may exercise their voting rights between midnight (0 hours) on 6 June 2007 and 5:00 p.m. on 19 June 2007.

Only the votes of Shareholders as to whom the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration referred to in paragraph 12 of article 13 of the Company's Articles of Association have been received no later than 5:00 p.m. on 15 June 2007 will be considered.

Counting of votes

Votes exercised both by correspondence and by electronic means shall be considered at the time of the counting of votes, by adding the same to those cast in the course of the General Meeting of Shareholders.

The presence at the General Meeting of a Shareholder, or his representative, having exercised his voting rights either by correspondence or by electronic means will cause the revocation of the vote issued in such form.

Votes cast either by correspondence or by electronic means shall be considered as "votes against" in respect of proposals of resolution that are submitted after such votes are cast.

The proposals to be submitted by the Board of Directors to the General Meeting, the reports that must be attached to the same according to the law and all other preparatory information, including, since the date hereof, the full text of the proposed amendments to the Articles of Association, shall be made available to the Shareholders, within the period provided by law, at the Company's headquarters and on the Internet site www.telecom.pt.

(*) Chairman of the General Meeting of Shareholders:
Mailing Address: Avenida Fontes Pereira de Melo, nº 40-10º piso, 1069-300 Lisboa
Telephone: +351 800.207.369
Fax: +351 500.18.90
E-mail: assembleia-ptsgps@telecom.pt

Lisbon, 17 May 2007.

The Chairman of the General Meeting of Shareholders

António Manuel da Rocha e Menezes Cordeiro

PORTUGAL TELECOM, SGPS S.A.

Public Company
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisbon
Share Capital: Euro 33,865,695
Registered in the Commercial Registry Office of Lisbon and
Corporation no. 503215058

ADDENDUM TO NOTICE

Pursuant to article 378 of the Portuguese Companies Code and upon request of the shareholders Caixa Geral de Depósitos, S.A., Banco Espírito Santo, S.A. and Ongoing Strategy Investments – SGPS, S.A., the following item is added to the agenda established in the notice of the General Meeting of Shareholders of Portugal Telecom, SGPS S.A., to be held at the Company's registered Office, at Fórum Telecom, Avenida Fontes Pereira de Melo, 40, in Lisboa, at 2:00 (two) p.m., on 22 June 2007:

"To resolve on the change in the composition and on the election of new members of the Board of Directors"

Taking into account the subject of this item, as well as the impact it may have on the current item 2 on the Agenda, such item is inserted as the new item 2 on the Agenda, such new Agenda to be as follows:

- 1:** To resolve on the following amendments to the Articles of Association: amendment to no. 2 of Article Two, amendment to no. 3 of Article Four, amendment to no. 8 of Article Nine, amendment to Article Tenth, amendment to no. 1 and adding no. 3 to Article Eleven, amending the heading and paragraphs b) and d) of no. 1 and adding no. 4 to Article Twelve, amendments to nos. 2, 3 and 6, adding nos. 7 to 9, renumbering the previous nos. 7 and 8, which shall become nos. 10 and 11, amendment to the previous no. 9 which shall become no. 12, renumbering the previous nos. 10 and 11 which shall become nos. 13 and 14, eliminating the previous no. 12, renumbering the previous no. 13 which shall become no. 15, amendment to paragraph b) of previous no. 14 which shall become no. 16 and renumbering the previous nos. 15 and 16 which shall become nos. 17 and 18, all of Article Thirteen, amendment to no. 2 of Article Fourteen, amendment to paragraphs a) and b) of no. 1 of Article Fifteen, amendment to no. 3 and adding no. 4 to Article Sixteen, amendment to Article Seventeen, amendment to no. 1 of Article Eighteen, adding nos. 4 and 7 to Article Twenty, amending the heading, adding paragraph f) of no. 1, amendment the previous paragraph f) of no. 1 which shall become paragraph g) and adding nos. 2 and 6 of Article Twenty One, amendment to no. 2 of Article Twenty Three, amendment to nos. 1 and 2 of Article Twenty Four, amending the heading of Section IV to Chapter III, amendment of Articles Twenty Seven to Thirty, adding a new Section V to Chapter III of the Articles of Association and amendment to Article Thirty One of the Articles of Association, as well as renumbering in accordance the paragraphs, numbers and articles of the Articles of Association as a consequence of the statutory amendments resolved in the present General Meeting;
- 2:** To resolve on the change in the composition and on the election of new members of the Board of Directors;

- 3: To resolve on the election of the members of the Audit Committee as well as its Chairman, for the 2006-2008 period;
- 4: To resolve on the election of the Statutory Auditor effective and alternate, for the 2006-2008 period;
- 5: To resolve on the authorization for the Board of Directors to increase the share capital, with the corresponding amendment to paragraph 3 of Article Four of the Articles of Association.

Lisbon, 24 May 2007

The Chairman of the General Meeting of Shareholders

António Manuel da Rocha e Menezes Cordeiro

PORTUGAL TELECOM, SGPS S.A.

Public Company
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisbon
Share Capital: Euro 33,865,695
Registered in the Commercial Registry Office of Lisbon and
Corporation no. 503215058

ADDENDUM TO NOTICE

Taking into consideration my own attributions as Chairman of the General Meeting of Shareholders and that it is necessary to appoint a new Vice-Chairman of the General Meeting of Shareholders and a new Chairman and new Members of the Compensation Committee, as a result of the resignation of the departing Members, I hereby make an addendum to the notice of the General Meeting of Shareholders of Portugal Telecom, SGPS S.A., to be held at the Company's registered office, at Forum Picoas, Avenida Fontes Pereira de Melo, 40, in Lisbon, at 2:00 (two) p.m. on 22 June 2007, with the following items:

To resolve on the election of the Vice-Chairman of the General Meeting of Shareholders.

To resolve on the election of the Members of the Compensation Committee.

In order to promote the good conduction of the works of the General Meeting of Shareholders, the first item shall be discussed and resolved upon under a previous item on the Agenda and the second shall be inserted as the last item on the Agenda, as item 6.

Lisbon, 4 June 2007

The Chairman of the General Meeting of Shareholders

António Manuel da Rocha e Menezes Cordeiro

GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF THE SHAREHOLDERS CAIXA GERAL DE DEPÓSITOS, S.A. AND BANCO ESPÍRITO SANTO, S.A.

PREVIOUS ITEM ON THE AGENDA:

(To resolve on the election of the Vice-Chairman of the General Meeting of Shareholders)

Whereas:

- A) The former Vice-Chairman of the General Meeting of Shareholders, Mr. Daniel Proença de Carvalho, resigned from his office as per resignation letter dated of 4 June 2007;
- B) Such resignation requires that a Vice-Chairman of the General Meeting of Shareholders is elected in order to substitute the departing Vice-Chairman;
- C) The Chairman of the General Meeting of Shareholders understood that, taking into consideration that it is necessary to appoint a new Vice-Chairman of the General Meeting of Shareholders and his own attributions as its Chairman, he should make an addendum to the notice of this General Meeting of Shareholders;
- D) According to such addendum, this resolution shall be discussed and resolved upon under a previous item on the agenda, in order to promote a good conduction of the works of the General Meeting of Shareholders;

It is hereby proposed that it be resolved:

1. Under the terms and for the purposes of paragraph 1 of article 374 of the Portuguese Companies Code, to elect Mr. Eduardo Augusto Alves Vera-Cruz Pinto as Vice-Chairman of the General Meeting of Shareholders to substitute the departing Vice-Chairman Mr. Daniel Proença de Carvalho, in order to complete the 2006/2008 term-of-office;

2. To cast a vote of appreciation to the departing Vice-Chairman of the General Meeting of Shareholders, Mr. Daniel Proença de Carvalho, for the contribution to the Company assured during his term of office.

Lisbon, 8 June 2007

The Shareholders,

CAIXA GERAL DE DEPÓSITOS, S.A.,

BANCO ESPÍRITO SANTO, S.A.

GENERAL MEETING

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 1 OF THE AGENDA:

(To resolve on the following amendments to the Articles of Association: amendment to no. 2 of Article Two, amendment to no. 3 of Article Four, amendment to no. 8 of Article Nine, amendment to Article Tenth, amendment to no. 1 and adding no. 3 to Article Eleven, amending the heading and paragraphs b) and d) of no. 1 and adding no. 4 to Article Twelve, amendments to nos. 2, 3 and 6, adding nos. 7 to 9, renumbering the previous nos. 7 and 8, which shall become nos. 10 and 11, amendment to the previous no. 9 which shall become no. 12, renumbering the previous nos. 10 and 11 which shall become nos. 13 and 14, eliminating the previous no. 12, renumbering the previous no. 13 which shall become no. 15, amendment to paragraph b) of previous no. 14 which shall become no. 16 and renumbering the previous nos. 15 and 16 which shall become nos. 17 and 18, all of Article Thirteen, amendment to no. 2 of Article Fourteen, amendment to paragraphs a) and b) of no. 1 of Article Fifteen, amendment to no. 3 and adding no. 4 to Article Sixteen, amendment to Article Seventeen, amendment to no. 1 of Article Eighteen, adding nos. 4 and 7 to Article Twenty, amending the heading, adding paragraph f) of no. 1, amendment the previous paragraph f) of no. 1 which shall become paragraph g) and adding nos. 2 and 6 of Article Twenty One, amendment to no. 2 of Article Twenty Three, amendment to nos. 1 and 2 of Article Twenty Four, amending the heading of Section IV to Chapter III, amendment of Articles Twenty Seven to Thirty, adding a new Section V to Chapter III of the Articles of Association and amendment to Article Thirty One of the Articles of Association, as well as renumbering in accordance the paragraphs, numbers and articles of the Articles of Association as a consequence of the statutory amendments resolved in the present General Meeting.)

Whereas:

- A) In 2006 the Portuguese corporate law has been subject to broad amendments, with relevant implications with respect to the models and principles of corporate governance of the joint stock companies ("sociedades anónimas"), and, in particular, of issuers of securities admitted to trading on a regulated market ("Issuers");
- B) Further to the revision of the Portuguese Companies Code ("PCC"), introduced by Decree-Law no. 76-A/2006, of 29 March, Issuers became subject to a set of rules, whose progressive entering into force imposes the adoption, until 30 June 2007, of substantial statutory amendments as regards their corporate governance and supervision;
- C) In this context, the Board of Directors of Portugal Telecom, SGPS, SA (hereinafter "PT SGPS" or "Company") has carried out a deep reflection aiming, on one hand, to adopt corporate governance model, and, on the other hand, to introduce the amendments to the Articles of Association required for the compliance by the Company of the new legal framework set forth in PCC;

- D) In addition to the fulfilment of the provisions in force in the Portuguese legal system, the Board of Directors took also in consideration the rules, with a binding nature, applicable to the Company as a company with securities admitted to trading in the New York Stock Exchange ("NYSE") – the so-called foreign private issuers;
- E) In fact, PT SGPS is obliged to adapt its corporate governance with the U.S. law provisions applicable to the foreign private issuers, including those rules, with binding nature, set forth in the Sarbanes-Oxley Act ("S-O Act"), Rule 10A-3 on Listing Standards Relating to Audit Committees ("Rule 10A-3") of the Securities and Exchange Commission ("SEC") and on the Final Rules approved by NYSE regarding corporate governance ("Section 303A Corporate Governance Standards");
- F) The definition of the Company's corporate governance model shall also bear in mind that, on 18 December 2003, PT SGPS has created an Audit Committee, which, due to the scope of its delegation of competences, corresponds to an internal committee of the Board of Directors established in full compliance with the imperative rules provided for in S-O Act, Rule 10A-3 Rule and Section 303A Corporate Governance Standards;
- G) The Audit Committee is composed, since its incorporation, by three Independent Directors, in the light of the criteria imposed by S-O Act, Rule 10A-3 Rule and Section 303A Corporate Governance Standards, as well as of the criteria set forth in Regulation no. 7/2001 of the Portuguese Securities Exchange Commission on the Listed Companies' Corporate Governance, thus assuring its independence and impartiality towards the executive structures of the Board of Directors;
- H) Additionally, since 2003 and until the present date, the Audit Committee of PT SGPS has been affirming itself as a structure of internal supervision which has completed its implementation and consolidation process, and which performs, in an effective and integrated manner with the other organizational structures of the Company, the attributions and competences conferred upon it on the following supervisory aspects: (i) quality and integrity of the financial information contained on the financial statements of the Company; (ii) qualification and independence of the Independent Auditors of the Company; (iii) quality, integrity and effectiveness of the internal control system of the Company; and (iv) fulfilment by the Company of the legal and regulatory provisions, recommendations and orientations issued by the competent entities;
- I) Moreover, the consolidation of this structure within the Board of Directors of PT SGPS has positively contributed to the envisaged attractiveness of the Company in the national and U.S. markets, since the Audit Committee, as from 2003, has assumed itself not only as a project publicly recognized as pioneer in Portugal, as it was also positively received by the U.S. market as an internal structure of the administration body allowing an effective supervision of the corporate activity, as well as a rigorous and transparent financial reporting process, supervision of the external audit, internal control and risks management systems;
- J) In fact, the adoption of the Anglo-Saxon model by PT SGPS appears as a solution of continuity before the Portuguese and U.S. markets, and it will allow an easier comparability of the Company's model with the model imposed to the companies located in the United States of America, as well as with the governance structures with which investors and international analysts are familiarized with;

- K) Considering the aforementioned, the Board of Directors of PT SGPS proposes the adoption of the so-called "anglo-saxon model", presently set forth in Article 278, no. 1, paragraph b) of the PCC, having as corporate bodies the Board of Directors, including an Audit Committee, and a Statutory Auditor;
- L) Finally, with this proposal, the Board of Directors intends also to include in the Company's Articles of Association the amendments deemed necessary or convenient for the compliance with the remaining amendments to the PCC, in respect to matters which go beyond the corporate governance model, from which one may emphasize, for example, the rules governing vote by correspondence, use of telematic means, absence and surety of directors, and share capital reduction (this later resulting from the amendments to the PCC approved by Decree-Law no. 8/2007, of 17 January).

It is hereby proposed to resolve the following:

- (a) To amend to no. 2 of Article Two of the Articles of Association, which shall have the following wording:

"ARTICLE TWO
Registered Office

- 1. (...)
- 2. By resolution of the Board of Directors, the Company may establish and maintain, at any location within or outside the national territory, agencies, delegations or any other form of representation, as well as may it, with the authorization of the General Meeting, to relocate its registered office to any location within the national territory."

- (b) To amend to no. 3 of Article Four of the Articles of Association, which shall have the following wording:

"ARTICLE FOUR
Share Capital

- 1. (...)
- 2. (...)
- 3. The Board of Directors may, with the favourable opinion of the Audit Committee, increase the Company's share capital, once or more, by means of contributions in cash, to an amount up to 360,000,000 euros, further to a prior resolution of the general meeting setting forth the parameters to which the increase or increases in question shall be subject to.
- 4. (...)"

- (c) To amend to no. 8 of Article Nine of the Articles of Association, which shall have the following wording:

"ARTICLE NINE
Shareholders with competing activity

1. (...)
2. (...)
3. (...)
4. (...)
5. (...)
6. (...)
7. (...)
8. The Board of Directors shall promote the performance of the acts and the fulfillment of the formalities legally required for the execution of the share capital reduction.
9. (...)
10. (...)"

- (d) To amend to Article Ten of the Articles of Association, which shall have the following wording:

"ARTICLE TEN
Corporate Bodies

The Corporate Bodies are the General Meeting, the Board of Directors, the Audit Committee and the Statutory Auditor."

- (e) To amend to no. 1 and adding no. 3 to Article Eleven of the Articles of Association, which shall have the following wording:

"ARTICLE ELEVEN
Offices

1. Without prejudice to no. 3 of this article, members of the board of the General Meeting, the Board of Directors and the Audit Committee as well the Statutory Auditor are elected for a three year period by the General Meeting, and may be re-elected, once or more, in accordance with the relevant legal limitations.
2. (...)
3. The Statutory Auditor is elected by the General Meeting further to a proposal of the Audit Committee."

- (f) To amend to the heading and paragraphs b) and d) of no. 1 and adding no. 4 to Article Twelve of the Articles of Association, which shall have the following wording:

"ARTICLE TWELVE

Obligations of the Shareholders and information duties

1. (...)
 - a) (...)
 - b) To notify the Board of Directors of the occurrence of any of the situations foreseen in number two to article nine and in number eleven to article thirteen.
 - c) (...)
 - d) To provide to the Board of Directors, in writing, and in a true, complete and self-explanatory manner, allowing it to be sufficiently elucidated, all the information requested by said Board on the situations foreseen in article nine, number four, paragraph b) and article thirteen, number eleven.
2. (...)
3. (...)
4. Except otherwise imposed by a legal provision or a mandatory rule of a regulatory entity, when information is requested by a shareholder duly qualified, in light of its holding of shares corresponding to a minimum percentage of the share capital, such information shall only be made available in the Company's registered office."

- (g) To amend to nos. 2, 3 and 6, adding nos. 7 to 9, renumbering the previous nos. 7 and 8 which shall become nos. 10 and 11, to amend the previous no. 9 which shall become no. 12, renumbering the previous nos. 10 and 11 which shall become nos. 13 and 14, eliminating the previous no. 12, renumbering the previous no. 13 which shall become no. 15, to amend to paragraph b) of the previous no. 14 which shall become no. 16 and renumbering the previous nos. 15 and 16 which shall become nos. 17 and 18, all of Article Thirteen of Articles of Association, which shall have the following wording:

"ARTICLE THIRTEEN

Participation and Voting Right

1. (...)
2. The Shareholders intending to participate on the General Meeting must evidence, up to five working days prior to the respective meeting, that their shares have been registered into a book entry securities account.
3. Holders of shares represented by share certificates, in the legally permitted terms, when intending to participate in the General Meetings shall have their shares registered in their name in the Company's share registry, up to five working days prior to date scheduled for the meeting, or evidence, up until the same date, the respective deposit with a financial intermediary which may legally replace such registry.
4. (...)
5. (...)
6. The exercise of vote by correspondence or by electronic means may comprise all the matters included in the call for the meeting, in the terms and conditions set forth therein.

7. The terms and conditions for the exercise of vote by correspondence or by electronic means shall be defined by the Chairman of the General Meeting in the respective call, so as to ensure its authenticity, regularity, safety, trustfulness and confidentiality up until the moment of the voting. In both cases, the authenticity of the vote shall be assured before the Chairman of the General Meeting, as regards legal entities, by means of a communication with a certified signature according to the law, or as regards individuals, by means of a communication having enclosed a simple copy of the identity document. In order to assure the confidentiality of the vote, the referred communications shall be addressed in a close envelope which shall only be considered upon the counting of votes.
8. The votes issued by correspondence or by electronic means are counted as negative votes in relation to the proposals of resolution which may be presented after their issuance.
9. The attendance in a general meeting of shareholders which may have exercised their respective voting rights by correspondence or electronic means, or by their representative, determines the revocation of the vote expressed by those means.
10. (Previous no. 7)
11. (Previous no. 8)
12. The limitation set forth in number ten applies to all resolutions, including those requiring a qualified majority.
13. (Previous no. 10)
14. (Previous no. 11)
15. (Previous no. 13)
16. Pursuant to the terms of the previous number:
 - a) (Paragraph a) to the previous no. 14)
 - b) The legal or statutory limitation established on the counting of votes shall refer to the votes cast on behalf of each holder of ADR or GDR, who / which shall be subject to the conditions foreseen in number eleven and as well as to those set forth in article twelve.
17. (Previous no. 15)
18. (Previous no. 16)”

- (h) To amend to no. 2 of Article Fourteen of the Articles of Association, which shall have the following wording:

"ARTICLE FOURTEEN
Majority required for resolutions

1. (...)
2. However, resolutions on the election of the board of the General Meeting, the Chairman of the Audit Committee and the Statutory Auditor, as well as resolutions on the matters referred to in paragraphs c) to f) and i) to j) of the following article, shall not be approved, at the time of the first or subsequent convocation, if opposed by the majority of "A" share votes.”

- (i) To amend to paragraphs a) and b) of no. 1 of Article Fifteen of the Articles of Association, which shall have the following wording:

"ARTICLE FIFTEEN

Competences of the General Meeting

1. The General Meeting is namely responsible for:
 - a) Electing the Board of the General meeting, members of the Board of Directors and of the Audit Committee as well as the Statutory Auditor;
 - b) Analyzing the report of the Board of Directors, discussing and voting on the balance sheet, the accounts, the opinion of the Audit Committee and additional documentation legally required;
 - c) (...)
 - d) (...)
 - e) (...)
 - f) (...)
 - g) (...)
 - h) (...)
 - i) (...)
 - j) (...)
 - k) (...)
2. (...)"

- (j) To amend to no. 3 and adding no. 4 to Article Sixteen of the Articles of Association, which shall have the following wording:

"ARTICLE SIXTEEN

Board of the General Meeting and convocation thereof

1. (...)
2. (...)
3. The convocation of the General Meeting shall be made with the advance notice and in the form foreseen in the law, expressly indicating the matters to be dealt with.
4. The General Meeting shall take place in the Company's registered office, or at another location chosen by the Chairman of the General Meeting under the legal terms, and can not take place trough telematic means."

- (k) To amend to Article Seventeen of the Articles of Association, which shall have the following wording:

"ARTICLE SEVENTEEN

General Meetings

The General Meeting shall be held, at least, once per year, and whenever a request for its convening is submitted to its Chairman by the Board of Directors, the Audit Committee or by Shareholders representing, at least, five percent of the share capital."

- (l) To amend to no. 1 of Article Eighteen of the Articles of Association, which shall have the following wording:

"ARTICLE EIGHTEEN

Board of Directors

1. The Board of Directors is composed by a minimum of fifteen and a maximum of twenty three members.
2. (...)
3. (...)"

- (m) To add nos. 4 and 7 of Article Twenty of the Articles of Association, which shall have the following wording:

"ARTICLE TWENTY

Executive Committee

1. (...)
2. (...)
3. (...)
4. The Chairman of the Executive Committee shall:
 - a) Ensure that all the information regarding the activity and the resolutions of the Executive Committee is provided to the other members of the Board of Directors;
 - b) Ensure the compliance with the delegation limits, the Company's strategy, and the duties of cooperation with the Chairman of the Board of Directors.
5. (Previous no. 4)
6. (Previous no. 5)
7. The resolutions of the Executive Committee shall be taken by majority of the expressed votes and the Chairman has a casting vote."

- (n) To amend to the heading, adding paragraph f) to no. 1, amend to the previous paragraph f) of no. 1 which shall become paragraph g) and adding nos. 2 and 6 to Article Twenty One of the Articles of Association, which shall have the following wording:

"ARTICLE TWENTY ONE

Competences of the Board of Directors and Surety of the Directors

1. The Board of Directors is responsible namely for:
 - a) (...)
 - b) (...)
 - c) (...)
 - d) (...)
 - e) (...)

- f) Electing the effective and substitute Secretary of the Company;
 - g) Proceed, through co-optation, to the replacement of the Directors which have a definitive absence, being the co-opted members in functions up to the end of the term to which the replaced Directors had been elected to, without prejudice of the ratification in the next General Meeting and of the foreseen in number three.
 - h) (Previous paragraph g))
2. The absence of any Director to more than half of the ordinary Board of Directors meetings, during a financial year, either in a continuous or interpolated manner, without justification accepted by the Board of Directors, shall be considered as a definitive absence of such Director. Such definitive absence shall be declared by the Board of Directors, and such Directors shall be replaced under the legal and statutory terms.
 3. (Previous no. 2)
 4. (Previous no. 3)
 5. (Previous no. 4)
 6. The responsibility of each Director shall be necessarily secured by any of the mandatory forms legally foreseen in accordance with the minimum impositions set forth by law."

(o) To amend to no. 2 of Article Twenty Three of the Articles of Association, which shall have the following wording:

"ARTICLE TWENTY THREE
Competences of the Chairman of the Board of Directors

1. (...)
2. In the event of the Chairman's absence or impairment and under the terms permitted by law, the Chairman shall be replaced by the member of the Board of Directors indicated by him for the purpose in question."

(p) To amend to nos. 1 and 2 of Article Twenty Four of the Articles of Association, which shall have the following wording:

"ARTICLE TWENTY FOUR
Resolutions

1. The Board of Directors schedules its ordinary meetings dates or its frequency and shall meet in extraordinary sessions whenever convened by its Chairman, or two Directors or the Audit Committee.
2. The Board of Directors shall not meet without the participation of the majority of its members in functions, although its Chairman may, in cases of recognized urgency, permit such meeting without the presence of such majority if it is assured by vote by correspondence or by proxy, according to the terms established in following number.
3. (...)
4. (...)"

- (q) To amend to the heading of the Section IV of the Chapter III of the Articles of Association, which shall have the following wording:

**"SECTION IV
AUDIT COMMITTEE"**

- (r) To amend to Articles Twenty Seven to Thirty of the Articles of Association, which shall have the following wording:

**"ARTICLE TWENTY SEVEN
Membership**

1. An Audit Committee, consisting of three directors, one of them being its Chairman, all elected by the General Meeting under the following paragraphs, is responsible for the supervision of Company's activity.
2. The Members of the Audit Committee will be elected by the General Meeting jointly with the other directors, being individually identified as such in the lists proposed for the Board of Directors' membership as well as being expressly identified its Chairman.
3. The members of the Audit Committee shall comply with the requirements on incompatibilities, independence and expertise arising from the law and regulations as well as from other relevant binding market rules, including those in force in the jurisdictions where the Company has securities admitted to trading.
4. The absence of any of the Audit Committee's member is deemed as a definitive absence in the situation referred to in number 2 to article twenty one, as applicable. Such definitive absence shall be declared by the Audit Committee and the absent member will be replaced in accordance with the law and the provisions of these Articles of Association.

**ARTICLE TWENTY EIGHT
Competences**

1. In addition to the competences established in law and in other provisions of this Articles of Association, the Audit Committee has the following competences:
 - a) To verify the accuracy of the financial statements and, in general, to supervise the quality and integrity of the financial information included in the Company's financial statements;
 - b) To supervise the process of preparation and disclosure of financial information;
 - c) To analyze and issue its opinion about the relevant matters related to accounting and audit issues and to the impact on the financial statements of amendments to the accounting rules applicable to the Company, as well as to its accounting policies;
 - d) To supervise the statutory audit and the auditing to the Company's financial statements as well as to supervise and evaluate the internal proceedings related to accounting and audit matters;
 - e) To make a proposal to the general meeting as regards the appointment of the Statutory Auditor;

- f) To supervise the independence of the Statutory Auditor, in particular in what concerns the provision of additional services;
 - g) Direct and exclusive responsibility to appoint, hire, retain or dismiss and to establish the compensation of the Company's Independent Auditors, as well as to supervise their qualifications and independence and to approve the audit services and/or non-audit services to be rendered by said Independent Auditors or associated persons;
 - h) To resolve any disagreements between the Executive Committee and the Independent Auditors referred to in previous paragraph, with respect to financial information to be included in the financial statements to be reported to the competent authorities as well as with respect to the audit report process;
 - i) To supervise the quality, integrity and effectiveness of the risk management system, the internal control system, as well as the internal audit system, including the annual revision of its adequacy and effectiveness, and, in general, to supervise the performance of the functions discharged by the internal audit and the internal control system of the Company;
 - j) To receive the communications of irregularities, claims and/or complaints submitted by shareholders, employees of the Company or third parties, as well as to implement the proceedings for the receipt, retention and treatment of the above referred irregularities, claims and/or complaints whenever concerning accounting and auditing matters as well as related to internal controls as regards those subject matters;
 - k) To give its opinion and prior advice, within the scope of its competences foreseen in the law or in these Articles of Association and whenever it deems convenient or necessary, in regard to any reports, documentation or other information to be disclosed or submitted by the Company to the competent authorities.
2. The Independent Auditors referred in the previous number shall report to and be subject to the direct and exclusive overseeing of the Audit Committee, who shall annually obtain and review an audit report with the Independent Auditors.

ARTICLE TWENTY NINE

Resolutions

1. The Audit Committee shall schedule its meetings, at least, once every two months of each financial year, at the time and place determined by its Chairman, without prejudice of additional meetings being convened by the Chairman or at request of the majority of its members.
2. The Audit Committee shall not meet without the attendance of the majority of its members, provided that the Chairman may, in cases of recognized urgency or justified impossibility, permit such meeting without the attendance of such majority if it is assured by vote by correspondence or by proxy, according to the terms established in following number.
3. Voting rights can be exercised by correspondence or proxy, provided however each member does not act on behalf of more than one Audit Committee member.
4. The resolutions of the Audit Committee shall be adopted by the majority of votes cast and its Chairman has a casting vote.
5. The resolutions adopted during the Audit Committee's meetings, as well as its members' voting statements shall be recorded in minutes prepared for such purpose, which shall be signed by all members of the Audit Committee participating in the meetings, all having the prerogative of summarizing their interventions to be mentioned in such minutes.

ARTICLE THIRTY

Funding

The Company's annual budget shall establish the financial resources required for the Audit Committee to pay the compensation or funding of the independent auditor referred to in article twenty eight and of any advisors of the Audit Committee as well as to cover the expenses required for the Audit Committee to perform its powers and duties."

- (s) Adding a new Section V to Chapter III of the Articles of Association, which heading shall have the following wording:

"SECTION V STATUTORY AUDITOR"

- (t) To amend to Article Thirty One of the Articles of Association, which shall have the following wording:

"ARTICLE THIRTY ONE

Appointment and Competences

1. A statutory auditor or a statutory audit company, which may have a substitute, appointed by the General Meeting, under proposal of the Audit Committee, is responsible for the examining the Company's accounts.
2. The Statutory Auditor has the competences established in law."

- (u) To renumber the paragraphs, numbers, and articles of the Articles of Association, as a consequence of the statutory amends resolved in the present General Meeting.

Lisbon, 9 May 2007

The Board of Directors

GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF THE SHAREHOLDERS CAIXA GERAL DE DEPÓSITOS, S.A., BANCO ESPÍRITO SANTO, S.A. AND ONGOING STRATEGY INVESTMENTS – SGPS, S.A.

ITEM 2 ON THE AGENDA:

(To resolve on the change in the composition and on the election of new members of the Board of Directors)

Whereas:

- A) It is necessary to ensure that the number of members in the Board of Directors of a company with the size of Portugal Telecom is sufficient;
- B) It is expected that the creation of an Audit Committee, in accordance with the provisions of the Portuguese Companies Code, as amended by the Decree-Law no. 76-A/2006, of 29 March, will be approved in this General Meeting of Shareholders, such Audit Committee to be created within the Board of Directors, as a corporate body autonomously appointed;
- C) As provided for in article 423-B, numbers 4 and 5 of the Portuguese Companies Code, the members of an Audit Committee of companies issuing securities listed on a regulated market shall, in its majority, be independent and hold an adequate curriculum vitae for the exercise of their office;
- D) Taking into consideration the Company's structure and its governance model, as well as the new legal framework, it is convenient that the attributions conferred upon the Board of Directors are performed by two other members, one of which may become an independent member of the Audit Committee, notably in light of Prof. José Guilherme Xavier de Basto's curriculum vitae;

We propose that it be resolved:

1. To change the composition of the Board of Directors from 21 (twenty-one) to 23 (twenty-three) members;

2. To elect Mr. Rafael Luís Mora Funes and Prof. José Guilherme Xavier de Basto as members of the Board of Directors to complete the 2006-2008 term of office.

Lisbon, 4 June 2007.

The Shareholders,

Caixa Geral de Depósitos, S.A.

Banco Espírito Santo, S.A.

Ongoing Strategy Investments – SGPS, S.A.

GENERAL MEETING

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF SHAREHOLDERS

ITEM 3 OF THE AGENDA:

(To resolve on the election of the members of the Audit Committee as well as its Chairman.)

Whereas:

- A) In order to satisfy the impositions to which the Company is subject as an issuer with securities admitted to trading on the New York Stock Exchange (the so-called "foreign private issuers"), the Company had set up, since 2003, an Audit Committee, which operated as an internal commission of the Board of Directors, and not as a statutory corporate body;
- B) Further to the revision of the Portuguese Companies Code ("PCC"), introduced by Decree-Law no. 76-A/2006, of March 29th, the Board of Directors of Portugal Telecom, SGPS S.A. (hereinafter "PT SGPS" or "Company") has proposed, within the previous item of the Agenda of this Meeting, a set of amendments to the Company's Articles of Association, in order to assure its compliance with the relevant provisions to which the Company is subject, in particular, as an issuer of securities admitted to trading on a regulated market;
- C) In this context, and for the purpose of complying with the rules of the PCC related to the model of corporate governance and supervision, the Board of Directors of PT SGPS has proposed the adoption of an anglo-saxon model, composed by a Board of Directors, including an Audit Committee, and a Chartered Accountant;
- D) If the proposal made by the Board of Directors of PT SGPS under the preceding item on the Agenda of this General Meeting is approved, the Company shall have an Audit Committee as a statutory corporate body, and in such case it will become necessary to proceed to the election of its members, including its Chairman;
- E) The Audit Committee to be elected under this item on the Agenda shall be composed of a majority of independent members in light of the criteria set forth in article 423-B of the PCC, as well as the requirements imposed by the relevant U.S. law provisions to which the Company is subject (including, the mandatory rules set forth in the Sarbanes-Oxley Act, in Rule 10A-3 on Listing Standards Relating to Audit Committees of Securities and Exchange Commission and in the Final Rules approved by NYSE concerning corporate governance);

- F) It is also important to ensure that the composition of the Audit Committee that will be elected under this item on the Agenda, in addition to the independence requirements referred to in the preceding paragraph, further complies with the requirements concerning incompatibilities and specialization equally set forth in Article 423-B of the PCC;
- G) The Audit Committee, operating as a statutory corporate body, shall perform all the attributions conferred upon the Audit Committee that operated as an internal commission of the Board of Directors, notably the attributions and competences concerning the supervision of quality and integrity of the financial information, the qualifications and independence of the Independent Auditors, as well as the effectiveness of the Company's internal control system, in addition to the attributions conferred by law upon the Audit Committee elected as a statutory corporate body;
- H) Mr. José Guilherme Xavier de Basto and Mr Rafael Luís Mora Funes have been elected as members of the Board of Directors under item [2] on the Agenda of this General Meeting.

Subject to the conditions precedent of the proposals made by the Board of Directors of PT SGPS and by the Shareholders Caixa Geral de Depósitos, S.A., Banco Espírito Santo, S.A. and Ongoing Strategy Investments – SGPS, S.A., presented, respectively, under items one and two on the Agenda of this General Meeting being approved, it is hereby proposed that it be resolved:

1. To elect the following Directors of the Company, as members of the Audit Committee, for the current term of office (2006-2008), pursuant to article 423-C of the PCC and article Twenty Seven of the Company's Articles of Association, in the version proposed by the Board of Directors of PT SGPS under the previous item on the Agenda of this General Meeting:
 - a) João Manuel de Mello Franco;
 - b) Thomaz de Mello Paes de Vasconcellos;
 - c) José Guilherme Xavier de Basto.
2. To appoint Mr. João Manuel de Mello Franco as Chairman of the Audit Committee;
3. To resolve that the Audit Committee elected under this item on the Agenda shall immediately start its office.

Lisbon, 5 June 2007

The Shareholders,

Caixa Geral de Depósitos, S.A.

Banco Espírito Santo, S.A.

Ongoing Strategy Investments – SGPS, S.A.

GENERAL MEETING

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL

ITEM 4 OF THE AGENDA:

(To resolve on the election of the effective and alternate Chartered Accountant)

Whereas:

- A) Further to the revision of the Portuguese Companies Code ("PCC"), introduced by Decree-Law no. 76-A/2006, of 29 March, the Board of Directors of Portugal Telecom, SGPS S.A. (hereinafter "PT SGPS" or "Company") has proposed, under item one on the Agenda of this Meeting, a set of amendments to the Company's Articles of Association, in order to assure its compliance with the relevant provisions to which the Company is subject to, until 30 June, 2007;
- B) In this context, and for the purpose of complying with the rules of the PCC related to the model of corporate governance and supervision, the Board of Directors of PT SGPS has proposed the adoption of an anglo-saxon model, composed of a Board of Directors, including an Audit Committee, and a Chartered Accountant;
- C) Assuming that the aforementioned proposal of statutory amendments presented by the Board of Directors of PT SGPS, under item one on the Agenda of this General Meeting is approved, the Company shall have as corporate bodies, an Audit Committee and a Chartered Accountant, and it will be necessary to proceed to the election of the latter by the General Meeting, upon proposal by the Audit Committee;
- D) The members that, pursuant to the proposal made by the Shareholders Caixa Geral de Depósitos, S.A., Banco Espírito Santo, S.A. and Ongoing Strategy Investments – SGPS, S.A. presented under item three on the Agenda, will compose the Audit Committee decided, to make available to shareholders a proposal in order to ensure the compliance with the legal requirements on the election of the Chartered Accountant (i.e. this corporate body shall be elected by the General Meeting further to a proposal of the Audit Committee);
- E) The proposal referred to in the preceding paragraph was prepared by the members that will compose the Audit Committee after such proposal was requested by the Board of Directors.

Subject to the conditions precedent of the proposals made by the Board of Directors of PT SGPS and by the Shareholders Caixa Geral de Depósitos, S.A., Banco Espírito Santo, S.A. and Ongoing Strategy Investments – SGPS, S.A , presented, respectively, under items one and three on the Agenda of this General Meeting, being approved, it is hereby proposed that it be resolved:

1. To elect as Effective Chartered Accountant, for the current term of office (2006-2008), pursuant to article 446 of the PCC and article Thirty of the Company's Articles of Association, in the version proposed by the Board of Directors of PT SGPS under item one on the Agenda of this General Meeting, the Company P. Matos Silva, Garcia Jr., P. Caiado & Associados, SROC, represented by Mr. Dr. Pedro João Reis de Matos Silva;
2. To elect as Alternate Chartered Accountant, for the current term of office (2006-2008), pursuant to article 446 of the PCC and article Thirty of the Company's Articles of Association, in the version proposed by the Board of Directors of PT SGPS under item one on the Agenda of this General Meeting, the Company Ascensão, Gomes, Cruz & Associado - SROC, represented by Mr. Mário João de Matos Gomes.

Lisbon, 5th June 2007

João Manuel de Mello Franco

Thomaz de Mello Paes de Vasconcellos

José Guilherme Xavier de Basto

GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 5 ON THE AGENDA:

(To resolve on the authorization for the Board of Directors to increase the share capital, with the corresponding amendment to paragraph 3 of Article Four of the Articles of Association)

Whereas:

- A) Article 456 of the Portuguese Companies Code sets forth that the articles of association of a company may permit the board of directors to increase the share capital, on one or more occasions, through capital contributions in cash. The articles of association shall establish the conditions for exercising the power conferred to the board of directors and they must fix the maximum limit for such share capital increases;
- B) The current paragraph 3 of article Four of the Articles of Association establishes that the Board of Directors may, with the favourable opinion of the Statutory Audit Board (which, pursuant to the resolution taking place under item 1 of the Agenda, shall be replaced by the Audit Committee), increase the Company's share capital, on one or more occasions, through capital contributions in cash, up to Euro 360,000,000, after a resolution has been passed by the General Meeting of Shareholders fixing the parameters to which such share capital increase or increases shall be subject.
- C) The authorisation set out in the Articles of Association and referred to in the preceding whereas has lapsed, once the legally established 5 year period during which such power could be used has lapsed.
- D) On 27 April 2007, the General Meeting of Shareholders approved the possible issue of convertible bonds which may be adopted by a resolution of the Board of Directors, pursuant to the law and the Articles of Association and in accordance with the parameters set out by such General Meeting of Shareholders' resolution;
- E) Under the terms of such resolution, share capital increases as required for the satisfaction of the requests that may be presented for conversion of the abovementioned bonds, as well as the parameters for such implicit share capital increases were approved;

- F) It is important to ensure that the Board of Directors is able to perform all the share capital increases that may be necessary to guarantee the satisfaction of all conversion into shares requests that may occur in respect of the convertible bonds possibly issued by the Company and, for such purpose, the Articles of Association shall be amended, in order to update the generic authorisation to the approval of share capital increases by the Board of Directors, set forth in paragraph 3 of Article Fourth of the Articles of Association;
- G) This resolution shall be assessed in light of the corporate governance model that was approved under item 1 on the Agenda;

We propose that it be resolved:

- (a) That the Board of Directors be authorised to increase the share capital, on one or more occasions, through capital contributions in cash, up to Euro 15,000,000, with the favourable opinion of the Audit Committee and after a resolution has been passed by the General Meeting of Shareholders fixing the parameters to which such share capital increase or increases shall be subject, with the corresponding amendment to paragraph 3 of Article Four of the Articles of Association, to read as follows:

"ARTICLE FOUR
Share Capital

- 1. (...)
 - 2. (...)
 - 3. The Board of Directors may, with the favourable opinion of the Audit Committee, increase the share capital, on one or more occasions, through capital contributions in cash up to Euro 15,000,000, after a resolution has been passed by the general meeting of shareholders fixing the parameters to which such share capital increase or increases shall be subject."
- (b) That the wording of paragraph 3 of Article Four of the Articles of Association be deemed automatically adjusted in the event the proposal under item 1 on the Agenda is not approved.

Lisbon, 9 May 2007

The Board of Directors

GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS S.A.

22 June 2007

PROPOSAL OF THE SHAREHOLDERS CAIXA GERAL DE DEPÓSITOS, S.A. AND BANCO
ESPÍRITO SANTO, S.A.

ITEM 6 ON THE AGENDA:

(To resolve on the election of the Members of the Compensation Committee)

Whereas:

- A) The former members of the Compensation Committee Professor António Manuel da Rocha e Menezes Cordeiro, Mr. Manuel Alves Monteiro and Mr. João de Mello Franco resigned from office as per resignation letters dated of 1 June 2007, 4 June 2007 and 4 June 2007, respectively;
- B) It is convenient to maintain a Compensation Committee, with the election of new members of the Compensation Committee to substitute the departing ones, in order to complete the 2006-2008 term-of-office;
- C) The Chairman of the General Meeting of Shareholders understood that, taking into consideration the need to appoint a new Chairman and Members of the Compensation Committee and his own attributions as its Chairman, he should make an addendum to the notice of this General Meeting of Shareholders;
- D) According to such addendum, this resolution shall be discussed and resolved upon under the last item on the agenda, in order to promote a good conduction of the works of the General Meeting of Shareholders;

It is hereby proposed that it be resolved:

1. Under the terms and for the purposes of paragraph 1 of article 399 of the Portuguese Companies Code, to elect Mr. Álvaro João Duarte Pinto Correia, Mr. João de Mello Franco and Mr. Francisco Adelino Gusmão Esteves de Carvalho as members of the

Compensation Committee in substitution of the departing members Professor António Manuel da Rocha e Menezes Cordeiro, Mr. Manuel Alves Monteiro and Mr. João de Mello Franco;

2. To cast a vote of appreciation to the above mentioned departing members of the Compensation Committee for the contribution to the Company assured during their term of office.

Lisbon, 8 June 2007

The Shareholders,

CAIXA GERAL DE DEPÓSITOS, S.A.,

BANCO ESPÍRITO SANTO, S.A.