



PORTUGAL TELECOM, SGPS, S.A.

Listed Company
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisboa
Share Capital: 1,128,856,500 Euros
Registered with the Commercial Registry of Lisbon under no.
3602/940706
Corporation no. 503215058

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. (the "Company") at Auditório 1 of the Centro de Congressos de Lisboa, located at Praça das Indústrias, in Lisbon, given that our headquarters do not offer adequate conditions for the meeting to be held, on the 21 April 2006, at 3:00 (three) p.m., with the following agenda:

AGENDA

- 1:** To resolve on the election of the Vice-Chairman of the General Meeting of Shareholders following the resignation presented by the former Vice-Chairman of the General Meeting;
- 2:** To resolve on the management report, balance sheet and accounts for the year 2005;
- 3:** To resolve on the consolidated management report, balance sheet and accounts for the year 2005;
- 4:** To resolve on the proposal for application of profits, distribution and allocation of reserves;
- 5:** To resolve on the ratification of the appointment by the Board of Directors of a member to fill a vacancy on the Board of Directors to complete the 2003/2005 mandate;
- 6:** To resolve on a general appraisal of the company's management and supervision;
- 7:** To resolve on the acquisition and disposal of own shares, including their acquisition in connection with the share buyback programme;
- 8:** To resolve on a possible reduction in share capital, namely a reduction in the amount of up to 33,865,695 Euros, for the purpose of releasing excess capital in connection with the continuation of the share buyback programme, by means of cancellation of up to 33,865,695 own shares to be acquired as a result of the implementation of the resolution, as well as on related reserves, reflecting the reduction in outstanding convertible bonds issued by the Company, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association;
- 9:** To resolve on the amendment of paragraph 5 of article 13 of the Articles of Association;

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- 10:** To resolve on a share capital increase in the amount of 338,656,950 Euros, by means of incorporation of share premiums in the amount of 91,704,891 Euros, statutory reserves in the amount of 121,523,559 Euros and a special reserve relating to the cancellation of treasury shares in the amount of 125,428,500 Euros, through an increase in the par value of all shares representing the Company's share capital by an amount equal to 30 Euro cents, whereby the par value of each share will be 1.30 Euros, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association;
- 11:** To resolve on a share capital reduction to 395,099,775 Euros, to be carried out by means of a reduction in the par value of all shares representing the share capital, whereby each share will have a par value of 35 Euro cents, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association. The purpose of the capital reduction will be the release of excess capital;
- 12:** To resolve, pursuant to paragraph 4 of article 8 of the Articles of Association, on the parameters applicable in the event of any issuance of bonds convertible into shares that may be resolved upon by the Board of Directors;
- 13:** To resolve on the suppression of the pre-emptive right of shareholders in the subscription of any issuance of convertible bonds as referred to in item 12 hereof as may be resolved upon by the Board of Directors;
- 14:** To resolve on the issuance of bonds and other securities, of whatever nature, by the Board of Directors, and namely on the fixing of the value of such securities in accordance with paragraph 3 of article 8 and subparagraph e), paragraph 1 of article 15 of the Articles of Association;
- 15:** To resolve on the acquisition and disposal of own bonds and other own securities;
- 16:** To resolve on the election of the corporate bodies for the 2006/2008 3-year period.

In the event the general meeting is unable to resolve on any of the matters on the agenda due to a lack of required share capital representation, I hereby call the shareholders to meet pursuant to a Second Call at the same place at 3:00 (three) p.m. on 8 May 2006.

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.

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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. Each 500 euros of capital shall correspond to one vote, and Shareholders having less than such capital amount may form a group so that, jointly and arranging to be represented by one of the group's members, they form the amount 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.

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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 the 18 April 2006.

Declaration of the financial intermediary

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 the 30 March 2006.

Shareholders may access the form that will be available for such purpose, beginning 9:00 a.m. on the 21 March 2006, on the Internet site www.telecom.pt.

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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 the 30 March 2006, 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 the 13 April 2006, 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, 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 the 13 April 2006.

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 the 30 March 2006, 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 the 6 April 2006 and 5:00 p.m. on the 18 April 2006.

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 the 13 April 2006 will be considered.

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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.

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, 6 March 2006.

The Chairman of the General Meeting of Shareholders

Armando Manuel Marques Guedes

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Sociedade Aberta, com sede em Lisboa, na Av. Fontes Pereira de Melo, nº 40, pessoa colectiva nº 503 215 058, matriculada na Conservatória do Registo Comercial de Lisboa sob o nº 03602, com o capital de 1.128.856.500 euros

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF SHAREHOLDERS

ITEM 1 ON THE AGENDA:

(To resolve on the election of the Vice-Chairman of the General Meeting of Shareholders following the resignation presented by the former Vice-Chairman of the General Meeting)

Whereas:

- A) The former Vice-chairman of the General Meeting Mr. Miguel Galvão Telles resigned from his duties by letter dated of 7 February 2006;
- B) Such resignation imposes the election, without prejudice of the election of the corporate bodies for the 2006/2008 3-year period to be resolved under item 16 on the agenda, of a Vice-chairman of the General Meeting to substitute the resigning Vice-chairman;

We propose 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. Jorge Luís Seromenho Gomes de Abreu as Vice-chairman of the General Meeting to substitute the resigning Vice-chairman Mr. Miguel Galvão Teles;
- 2) An appreciation vote to the resigning Vice-chairman of the General Meeting Mr. Miguel Galvão Telles for the contribution to the Company assured during his term of office.

Lisbon, 16 March 2006

The Shareholders,

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 4 ON THE AGENDA:

(To resolve on the application of profits, distribution and allocation of reserves)

Whereas:

- A) The net profit of the financial year ended 31 December 2005 was 500,021,577 Euros;
- B) In accordance with the law and the company's Articles of Association, 5% of the net profit of the financial year is allocated to reinforce the legal reserve until that reserve amounts to at least 20% of the share capital;

We propose that it be resolved:

- 1) That, in compliance with the law and the Articles of Association, 25,001,079 Euros, equivalent to 5% of the net profit of the year, be allocated to increase the legal reserve.
- 2) That, in view of the aforementioned mandatory allocation of the net profit of the financial year, of the remaining said profit of 475,020,498 Euros, increased of 61,186,339.50 Euros of retained profits, 536,206,837.50 Euros be paid to the shareholders (corresponding to 0.475 Euros per share with respect to the total number of issued shares).
- 3) That, considering the impossibility to determine precisely the number of own shares that will be held in treasury on the date of the payment without limiting the Company's capacity of intervention, namely in the increase of liquidity of its securities, the overall sum of 536,206,837.50 Euros as provided for in the foregoing paragraph, calculated on the basis of a unit amount per share issued (in this case, 0.475 Euros per share), be distributed as follows:
 - a) Each share issued be paid the unit amount of 0.475 Euros;
 - b) The unit sum corresponding to the shares that belong to the Company itself on the first day of the payment period above-mentioned not be paid, but be transferred to retained profits.

- 4) Considering, finally, the right to the above-mentioned payment associated with the shares resulting from exercise of the right to convert convertible bonds issued, it is further proposed that it be resolved, with regard to the resolution for distribution as set out in paragraph two herein, that:
 - a) Each share entitled to a dividend resulting from the exercise of the right to convert convertible bonds be paid the said unit amount of 0.475 Euros;
 - b) The payment in connection with each share resulting from the exercise of the right to convert convertible bonds be carried out by using the balance of the retained results upon distribution as set out in paragraph two hereof.
- 5) Finally, that it be clarified that, in accordance with the accounting rules, the amount of 881,218,517 Euros as set out in the account "Adjustments of shares of capital of affiliates and associates" will be transferred to the "Retained Profits or losses" account, as and to the extent that the financial investments that caused such results are realized by Portugal Telecom, SGPS, S.A.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 5 ON THE AGENDA:

(To resolve on the ratification of the appointment by the Board of Directors of a member to fill a vacancy on the Board of Directors to complete the 2003/2005 mandate)

Whereas:

- A) Following the resignation submitted by the member of the Board of Directors Mr. Pedro Sampaio Malan, the Board of Directors resolved, under the provisions of article 393-1(b) of the Portuguese Companies Code, at its meeting held on 29 December 2005, to appoint Mr. Rodrigo Jorge de Araújo Costa to exercise the duties of director;
- B) The provisions of article 393, paragraph 2 of the Portuguese Companies Code;

We propose that it be resolved:

- 1) To ratify the appointment of the director Mr. Rodrigo Jorge de Araújo Costa to exercise his office until the termination of the term of office of the other members of the Board of Directors (2003-2005);
- 2) To express a vote of acknowledgement and appreciation for the way that the departing director Mr. Pedro Sampaio Malan exercised his duties during the period of his term of office.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF SHAREHOLDERS

ITEM 6 ON THE AGENDA:

(To resolve on a general appraisal of the company's management and supervision)

Whereas article 455, paragraph 1 of the Companies Code establishes that the Annual General Meeting of Shareholders shall resolve on the general appraisal of the company's management and supervision;

Taking into consideration the role played by the Board of Directors in the financial year of 2005;

Taking into consideration the way the Audit Board has performed its functions;

We propose that it be resolved to approve a general appraisal of the Board of Directors and Audit Board, and each of their members.

Lisbon, 16 March 2006

The Shareholders,

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 7 ON THE AGENDA:

(To resolve on the acquisition and disposal of own shares, including the acquisition in connection with the share buyback programme)

Whereas:

- A) It is convenient for the Company to be able to continue to make use, under general terms, of the possibilities inherent in share buyback transactions;
- B) That same interest exists as well with regard to dependent companies, which may even be bound, notably under their own issuances of securities, to acquire or dispose of shares of the Company, which, without prejudice to the provisions of article 319-3 of the Portuguese Companies Code, it is also convenient to provide for;
- C) The Board of Directors made public its intention of developing a share buyback programme;
- D) Commission Regulation no. (EC) 2273/2003 of 22 December 2003 established a special system of rules containing, namely, exemption requirements from the general regime governing market abuse for certain share buyback programmes, which requirements 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 ten percent 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 issuances of securities, or arising from any contractual obligation to implement the Company's stock option

plan, subject, if applicable, to subsequent disposal, as established by law, of such shares as may exceed said limit, and without prejudice to the acquisition of own shares for the purpose of implementing a resolution for a capital reduction as provided for under item 8 on the agenda, in which case the specific limits stipulated in the reduction resolution shall apply;

Subject to the requirements established by law and in this resolution, acquisition made by the Board of Directors within the framework of a share buyback programme is hereby approved, such acquisition to be made in any of the forms provided for under this resolution, namely under paragraph 1(c);

b) Term during which the acquisition may be made:

Eighteen months beginning on the date of this resolution;

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 stock exchange, and over-the-counter acquisition, in compliance with the principle of equality of shareholders as established by law, namely from a financial institution with which the Company has entered into an equity swap agreement or other similar 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 fifteen percent less than the lowest trading price and fifteen percent more than the average trading price, respectively, of the shares to be purchased on the domestic stock exchanges during the 5 stock exchange 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 in or exchangeable for Company shares, or to contracts entered into in connection with such conversions or exchanges;

e) Time of acquisition: To be determined by the management body of the acquiring company, taking into account the situation of the securities market and the convenience or obligations of the purchaser, the Company or any of its dependent companies, and to be carried out one or more times and in such proportions as the said management body may stipulate.

2) To approve the disposal of own shares that may have been acquired, subject to a resolution of the disposing Company's management body, and on 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 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 disposal may take place:

Eighteen months beginning on the date of this resolution;

c) Form of disposal:

Subject to the terms and mandatory limits established by law, disposal for consideration in any form, notably by sale or exchange, to be made on a stock exchange or over-the-counter to certain entities designated by the disposing company's management body, in compliance with the principle of equality of shareholders as established by law, namely to financial institutions counter-parties to equity swap agreements or other similar agreements, or free disposal within the framework of an allocation to employees, with a total maximum limit equal to the sum corresponding to 50 shares per employee or where the disposal is decided within the framework of, or in connection with, a proposal of application of profits or distribution of reserves in kind, without prejudice to, in the 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 issue, or contractual bond to implement the 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 fifteen percent below the average trading price on the domestic stock exchanges of the shares to be disposed during the 5 exchange 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, namely 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 therefrom;

e) Time of disposal:

To be determined by the management body of the disposing company, taking into account the situation of the securities market and the convenience or obligations of the disposing company, the Company or any of its dependent companies, and made in one or more times and in such proportions as such management body may stipulate.

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 paragraphs 1 and 2, that it take into account, depending on the circumstances that the Board deems relevant (and, especially, as regards acquisitions comprised in buy-back 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 as regards the acquisition and disposal of own shares under the authorizations 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 authorization, in particular, its goal, the maximum value of the acquisition, the maximum number of shares to be acquired and the term authorized for such purpose;
- b) Record keeping of each transaction carried out within the framework of the preceding authorizations;
- 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, at times close to the disclosure of material events or of the disclosure of results;
- e) Carrying out of the acquisitions at a price not exceeding the highest of the last independent transaction or the highest independent offer at the time of acquisition on the official listings of 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 disposal during any carrying out of a buy-back 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, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS (ADDENDUM)

ITEM 7 ON THE AGENDA:

(To resolve on the acquisition and disposal of own shares, including the acquisition in connection with the share buyback programme)

Considering:

- A) The initial proposal submitted by the Board of Directors under this item on the agenda;
- B) That, considering the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, it is convenient to clarify that the implementation of this proposal shall be suspended during said offer period.

We propose that the initial proposal submitted by the Board of Directors under this item on the agenda be considered with a paragraph 4:

- 4) That the possibility of implementing the resolution as proposed above be suspended during the period (i.e., until the settlement of the offer or its termination) of the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, or of any other tender offer qualified as a competing offer, which preliminary announcement has been or will be published.

Lisbon, 5 April 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 8 ON THE AGENDA:

(PROPOSAL I)

(To resolve on a possible reduction in share capital, namely a reduction in the amount of up to 33,865,695 Euros, for the purpose of releasing excess capital in connection with the continuation of the share buyback programme, by means of cancellation of up to 33,865,695 own shares to be acquired as a result of the implementation of the resolution, as well as on related reserves, reflecting the reduction in outstanding convertible bonds issued by the Company, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association)

Whereas:

- A) During the 2004 financial year, the Board of Directors announced its purpose of developing a significant share buyback programme;
- B) At the 2004 General Meeting of shareholders, it was accordingly resolved to reduce the share capital by means of the cancellation of own shares to be acquired up to an equivalent to 10% of the then outstanding share capital;
- C) After such General Meeting of Shareholders was held, the management body announced, on the 14 September 2004, its proposal to develop an additional share buyback programme in the amount of 3% of the share capital after cancellation of all own shares acquired under the previous programme;
- D) In December 2004, in view of the market conditions and in implementation of a previously approved resolution, the Company had acquired a total of 87,799,950 ordinary shares, equivalent to 7% of the share capital outstanding at the time of the 2004 Annual General Meeting, and carried out the cancellation of the same and the corresponding capital reduction;
- E) At the 2005 Annual General Meeting of Shareholders, it was resolved to extend the share buyback programme, as well as to reduce the share capital by up to 116,648,505 Euros by means of the cancellation of 116,648,505 own shares, the acquisition of which was authorized in said resolution;
- F) The deadline fixed for the acquisition of own shares and share capital reduction as so resolved was the 23 December 2005, and it was anticipated that the capital reduction would be limited to the amount corresponding to the acquired own shares cancelled on such date;

- G) In this way, up to the above date, 37,628,550 own shares were acquired and cancelled, and the share capital was reduced in the amount of 37,628,550 Euros, and so the initial 10% share buyback programme was completed;
- H) The extension of the share buyback programme is now justified, exclusively with a view to completing the acquisition of shares announced by the management body on the 14 September 2004;
- I) It is anticipated that, in order to implement the share buyback pertaining to the programme, the Company will be in a position to use solely assets that, according to articles 32 and 33 of the Portuguese Companies Code, could be distributed to the shareholders, and for such reason, bearing in mind the legal regime in force (and notably that, in this instance, the protection of corporate creditors is made otherwise than by judicial authorization), it seems advisable to effect the capital reduction through cancellation of own shares acquired subsequent to the reduction resolution;
- J) To the extent imperatively required by subparagraph b), paragraph 2 of article 463 of the Portuguese Companies Code, the Company must create a special reserve in an amount equivalent to the par value of any own shares to be cancelled acquired after this resolution;
- K) Under the relevant issue conditions, the capital reduction and the acquisition of own shares related thereto may have an effect, notably a conversion price adjustment, on convertible bonds issued by the Company;

We propose that it be resolved:

- 1) To reduce the share capital by up to 33,865,695 Euros by means of cancellation of 33,865,695 own shares, with the shares to be cancelled being the shares to be acquired by the Company subsequent to this resolution and with the reduction intended for the special purpose of implementing the share buyback programme and corresponding release of excess capital, and, as such, an additional reduction separate from the reduction under item 11 on the agenda;
- 2) To approve the acquisition of up to 33,865,695 own shares for implementation of the capital reduction resolution mentioned in 1) above, which acquisition and quantities are in addition to and separate from those referred to in the general resolution on the acquisition and disposal of own shares approved under item 7 on the agenda of this General Meeting, with the terms and conditions of such general resolution applying to the acquisitions herein decided, with the following specific features:
 - (a) The period of acquisition shall be the one referred to in (4);
 - (b) The acquisitions shall exclusively be made on a stock exchange, with the exception, as the case may be, of the 15 class A shares referred to in paragraph 3 of this resolution.
- 3) That, the capital reduction not being limited to a certain class of shares, the shares to be acquired under the foregoing paragraph 2 may include 15 class A shares, in the event that the relevant public shareholding entity(ies) intend to sell them, provided that this is carried out in accordance with the legal provisions applicable to such disposal, in which case the quantity of ordinary shares to be acquired shall be reduced to a number corresponding to the difference between the total number referred to in paragraph 2 and the quantity of class A shares acquired;
- 4) That, for the acquisitions referred to in paragraphs 2 and 3, a deadline be fixed for the 21 December 2006 (unless the acquisition of the full 33,865,695 shares to be acquired is

reached in the meantime), with the total capital reduction being limited to the amount corresponding to the number of own shares acquired and cancelled up to such date;

- 5) That, the remaining procedural terms of the reduction be established by the Board of Directors, but without prejudice to other matters resulting from the rules in force, namely those referred to in the resolution on own shares approved under item 7 on the agenda, that the Board of Directors shall be bound, with a view to limiting the Board of Directors' discretionary authority, to observe the following minimum procedures and parameters:
 - (a) The placement of at least one buy order per week;
 - (b) A total number of orders in each week of not less than 10% of the average daily trading volume in the 5 immediately preceding stock exchange sessions;
 - (c) A total number of orders permitting the completion of the acquisition of not less than the amount referred to in paragraph 1 hereof;
- 6) To approve the creation, to the extent imperatively required by subparagraph b), paragraph 2 of article 463 of the Portuguese Companies Code, of a special reserve equivalent to the par value of the own shares to be cancelled acquired in implementation of this resolution;
- 7) To approve a possible readjustment of the conversion ratio of the convertible bonds issued by the Company, which issue was approved by a resolution of the General Meeting of Shareholders of the 5 February 2001 and by resolutions of the Board of Directors of the 22 and 29 November 2001, under the terms contained in the conditions for issuance of such bonds, to which this resolution may give rise, to be calculated and implemented by the Board of Directors;
- 8) That the Board of Directors be authorized to define the timing of implementation of this resolution with the implementation of the resolution under items 10 and 11 on the agenda, with the amount of capital reduction as resolved herein being adjusted in the event the capital increase and/or reduction under the said items has/have already been implemented on the date of implementation of this resolution;
- 9) That, should the share capital increase or reduction under the above-mentioned items be concluded prior to the implementation of this resolution, the Board of Directors shall only implement the share capital reduction resolved under this item at a time that assures the compliance by the Company with the provisions of article 349 of the Portuguese Companies Code;
- 10) To modify, as a result of the resolved capital reduction and with effect as of the respective date, paragraphs 1 and 2, subparagraph a) of article 4 of the Articles of Association, which shall read as follows:

"ARTICLE FOUR
Share Capital

1. The share capital shall be one thousand ninety-four million, nine hundred ninety thousand eight hundred and five Euros, fully paid up.
2. The share capital shall be represented by one thousand ninety-four million, nine hundred ninety thousand eight hundred and five shares with a par value of one Euro each, with the following distribution:
 - (a) one thousand ninety-four million, nine hundred ninety thousand three hundred and five ordinary shares;
 - (b) (...);

- 11) That the wording of paragraphs 1 and 2, subparagraph a) of article 4 of the Articles of Association of the Company (and, if applicable, subparagraph b), paragraph 2, should the situation foreseen in 3) above take place) as now approved be deemed automatically and proportionally adjusted in the event the capital reduction as actually implemented is lesser, as well as in the event the capital increase and/or reduction under items 10 and 11 on the agenda has/have already been implemented on the date of implementation of this resolution.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS (ADDENDUM)

ITEM 8 ON THE AGENDA: (PROPOSAL I)

(To resolve on a possible reduction in share capital, namely a reduction in the amount of up to 33,865,695 Euros, for the purpose of releasing excess capital in connection with the continuation of the share buyback programme, by means of cancellation of up to 33,865,695 own shares to be acquired as a result of the implementation of the resolution, as well as on related reserves, reflecting the reduction in outstanding convertible bonds issued by the Company, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association)

Considering:

- A) The initial proposal submitted by the Board of Directors under this item on the agenda;
- B) That, considering the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, it is convenient to clarify that the implementation of this proposal shall be suspended during said offer period.

We propose that the initial proposal submitted by the Board of Directors under this item on the agenda be considered with a paragraph 12:

- 12) That the possibility of implementing the resolution as proposed above be suspended during the period (i.e., until the settlement of the offer or its termination) of the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, or of any other tender offer qualified as a competing offer, which preliminary announcement has been or will be published.

Lisbon, 5 April 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 8 ON THE AGENDA: **(PROPOSAL II)**

(To resolve on a possible share capital reduction, namely a reduction of up to 33,865,695 Euros, for the purpose of releasing excess capital in connection with the continuation of the share buyback programme, by means of cancellation of up to 33,865,695 own shares to be acquired as a result of the implementation of a resolution, as well as on related reserves, reflecting the reduction in outstanding convertible bonds issued by the Company, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association)

Whereas:

- A) The capital reduction resolution passed by this Meeting within the framework of this item on the agenda;
- B) The Company has entered into and has derivative agreements in force that may result in the acquisition of own shares;
- C) Such an acquisition could be of corporate interest and may contribute to facilitate or complete the implementation of the capital reduction;
- D) Such contribution should be limited, however, to shares whose original acquisition from the shareholders took place on a stock exchange;

We propose that it be resolved, in addition to and separate from the share capital reduction resolution approved by this General Meeting within the framework of this item on the agenda, the following:

Any acquisitions to be made in order to implement the capital reduction resolution may, to facilitate or complete the resolved reduction, further include, to the extent permitted by law, the acquisition by the Company of own shares from other parties to derivative agreements providing for the acquisition of own shares, namely Banco Santander, ABN Amro and Société Generale, but at all times, in addition to observance of the applicable legal provisions, limited to a number of shares not exceeding the number of shares originally acquired on a stock exchange by the relevant other party.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS (ADDENDUM)

ITEM 8 ON THE AGENDA: (PROPOSAL II)

(To resolve on a possible share capital reduction, namely a reduction of up to 33,865,695 Euros, for the purpose of releasing excess capital in connection with the continuation of the share buyback programme, by means of cancellation of up to 33,865,695 own shares to be acquired as a result of the implementation of a resolution, as well as on related reserves, reflecting the reduction in outstanding convertible bonds issued by the Company, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association)

Considering:

- A) The initial proposal submitted by the Board of Directors under this item on the agenda;
- B) That, considering the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, it is convenient to clarify that the implementation of this proposal shall be suspended during said offer period.

We propose that the initial proposal submitted by the Board of Directors under this item on the agenda be considered with an additional paragraph:

That the possibility of implementing the resolution as proposed above be suspended during the period (i.e., until the settlement of the offer or its termination) of the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, or of any other tender offer qualified as a competing offer, which preliminary announcement has been or will be published.

Lisbon, 5 April 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 9 ON THE AGENDA:

(To resolve on the amendment of paragraph 5 of article 13 of the Articles of Association)

Whereas:

- A) The implementation of the capital increase and reduction transactions under items 10 and 11 will imply changes to the par value of the shares representing the capital in the Company;
- B) With a view to maintaining the number of shares that currently, by application of the Articles of Association, grant the right to attend and exercise voting rights at the General Meeting of shareholders, it is necessary to amend the wording of paragraph 5 of article 13 of the Articles of Association;
- C) Independent of whether the capital increase and reduction under items 10 and 11 on the agenda are approved, the amendment to the criteria according to which the voting rights at the General Meetings of Shareholders are granted is justifiable;

We propose that it be resolved:

To amend paragraph 5 of article 13 of the Articles of Association, which shall read as follows:

"Article 13

- 1. [...].
- 2. [...].
- 3. [...].
- 4. [...].
- 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. [...].

7. [...].
8. [...].
9. [...].
10. [...].
11. [...].
12. [...].
13. [...].
14. [...].
- a) [...].
- b) [...].
15. [...].
16. [...].”

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 10 ON THE AGENDA:

(To resolve on a share capital increase in the amount of 338,656,950 Euros, by means of incorporation of share premiums in the amount of 91,704,891 Euros, statutory reserves in the amount of 121,523,559 Euros and a special reserve relating to the cancellation of treasury shares in the amount of 125,428,500 Euros, through an increase in the par value of all shares representing the Company's share capital by an amount equal to 30 Euro cents, whereby the par value of each share will be 1.30 Euros, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association)

Whereas:

- A) Under the provisions of article 91 of the Portuguese Companies Code, a company may increase its share capital by incorporation of reserves available for such purpose;
- B) Under article 295 of the Portuguese Companies Code, reserves created by share premiums are subject to the system of rules for the legal reserve, and may only be used for purposes provided for in article 296 of the Portuguese Companies Code, i.e. to cover the portion of losses reflected in the balance sheet for the financial year that may not be covered by the use of other reserves, to cover the portion of retained losses from the previous financial year that can neither be covered by the profit of the financial year nor by the use of other reserves, or for incorporation in the capital;
- C) The balance sheet to be approved by this General Meeting of Shareholders for the 31 December 2005 evidences share issuance premiums in an amount of 91,704,891 Euros, legal reserves in an amount of 179,229,361 Euros and an own share cancellation special reserve in an amount of 125,428,500 Euros;
- D) In view of such a large amount of reserves on the balance sheet, namely those created by share issuance premiums resulting from capital increases carried out in previous years and own share cancellation special reserves created in 2004 and 2005, it is pressing to incorporate such sum, as well as a part of the sum of the legal reserve, in the Company's share capital by means of a capital increase by incorporation of reserves;
- E) This proposal is consistent with the Company's strategy of reinforcing competitiveness and creating shareholder value through the promotion of efficiency, business portfolio diversification and increases in financial stability, simultaneously ensuring a greater range provided by a more flexible net equity;

- F) This proposal combined with the one under the next item on the agenda will permit a considerable improvement in the Company's share capital / net equity ratio;

We propose that it be resolved:

- 1) To increase the share capital of the Company by 338,656,950 Euros, from 1,128,856,500 Euros to 1,467,513,450 Euros, with such increase being through the incorporation of share issuance premiums, legal reserves and own share cancellation special reserve, under the following terms:
 - Form of the capital increase: by incorporation of reserves;
 - Total amount of the capital increase: 338,656,950 Euros;
 - Par value of all shares: increase in the par value of all shares representing the share capital by 30 Euro cents, the par value of each share becoming 1.30 Euros;
 - Reserves to be incorporated in the capital: share issuance premiums equivalent to 91,704,891 Euros, legal reserves equivalent to 121,523,559 Euros and own share cancellation special reserve equivalent to 125,428,500 Euros, as evidenced on the balance sheet for the 31 December 2005 approved under item two on the agenda;
 - Term of payment of the contributions: on the date of execution of the notarial instrument relating to the capital increase;
 - Participants in the capital increase: all shareholders in the Company, also participating in the share capital increase the shares held by the Company or its dependent companies;
- 2) That, further to the share capital increase proposed, paragraphs 1 and 2 of article 4 of the Articles of Association are amended and shall read as follows:

"Article 4
Share capital

1. The share capital is one thousand four hundred seventy-seven million, five hundred thirteen thousand, four hundred fifty Euros, and it is fully paid up.
2. The share capital is represented by one thousand one hundred twenty-eight million, fifty-six thousand, five hundred shares, with par value of one Euro and thirty Euro cents each, with the following distribution:
 - a) One thousand one hundred twenty-eight million eight hundred fifty-six thousand ordinary shares;
 - b) Five hundred class A shares.
3. [...].
4. [...]."
- 3) To approve a possible readjustment of the conversion ratio of the convertible bonds issued by the Company, which issue was approved by a resolution of the General Meeting of Shareholder of the 5 February 2001 and by resolutions of the Board of Directors of the 22 and 29 November 2001, under the terms contained in the conditions for issuance of such bonds, to which this resolution may give rise, to be calculated and implemented by the Board of Directors;
- 4) That the Board of Directors be authorized to define the timing of implementation of this resolution with the implementation of the resolution under item 8 on the agenda, with the amount of capital resulting from the increase resolved herein being adjusted in the event the capital reduction by the cancellation of own shares resolved under item 8 on the agenda has

already been entirely or partially implemented on the date of implementation of this resolution;

- 5) That in the case provided for in the foregoing paragraph, the wording of paragraphs 1 and 2 of article 4 of the Articles of Association be deemed automatically and proportionally adjusted;
- 6) That this capital increase resolution be subject to the condition of approval of the balance sheet by the General Meeting of Shareholders as set out under item 2 on the agenda;
- 7) That this resolution be subject to the condition of approval of the amendment to the Articles of Association of item 9 on the agenda.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 11 ON THE AGENDA:

(To resolve on a share capital reduction to 395,099,775 Euros, to be carried out by means of a reduction in the par value of all shares representing the share capital, whereby each share will have a par value of 35 Euro cents, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association. The purpose of the capital reduction shall be the release of excess capital)

Whereas:

- A) There is no reason for the Company to have an excessively high share capital in view of the business carried out by the Company;
- B) As established in article 94 of the Portuguese Companies Code, a company may reduce its share capital with a view to release excess capital;
- C) Within the capital reduction for the purpose of releasing excess capital, several ultimate purposes are contemplated: the direct allocation to the shareholders of the sums so released, the creation of reserves or the release of contribution obligations;
- D) The capital reduction for release of excess capital may only be implemented after obtaining a court authorization, which must be requested according to the procedure stipulated under article 1487 of the Portuguese Civil Procedure Code;
- E) Such authorization shall not, however, be granted by the court in case the net equity of the Company does not exceed the new capital by at least 20%;
- F) As a result of the current proposal for a capital reduction to release excess capital, the shareholders shall not suffer any kind of loss, since the intention is to allocate the total amount of reduction to free reserves, making these assets available in the future in accordance for the purposes determined by the shareholders;
- G) This proposal follows the proposal presented under the previous item and is aimed at complying with the objectives referred to in such item;

We propose that it be resolved:

- 1) To reduce the share capital of the Company, pursuant to the share capital increase resolved under the previous item on the agenda, from 1,467,513,450 Euros to 395,099,775 Euros, the

amount of the reduction being 1,072,413,675 Euros, for the purpose of releasing excess capital, as follows:

- Creation of free reserves in an amount of 1,072,413,675 Euros;

That the reduction be effected by means of a reduction in the par value of the shares representing the share capital in the Company to a par value of 35 Euro cents;

As one can see on the balance sheet dated the 31 December 2005, to be approved by this General Meeting of Shareholders under item 2 on the agenda, and considering the share capital increase that is the subject of the previous item on the agenda, upon implementation of the proposed capital reduction, the Company's net equity will exceed the new capital by over 20%, thus complying with the requirement provided for in article 95 of the Portuguese Companies Code.

- 2) That this resolution be adjusted within the framework of a possible non-approval and/or non-implementation, for whatever reason, of the capital increase under the previous item on the agenda, being the share capital reduced from 1,128,856,500 Euros to 395,099,775 Euros, in such case, the reduction being 733,756,725 Euros, for the purpose of releasing excess capital, as follows:

- Creation of free reserves in an amount of 733,756,725 Euros;

That the reduction be effected by means of a reduction in the par value of the shares representing the share capital in the Company to a par value of 35 Euro cents;

As one can see on the balance sheet dated the 31 December 2005, to be approved by this General Meeting of Shareholders under item 2 on the agenda, upon implementation of the proposed capital reduction, the Company's net equity will exceed the new capital by over 20%, thus complying with the requirement provided for in article 95 of the Portuguese Companies Code;

- 3) To approve a possible readjustment of the conversion ratio of the convertible bonds issued by the Company, which issue was approved by a resolution of the General Meeting of Shareholders of the 5 February 2001 and by resolutions of the Board of Directors of the 22 and 29 November 2001, under the terms contained in the conditions for issuance of such bonds, to which this resolution may give rise, to be calculated and implemented by the Board of Directors;
- 4) That, as a result of the proposed capital reduction, paragraphs 1 and 2 of article 4 of the Articles of Association be amended to read as follows:

"Article 4
Share Capital

1. The share capital shall be three hundred ninety-five million, ninety-nine thousand, seven hundred seventy-five Euros, fully paid up.
2. The share capital shall be represented by one thousand one hundred twenty-eight million eight hundred fifty-six thousand five hundred shares with a par value of thirty five Euro cents each, with the following distribution:
 - a) One thousand one hundred twenty-eight million eight hundred fifty-six thousand ordinary shares;
 - b) Five hundred class A shares.
3. [...].
4. [...]."

- 5) That the Board of Directors be authorized to define the timing of implementation of this resolution with the implementation of the resolution under item 8 on the agenda, with the amount of capital resulting from the reduction resolved herein being adjusted in the event the capital reduction by cancellation of own shares resolved under item 8 on the agenda has already been entirely or partially implemented on the date of implementation of this resolution;
- 6) That, should the share capital reduction resolved under item 8 on the agenda be implemented prior to the implementation of this capital reduction, the amount of capital reduction resolved under this item be adjusted in order to assure the compliance, at all times, of the Company with the provisions of article 349 of the Portuguese Companies Code.
- 7) That, in the cases provided for in the foregoing paragraphs, the wording of paragraphs 1 and 2 of article 4 of the Articles of Association be deemed automatically and proportionally adjusted;
- 8) That this resolution be subject to the condition of approval of the amendment to the Articles of Association of paragraph 9 hereof.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 12 ON THE AGENDA:

(To resolve, pursuant to paragraph 4 of article 8 of the Articles of Association, on the parameters applicable in the event of any issuance of bonds convertible into shares that may be resolved upon by the Board of Directors)

Whereas:

- A) The convenience of safeguarding the possibility for the Company to strengthen its shareholders' equity, aiming at sizing the same to adequate levels that enable sustaining the Company's future business plans, which requires resorting to public funds on a diversified and broad funding basis;
- B) The internationalisation and diversification of the Company's funding sources and shareholding base reinforces the stability and autonomy of the Company, the promotion of which is of the utmost corporate interest;
- C) Within this context, it appears convenient to keep options open for a possible new issue, by a wholly owned subsidiary of Portugal Telecom, SGPS, S.A., and possibly with a guarantee or support from the latter, of bonds or other securities to be placed namely with specialised segments of international institutional investors, securities which, under certain conditions, may grant the investors the right of conversion into or exchange for Portugal Telecom, SGPS, S.A.'s ordinary shares (exchangeable securities), thus repeating the experience of two prior issues with considerable international success;
- D) In order to preserve such flexibility, it is important to create the legal mechanisms that will enable such wholly owned subsidiary carrying out such issue of exchangeable securities to have access to such ordinary shares of Portugal Telecom, SGPS, S.A. as may be required to fulfil the exchanges that would take place;
- E) Within the Portuguese legal framework, and as in the two issues of convertible securities previously undertaken by Portugal Telecom International Finance, B.V., the said capacity of the subsidiary issuing exchangeable securities to have access to the ordinary shares, if and when required, in order to fulfil its obligations for an optional exchange by the investors involves a resolution to issue and place at the service of such international issuance an adequate number of Portugal Telecom, SGPS, S.A.'s convertible bonds that may give rise, at such times and quantities as needed, to new shares;
- F) The possibility of implementing said issue also requires, as provided for in the Articles of Association, that the parameters applicable to the issuance of Portugal Telecom, SGPS, S.A.'s convertible bonds supporting the international issuance of exchangeable securities by a

subsidiary be henceforth approved by the General Meeting of shareholders, without prejudice to any possible subsequent readjustments;

- G) Additional flexibility may be assured by means of a resolution conferring to the Board of Directors the power to decide the time of the issuance, in one or more series;
- H) Within the framework of the implementation of Directive 2003/71/EC of the European Parliament and of the Council, of 4 November 2003, on the prospectus to be published when securities are offered to the public or admitted to trading, an amendment to article 359 of the Companies Code in respect of the limit to bond issues is provided for;

We propose that it be resolved:

- 1) To approve the possible issue by Portugal Telecom, SGPS, S.A. of convertible bonds approved by resolution of the Board of Directors, as provided for in the law and in the Articles of Association, and in accordance with the following principal parameters, without prejudice to any adaptation or development as may be resolved by the Board of Directors, namely considering the final characteristics of the issuance of convertible or exchangeable securities that it may support:

a) Amount of

the issue: Up to the maximum aggregate amount of or the currency equivalent of 1,000,000,000 Euros;

b) Interest

rate: To be defined in accordance with the market conditions on the date of the issuance;

c) Repayment: A single final maturity at par, with possibility for a provision for early redemption at the option of the issuer, in particular as from the end of the third year;

d) Conversion

bases: The number of bonds required for conversion of the bonds' nominal amount in cash into one share shall be determined by the conversion price, calculated by adding a conversion premium to the market price on the domestic stock exchange of one share at the time of the issuance;

The anticipated conversion premium, to be adjusted at the time of the issuance in accordance with market conditions, shall not be less than 20% of the trading price considered, which can, namely, be the Euronext Lisbon closing price for the session immediately before the date of issuance (or of the issuance of the first series), subject to anti-dilution clauses customary in the market;

The conversion price initially defined shall prevail during the whole period of the issue, without prejudice to any possible readjustment by application of anti-dilution clauses customary in the market, in situations regulated in the issuance resolution and under the terms or formulas stipulated therein;

e) Potential capital

increase: The maximum number of ordinary shares that can be initially issued in the increase or increases of capital implicit in the resolution of issuance of the convertible bonds may not exceed the equivalent to 10% of Portugal Telecom, SGPS, S.A.'s share capital at the date of the resolution, without prejudice to the possibility of being exceeded at a later time as a result of subsequent readjustments to the conversion price referred to in the foregoing paragraph;

f) Terms of the conversion:

The conversion may be requested daily, as from an initial term stipulated in the resolution of issuance, such periods of time stipulated in the resolution of issue being deemed a "conversion period" in accordance with and for the purposes of subparagraph b), paragraph 1 and subparagraph a), paragraph 3 of article 370 of the Portuguese Companies Code;

g) Class: The conversion or exchange shall be made exclusively with ordinary shares;

h) Issue: In one issuance only or in series, as determined by the Board of Directors;

- 2) To approve forthwith, as a result of the issuance of convertible bonds under the final terms as stipulated, such capital increase or increases as may be required to meet any requests for conversion that may be submitted;
- 3) That the amount of the issuance provided for in paragraph 1 above be deemed automatically reduced to the amount required to, taking into account the share capital amount at the time of implementation of this resolution by virtue of the implementation of the resolutions taken under items 8, 10 and 11 on the agenda, or of only one or some of such resolutions, assure compliance with issuance limits as legally applicable at the time of each issuance;
- 4) This resolution is subject to the condition of the publication and coming into effect of a legal statute developing the legal system of rules provided for under Law no. 11/90 of 5 April 1990.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS (ADDENDUM)

ITEM 12 ON THE AGENDA:

(To resolve, pursuant to paragraph 4 of article 8 of the Articles of Association, on the parameters applicable in the event of any issuance of bonds convertible into shares that may be resolved upon by the Board of Directors)

Considering:

- A) The initial proposal submitted by the Board of Directors under this item on the agenda;
- B) That, considering the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, it is convenient to clarify that the implementation of this proposal shall be suspended during said offer period.

We propose that the initial proposal submitted by the Board of Directors under this item on the agenda be considered with a paragraph 5:

- 5) That the possibility of implementing the resolution as proposed above be suspended during the period (i.e., until the settlement of the offer or its termination) of the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, or of any other tender offer qualified as a competing offer, which preliminary announcement has been or will be published.

Lisbon, 5 April 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 13 ON THE AGENDA:

(To resolution on the suppression of the pre-emptive right of shareholders in the subscription of any issuance of convertible bonds as referred to in item 12 hereof as may be resolved upon by the Board of Directors)

Whereas:

- A) The resolution taken by this General Meeting, within the context of item 12 on the agenda on the approval of parameters for the issuance of convertible bonds to be resolved by the Board of Directors;
- B) The content of the explanatory report produced by the Board of Directors pursuant to subparagraph c), paragraph 2 of article 366, paragraph 2 of article 367 and article 460 of the Portuguese Companies Code;

We propose that it be resolved:

- 1) That, bearing in mind that any issuance of convertible bonds as may be resolved by the Board of Directors, which parameters and implicit share capital increase have been approved within the framework of item 12 on this General Meeting's agenda, is intended to support the issuance to be made by a wholly owned subsidiary of Portugal Telecom, SGPS, S.A. as provided therein, the shareholders' pre-emptive right in the subscription for such possible issuance of convertible bonds be suppressed;
- 2) That, therefore, such possible issuance be intended for subscription in its entirety by a wholly owned subsidiary of Portugal Telecom, SGPS, S.A. that will effect, in the international market, an issuance of securities convertible into or exchangeable for ordinary shares of Portugal Telecom, SGPS, S.A., in particular the company Portugal Telecom International Finance, B.V., or another company wholly owned, directly or indirectly, by Portugal Telecom, SGPS, S.A., either existing or to be incorporated, or by a financial institution undertaking to place said convertible bonds in connection with the fulfilment of requests for conversion or exchange arising from such issuance.

Lisbon, 6 March 2006

The Board of Directors

GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

REPORT IN RESPECT OF ARTICLES 366-2(C), 367 AND 460-5 OF THE PORTUGUESE COMPANIES CODE

I

EXPLANATION OF THE PROPOSAL FOR SUPPRESSION OF THE PRE-EMPTIVE RIGHT

The Company considers a possible issue, by a wholly owned subsidiary of Portugal Telecom, SGPS, S.A., and with a guarantee by the latter, of bonds conferring under certain conditions to investors the right of exchange for ordinary shares in Portugal Telecom, SGPS, S.A.

In this way, in order to guarantee the viability of the issuance and to support the same, we hereby submit to the appraisal and approval of the General Meeting of Shareholders of Portugal Telecom, SGPS, S.A. a proposal concerning the possible issuance, by a wholly owned subsidiary of Portugal Telecom, SGPS, S.A., and with a guarantee from the latter, of bonds or other securities to be placed namely with specialised segments of international institutional investors, securities which under certain conditions may grant to the investors the right of conversion or exchange for Portugal Telecom, SGPS, S.A.'s ordinary shares (exchangeable securities).

In the form proposed by the Board of Directors – a proposal that, together with this report, is available to the shareholders within the legal period preceding the date of the General Meeting of shareholders and is deemed as reproduced herein – the convertible bond issue will imply a necessary suppression of the pre-emptive right of the shareholders relying on reasons of corporate interest that seem to unequivocally justify and advise the adoption of the same.

Multiple reasons caused the selection – and proposal to the shareholders as regards the exclusion of their pre-emptive right – of this particular form of fund raising, should the need for such fund raising be justified, the form of which obviously implies in itself that it be entirely directed outside the circle of existing shareholders.

Firstly, it is important to take into account that the expansion of shareholders' equity in Portugal Telecom, SGPS, S.A. that may prove to be necessary or convenient as a function of the Company's business plans, which is aimed at a magnitude of shareholders' equity adequate to permit support of the same, has required, and will continue to require, that we appeal for funds from the public that, given the continuous increase in the size of this institution, demands an increasingly wider and diversified fundraising basis.

In this way, in view of the current situation and absorption capacity of the domestic capital markets, in particular the convertible securities investors' market, it now becomes imperative to evaluate the

placement, namely in the international market with specialist segments of institutional investors, of securities issuances having the size of this one, with characteristics that, without excessive limitations by rigid factors associated with the internal markets, may be adjusted to those of the financial products usually accepted by those markets.

Furthermore, the public raising of significant funds in the foreign markets always results in a further spreading of the image of the issuer and its visibility in the financial community and international markets (notably by way of the qualified research it originates, and of the means used for the promotion of the issuance), thus reinforcing its international prestige and credibility and its negotiation capacity as a participant in such international markets.

Thirdly, taking into account the actual conversion that will be made, it should be stressed that the continuation of the internationalisation and diversification of Portugal Telecom, SGPS, S.A.'s shareholder basis is a favourable element in the reinforcement of the stability and autonomy that it is of the utmost corporate interest to develop – and to this the issuance subject to authorization strongly contributes – both as to the geographical dispersion and as to the diversification of the type of investors, thus creating and reinforcing an additional market capable of increasing the liquidity of the securities and constituting an added space to resort to in future funding needs.

II

FORM OF ALLOCATION AND RELEASE CONDITIONS OF CONVERTIBLE BONDS

The convertible bonds to be issued shall be entirely intended for initial subscription by a subsidiary of Portugal Telecom, SGPS, S.A., namely Portugal Telecom Internacional Finance B.V. or another company already incorporated or to be incorporated (or by a financial institution, namely acting under instructions of such company as issue agent), which will promote in the international market an issuance of securities exchangeable for ordinary shares of Portugal Telecom, SGPS, S.A.

All the bonds making up the issue will be entirely released at the time of the subscription.

III

ISSUE PRICE AND CRITERIA FOR ITS DETERMINATION

The issue price of the convertible bonds shall be equal to their nominal value, i.e. the bond will be issued at par, in the nominal value of 5,000 Euros each or otherwise as established under the final conditions of the issue, in such a way as to adjust it to the final value at the international issuance it aims to support.

As to the bases of any conversion into shares of the bonds issued, it is important, first and foremost, to bear in mind that, given the characteristics and purposes of the transaction, these are not conversion bases with an external range, i.e. addressed to the market, but instrumental conversion bases, i.e. merely addressed to providing the subsidiary issuing the exchangeable securities on the market the access to the necessary shares. However, although the conversion price in question merely defines the internal relationship between both issuances, it is convenient for this issuance to mirror as much as possible (with subsequent adjustment if necessary) the final conditions of the issuance that will be placed in the market by Portugal Telecom, SGPS, S.A.'s subsidiary.

In this way, with this instrumental nature – and possibly even in anticipation of the final conditions of the issuance to be placed in the market – and as set out on the proposal submitted to the General Meeting of shareholders, the number of bonds required for conversion into one share will be determined by the “conversion price”, calculated by adding a “conversion premium” to the market price in the domestic stock exchanges of one share in Portugal Telecom, S.G.P.S., S.A., at the time of issuance.

The "issue premium" will correspond to an interval determined by market conditions, but in any event it is not expected to be less than 20% of the value of the relevant trading price.

The "conversion price" as thus initially defined will prevail during the whole period of life of the issuance, without prejudice to any possible automatic readjustment in certain instances to be regulated under the issue conditions (e.g. structural changes to the issuers), and according to the formulas stipulated therein.

In any case, the amount of the increase in the initial implied capital cannot exceed an amount equivalent to 10 % of the share capital in Portugal Telecom, SGPS, S.A. on the date of the resolution, without prejudice to the possibility of it being subsequently exceeded as a result of later conversion price readjustments as referred to in the foregoing paragraph.

Lisbon, 6 March 2006

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 14 ON THE AGENDA:

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

Whereas:

The provisions of paragraph 3 of article 8 of the Articles of Association and the possible investment requirements of the Company, as well as a desirable flexibility in the Company's management until the next Annual General Meeting of Shareholders;

We propose that it be resolved:

To fix at 2,000,000,000 Euros, or its equivalent in another currency or currencies at the date of issue, the amount provided in paragraph 3 of article 8 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, 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. shares, and bonds or other securities conferring a right to subscribe for shares of Portugal Telecom, SGPS, S.A., as to which, even where 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 paragraph 4 of article 8 of the Articles of Association being 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 effected, 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, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS (ADDENDUM)

ITEM 14 ON THE AGENDA:

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

Considering:

- A) The initial proposal submitted by the Board of Directors under this item on the agenda;
- B) That, considering the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, it is convenient to clarify that the implementation of this proposal, in what concerns the issuance of securities convertible into shares or granting the right to subscribe for shares of the Company, shall be suspended during said offer period.

We propose that the initial proposal submitted by the Board of Directors under this item on the agenda be considered with an additional paragraph:

That the possibility of implementing the resolution as proposed above, in what concerns the issuance of securities convertible into shares or granting the right to subscribe for shares of the Company, be suspended during the period (i.e., until the settlement of the offer or its termination) of the tender offer for the acquisition of all shares representing the Company's share capital, of which a preliminary launch announcement was published on 6 February 2006 by the companies Sonae, SGPS, S.A. and Sonaecom, SGPS, S.A., as amended on 8 February 2006, or of any other tender offer qualified as a competing offer, which preliminary announcement has been or will be published.

Lisbon, 5 April 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 15 ON THE AGENDA:

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

- A) It is convenient to the Company and its dependent companies to be able to use, in accordance with the law and current practice applicable to each company, the possibilities inherent in transactions in own bonds;
- B) Bearing in mind the characteristics of the bonds that can be issued by the Company, including in connection with the issuance of convertible or exchangeable securities made by the Company or any of its dependent companies;

We propose that it be resolved:

- 1) To approve, in any case where approval is legally required and subject to a resolution of the management body, the acquisition of own bonds, already issued or to be issued, in any form, under the following terms:
 - a) **Maximum number of bonds to be acquired:** a number corresponding to the total of each issue, without prejudice to the limits stipulated by law, and deducting any disposals made;
 - b) **Term during which the acquisition may be made:** eighteen months beginning on the date of this resolution;
 - c) **Forms of acquisition:** acquisition, in any form, namely original acquisition or derivative acquisition for consideration on a stock exchange in which the securities are listed or acquisition over the counter, whether or not made through financial intermediaries, besides the cases of conversion in the case of convertible bonds, and which may be followed by cancellation;
 - d) **Minimum and maximum consideration for the acquisitions:** the consideration in derivative acquisitions should be within an interval of fifteen percent less than the lowest trading price and fifteen percent higher than the average trading price of the bonds to be acquired on the stock exchanges where the acquisition is made during the 5 exchange sessions immediately preceding this one;

In case of an issuance not listed on a domestic exchange and placed in the international market, that interval shall be with reference to the average purchase and sale price quoted in the AIBD's (*Association of International Bond Dealers*) Bond Book in the week prior to the acquisition, regardless of whether the bonds are listed on a foreign exchange or not;

In case of an issue neither listed nor referenced in said Bond Book, that interval shall be with reference 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 the conditions of issuance of other securities, or of a contract related to such issuance, the price shall be that arising from the terms of such issuance or contract;

- e) **Time of acquisition:** to be determined by the management body, having regard to the situation of the market and the convenience or obligations arising from the law, contract or issuance of other securities leading to the acquisition, and to be effected one or more times and in such proportions as the management body may determine;
- 2) To approve, other than in the cases of conversion or redemption and subject to the specific authority of the management body, the disposal of own bonds including those that may have been acquired, subject to resolution of the management body and under the following terms:
- a) **Minimum number of bonds to be disposed of:** the number corresponding to the minimum block which at the time of disposal is legally stipulated for the bonds of the Company, or such lesser quantity as may be sufficient to fulfil any obligation undertaken by virtue of the law, a contract or the issuance of other securities;
 - b) **Term during which the disposal may take place:** eighteen months beginning on the date of this resolution;
 - c) **Form of disposal:** disposal for consideration in any form, namely sale or exchange, to be made on a stock exchange or over the counter in favour of certain entities designated by the management body (in observance, in the case of bonds convertible into shares, of the principle of equality of shareholders as provided by law) or, in case of a disposal in connection with or for implementation of a stock option programme or fulfilment of obligations undertaken arising from the law, the issuance of other securities or a contract, including a contract related to the issuance of convertible or exchangeable securities or to the conversion thereof, according to the relevant terms and conditions;
 - d) **Minimum price:** no more than fifteen percent below the prices stated in paragraph 1(d) of this resolution, as applicable, or such other price as may be stipulated in accordance with the terms and conditions of a stock option programme or issuance of other securities, including convertible securities, or of a contract related to such programme, issuance or conversion, where the disposal is made in connection or in compliance with the respective terms;
 - e) **Time of disposal:** to be determined by the management body, taking into account the market conditions and the convenience or obligations undertaken, and to be made in one or more times and in such proportions as the management body may stipulate.

Lisbon, 6 March 2006

The Board of Directors

ANNUAL GENERAL MEETING OF SHAREHOLDERS

PORTUGAL TELECOM, SGPS, S.A.

21 April 2006

PROPOSAL OF SHAREHOLDERS

ITEM 16 ON THE AGENDA:

(To resolve on the election of the corporate bodies for the 2006/2008 3 year period)

Whereas the term of office of the current corporate bodies ended, new corporate bodies shall be elected, as we hereby propose that it be resolved:

Shareholders Meeting Board

Chairman: - António Manuel da Rocha e Menezes Cordeiro
Vice-Chairman: - Jorge Luís Seromenho Gomes de Abreu
Secretary: - Luís Manuel da Costa de Sousa de Macedo

Board of Directors

Chairman: - Henrique Manuel Fusco Granadeiro
Directors: - Zeinal Abedin Mahomed Bava
- Rodrigo Jorge de Armindo Costa
- Luís Miguel da Fonseca Pacheco de Melo
- João Pedro Amadeu Baptista
- António Aleixo Claudino Caria
- Rui Pedro Barroso Soares
- Franquelim Garcia Alves
- António Pedro de Carvalho Viana Baptista
- Fernando Henrique Viana Soares Carneiro
- Henrique José Monteiro Chaves
- Luís Filipe Rolim de Azevedo Coutinho
- João Manuel de Mello Franco
- Joaquim Aníbal Brito Freixial de Goes
- Fernando Abril-Martorell Hernandez
- Gerald Stephen McGowan
- Amílcar Carlos Ferreira de Morais Pires
- Francisco Teixeira Pereira Soares
- Jorge Humberto Correia Tomé
- Armando António Martins Vara
- Thomaz de Mello Paes de Vasconcellos

Audit Board

Chairmant:

- Pedro João Reis de Matos Silva

Members:

- Gonçalo Vaz Botelho

- Ascensão, Gomes, Cruz & Associados, Sociedade de Revisores Oficiais de Contas, represented by Mário João de Matos Gomes

Deputy Member:

- José Vieira dos Reis

Compensation Committee

Chairman:

- António Manuel da Rocha e Menezes Cordeiro

- Manuel Alves Monteiro

- João Manuel de Mello Franco

Lisbon, 13 March 2006

The Shareholders,