

## **PORTUGAL TELECOM, SGPS S.A.**

Open Company  
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisboa  
Share Capital: Euro 26,895,375  
Registration with the Commercial Registry of Lisbon and  
Corporation no. 503 215 058

### **NOTICE**

In accordance with article 23-A, paragraph 1, of the Portuguese Securities Code and article 375 of the Portuguese Companies Code and pursuant to article 21-B of the Portuguese Securities Code, I hereby call a General Meeting of the Shareholders of Portugal Telecom, SGPS S.A.

The meeting will be held at the Company's registered office, located at Avenida Fontes Pereira de Melo, 40, in Lisbon, on 26 July 2011, from 3:00 p.m.

The agenda will be as follows:

### **AGENDA**

**Sole Point:** To resolve on the amendment of the following articles of Portugal Telecom, SGPS S.A.'s Bylaws: Article Fifth, by amending paragraph 1 and revoking paragraph 2; Article Fourteenth, by revoking paragraph 2; Article Nineteenth, by revoking paragraph 2 and consequently renumbering paragraph 3; Article Twenty-First, by amending paragraphs 3 and 5; Article Thirty-Two, by revoking paragraph 2 and consequently renumbering paragraph 3; Article Thirty-Fifth.

In the event that the General Meeting is unable to resolve on the sole point on the agenda due to a lack of required share capital representation, I hereby call the Shareholders to meet pursuant to a second call on 11 August 2011, at 3:00 p.m., at the Company's registered office, with the same agenda.

### **Preparatory Information to the General Meeting**

On the date of disclosure of this Notice, the proposal to be submitted to the General Meeting by the Shareholders the Portuguese State, through the General-Directorate of Treasury and Finance ("*Direcção-Geral do Tesouro e Finanças*"), Caixa Geral de Depósitos, SA and Parública – Participações Públicas SGPS, SA, as well as the other preparatory information, will be made available to the Shareholders at the Company's registered office and on its website [www.telecom.pt](http://www.telecom.pt).

### **Participation and Exercise of Voting Rights**

Article 13 of the Bylaws of Portugal Telecom, SGPS S.A., on the participation in and exercise of voting rights at a General Meeting of Shareholders, is transcribed 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 shall be entitled to participate in and cast their vote at the General Meeting of Shareholders if on record date, i.e. 0 hours (GMT) of the 5<sup>th</sup> trading day preceding the day on which the general meeting is held, they are the owners of shares granting them one vote at least.*
- 3. The exercise of participation and voting rights at the General Meeting of Shareholders does not depend on the blocking of the shares between the record date and the date of the General Meeting of Shareholders.*
- 4. The Chairman of the General Meeting of Shareholders shall define on the notice all procedures, and periods for compliance, that must be followed by the shareholders and by the financial intermediaries with whom the shareholders may have opened an individual securities account for purposes of shareholder participation in the General Meeting of Shareholders.*
- 5. To each 500 shares shall correspond one vote, and shareholders having less than such number of shares may form a group so that, jointly and arranging to be represented by one of the group's members, they make up the number of shares required to exercise voting rights.*
- 6. The exercise of voting rights by correspondence or electronic means may cover all matters included in the notice, under the terms and conditions therein established.*
- 7. The terms and conditions for the exercise of vote by correspondence or by electronic means shall be established by the Chairman of the Board of the General Meeting in the respective call, so as to ensure its authenticity, regularity, safety, trustfulness and confidentiality until the voting takes place. In either case, the Chairman of Board of the General Meeting shall receive a communication made by the relevant shareholder, together with simple signature accompanied with a photocopy of the shareholder's identity card or, in the case of corporations, together with a legally acknowledged signature. In order to ensure confidentiality, these documents shall be addressed to the Chairman of the Board of the General Meeting in a closed envelope, which shall only be opened at the counting of the votes.*
- 8. Votes cast by correspondence or by electronic means shall be considered as votes against the resolution proposals presented after such votes are cast.*
- 9. The attendance to the General Meeting of a shareholder who has exercised his/her voting rights by correspondence or by electronic means, or the attendance of his/her representative, shall cause the revocation of the vote cast by those means.*
- 10. Votes cast by a holder of ordinary shares, on his own account or through a representative, in his own name or as the representative of another shareholder, when exceeding ten per cent of the company's total voting stock, shall not be counted.*
- 11. For the 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.*
- 12. The limit set out in number ten above shall apply to all resolutions, including those requiring a qualified majority.*

13. *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.*

14. *The limitations set forth in the foregoing numbers shall apply to any usufructuaries and pledgees of shares.*

15. *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 number, and the entity in whose name the underlying shares are registered shall be deemed to be a mere representative.*

16. *By virtue of the foregoing number:*

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

*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 number eleven shall be considered, and each such owner shall be subject to the provisions of article twelve.*

17. *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.*

18. *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."*

The amendments introduced by Decree-Law no. 49/2010, of 19 May 2010, in the Portuguese Securities Code should be taken into account. Thus, in accordance with the new article 23-C of the said Code, only Shareholders who, at 00:00 a.m. (GMT) on the 19<sup>th</sup> July 2011 ("Record Date"), hold shares attributing them at least one vote shall be entitled to participate in and vote at the General Meeting.

The right to participate and to vote at the General Meeting does not depend on any blocking of shares between the Record Date and the date of the General Meeting.

Shareholders intending to take part in the General Meeting shall declare such intent to the Chairman of the Board of the General Meeting (\*) and to the financial intermediary(-ies) with whom they have opened an individual securities account by no later than 00:00 a.m. (GMT) on the 19<sup>th</sup> July 2011. For such purpose, Shareholders may use the declaration forms made available to them at the Company's registered office and on its website [www.telecom.pt](http://www.telecom.pt) as from the publication of this Notice.

The declaration to the Chairman of the Board of the General Meeting referred to in the previous paragraph may be transmitted by e-mail to the address: [assembleia-ptsgps@telecom.pt](mailto:assembleia-ptsgps@telecom.pt).

Financial intermediaries who are informed of the intent of their clients to take part in the General Meeting shall send to the Chairman of the Board (\*), by 00:00 a.m. (GMT) on the 20<sup>th</sup> July 2011, the information on the number of shares registered in the name of each client (in accordance with article 74 of the Portuguese Securities Code) as of the Record Date ("Declaration of the Financial

Intermediary”), and for such purpose they may use the e-mail address [assembleia-ptsgps@telecom.pt](mailto:assembleia-ptsgps@telecom.pt).

Shareholders are admitted to participate and vote only if the Declarations of their Financial Intermediaries have been received by the Chairman of the Board of the General Meeting by 00:00 a.m. (GMT) on the 20<sup>th</sup> July 2011.

Any Shareholder who, as a professional, holds shares in his own name but on behalf of his clients (“Professional Shareholder”) may vote in different directions with his shares, provided that, in addition to the participation declaration and to his financial intermediary sending all information as referred to above, he submits to the Chairman of the Board of the General Meeting, by 00:00 a.m. (GMT) on the 19<sup>th</sup> July 2011, by using any sufficient and proportional means of proof: (i) the identification of each client and the number of shares entitled to vote on such client’s behalf, and (ii) the voting instructions given by each relevant client specifically for each item on the agenda. For these purposes, it is considered a “sufficient and proportional mean of proof” a statement of responsibility sent by the professional shareholder confirming that he has received from his clients voting instructions to each item on the agenda and indicating the other information referred to in (i) and (ii) above.

Professional Shareholders are admitted to participate and vote only if: (i) the information mentioned in the preceding paragraph has been received by the Chairman of the Board of the General Meeting by 00:00 a.m. (GMT) on the 19<sup>th</sup> July 2011, and (ii) the Declarations of their Financial Intermediaries have been received by the Chairman of the Board of the General Meeting by 00:00 a.m. (GMT) on the 20<sup>th</sup> July 2011.

Shareholders having declared their intent to take part in the General Meeting as abovementioned who transfer any shares between the Record Date and the closure of the General Meeting shall immediately give notice thereof to the Chairman of the Board of the General Meeting and the Portuguese Securities Commission.

## **Shareholder Rights**

### *(i) Right to information at a General Meeting of Shareholders*

Shareholders may, in the course of a General Meeting, request for true, detailed and clear information so as to permit them to form a grounded opinion on the matters submitted to resolution.

Any information requested is given by the corporate body qualified therefor, but shall be withheld in the event its disclosure might cause serious harm to the Company, or to a related company, or a violation of secrecy as imposed by law.

### *(ii) Right to apply for insertion of items on the agenda*

Shareholders who, individually or jointly with another Shareholders, hold shares corresponding to at least 2% of the Company’s share capital, are entitled to apply for insertion of items on the agenda, by means of written application addressed to the Chairman of the Board of the General Meeting (\*).

The said application, which shall be duly grounded, shall be submitted in the 5 days following the date of the publication of this Notice and accompanied by a resolution proposal for each requested item, as well as by proof of ownership of the required share capital.

*(iii) Right to submit resolution proposals*

Shareholders who, individually or jointly with another Shareholders, hold shares corresponding to at least 2% of the Company's share capital, are entitled to apply for insertion of resolution proposals on the items mentioned on or added to the agenda.

For such purpose, Shareholders shall address a duly grounded written application to the Chairman of the Board of the General Meeting, together with any information accompanying such proposal and proof of ownership of the required share capital, in the 5 days following the date of the publication of this Notice.

### **Representation of Shareholders**

Shareholders may arrange to be represented at the 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 Board of the General Meeting of Shareholders is sufficient.

For such purpose, Shareholders may access the form available at the registered office and on the website [www.telecom.pt](http://www.telecom.pt), as from the publication of this Notice.

Any Shareholder may appoint different representatives as to shares held in different securities accounts.

The letters of representation of Shareholders as referred to in the foregoing paragraphs, as well as the letters of Shareholders who are corporations conveying the name of the person who represents them and the instruments of shareholder groupings, shall be addressed to the Chairman of the Board of the General Meeting (\*) so that they are received no later than 00:00 a.m. (GMT) on the 19<sup>th</sup> July 2011.

### **Voting by correspondence**

Shareholders with voting rights as referred to above may exercise such rights by correspondence, provided that, no later than 5:00 p.m. (GMT) on the 11<sup>th</sup> July 2011, the Chairman of the Board of the General Meeting (\*) receives a communication, with a certified signature confirming that the signing person has powers to bind the relevant company 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. Shareholders must send to the Chairman of the Board of the General Meeting (\*) a closed envelope containing another envelope with the duly completed voting papers, such that the Chairman receives it no later than 5:00 p.m. (GMT) on the 21<sup>st</sup> July 2011.

As an alternative, Shareholders may also download the voting papers from the website [www.telecom.pt](http://www.telecom.pt), (such papers being available thereon as from publication of this Notice), and send the same to the Company, addressed to the Chairman of the Board of the General Meeting of Shareholders (\*), duly completed and in a closed envelope, so that they are received, together with an envelope containing the declaration with a signature certified so as to confirm that the signing person has powers to bind the relevant company or, in the case of individuals, with a simple signature accompanied by a photocopy of the relevant identity card, no later than 5:00 p.m. (GMT) on the 21<sup>st</sup> July 2011.

The votes of Shareholders cast by correspondence are considered only if the Declaration of the Financial Intermediary in respect of their shares has been received by the Chairman of the Board of the General Meeting by 00:00 a.m. (GMT) on the 20<sup>th</sup> July 2011.

### **Voting by electronic means**

Shareholders with voting rights may also vote through the website [www.telecom.pt](http://www.telecom.pt), in accordance with the requirements established thereon, provided that, no later than 5:00 p.m. (GMT) on the 11<sup>th</sup> July 2011, the Chairman of the Board of the General Meeting (\*) receives a communication, prepared in accordance with the form made available on that same website, with a signature certified so as to confirm that the signing person has powers to bind the relevant company 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 mailing address to which the Shareholder wishes that the password to be made available by the Company for such purpose to be sent.

Such Shareholders may cast their votes between 00:00 a.m. (GMT) on the 15<sup>th</sup> July 2011 and 5:00 p.m. (GMT) on the 22<sup>nd</sup> July 2011.

The votes of Shareholders cast by electronic means are considered only if the Declaration of the Financial Intermediary in respect of their shares has been received by the Chairman of the Board of the General Meeting by 00:00 a.m. (GMT) on the 20<sup>th</sup> July 2011.

### **Counting of votes**

Votes cast either by correspondence or by electronic means are 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.

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(\*) Chairman of the Board 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: + 351 215 001 890  
E-mail: assembleia-ptsgps@telecom.pt

Lisbon, 1 July 2011

The Chairman of the Board of the General Meeting of Shareholders

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*António Manuel da Rocha e Menezes Cordeiro*