

English version of the Portuguese original. In the event of any discrepancy, the Portuguese version prevails.

NOS, SGPS, S.A.

(Public Company)

**Registered Offices: Rua Actor António Silva no. 9 – Campo Grande, parish of Lumiar,
1600-404 Lisbon**

**Registration number before the Companies Registry Office of Lisbon and
Taxpayer number 504.453.513
Share Capital: EUR 5,151,613.80**

(“NOS” or “Company”)

Annual General Meeting of 10 May 2018

BOARD OF DIRECTORS’ PROPOSAL

ITEM 2 OF THE AGENDA

(To resolve on the proposal for application and distribution of profits)

Whereas:

The net profit of the financial year ended 31 December 2017 in individual accounts was EUR 96,556,031.78, such amount arises from the fact that, under the applicable accounting rules, the Company has acknowledged in the financial year accounts, the amount of EUR 1,130,546 as allocated to the Directors’ profits sharing as per article 14(3) of the Company’s Articles of Association;

It is proposed to be resolved:

1. Given NOS current financial and equity situation, that all the net profit that may be distributed under articles 32 and 33 of the Portuguese Companies Code, in the sum of EUR 96,556,031.78, is paid to the shareholders, plus EUR 7,420,945.07 Retained Earnings and 50,571,437.15 of Free Reserves, which represent a total pay-out in ordinary dividends for 2017 of EUR 154,548,414.00 (equivalent to EUR 0.30 per share given the number of shares that have been issued);
2. As it is not possible to exactly determine how many own shares will be held at the above mentioned payment date, the total amount of EUR 154,548,414.00 provided in the previous paragraph, calculated using the unit amount per

English version of the Portuguese original. In the event of any discrepancy, the Portuguese version prevails.

issued share (in this case, EUR 0.30 per share), shall be distributed as dividends as follows:

- a) The unit amount of EUR 0.30 shall be paid to each share, as stated in this proposal;
 - b) The unit amount corresponding to the shares, which on the first day of the payment period mentioned above belong to the Company itself, are not paid out, being rather transferred to Free Reserves.
3. Under article 14(3) of the Company's Articles of Association and as profit sharing in the Company, it is proposed to resolve on the allocation of the amount of EUR 1,130,546 to the Directors, under the criterion established by the Board of Directors.

Lisbon, 9 March 2018

The Board of Directors