

*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 19 June 2020**

## **BOARD OF DIRECTORS' PROPOSAL**

### **ITEM 2 OF THE AGENDA**

*(To resolve on the proposal for application and distribution of profits relating to the financial year of 2019, according with article 376(1)(b) of Portuguese Companies Code)*

Whereas:

The net profit of the financial year ended 31 December 2019 in individual accounts was EUR 297,101,343.50, 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 1,285,032.00 as allocated to the Executive 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 of the net profit that may be distributed under articles 32 and 33 of the Portuguese Companies Code, in the sum of EUR 297,101,343.50, EUR 143,214.,863.64 shall be paid to the shareholders as dividends for the 2018 financial year which represents a total pay-out in ordinary dividends for 2018 (equivalent to EUR 0.278 per share given the total number of shares issued), and the amount of EUR 153,886,479.86 transferred to Free Reserves;

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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 143,214,863.64 provided in the previous paragraph, calculated using the unit amount per issued share (in this case, EUR 0.278 per share), shall be distributed as dividends as follows:
  - a) The unit amount of EUR 0.278 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 consist of Company's own shares, are not paid out, being rather transferred to Free Reserves.
3. Under article 14(3) of the Company's Articles of Association and as participation in the Company's profits, it is proposed to resolve on the allocation of the amount of EUR 1,285,032.00 to the Executive Directors, under the criterion established by the Board of Directors.

Lisbon, 20 February 2020

The Board of Directors