



Announcement | Lisbon | 07 March 2014

Qualified holding and long position – Morgan Stanley

Portugal Telecom, SGPS S.A. ("PT") hereby informs that it was notified of the following regarding a qualified holding and long position of Morgan Stanley:

A) 2% threshold exceeded (28 February 2014)

This change is due to Morgan Stanley & Co. International plc and Morgan Stanley & Co. LLC increasing borrowed positions by 7,139,878 and 1,000,000 PT ordinary shares, respectively, on 28 February 2014. As a result, Morgan Stanley held a qualified holding and long position corresponding to 2.28% of PT's share capital and corresponding voting rights. Additionally, PT was informed that this holding is as follows:

Holdings in PT ordinary shares:

- > Morgan Stanley & Co. International plc: 13,723,234 ordinary shares representing 1.53% of the share capital and voting rights in PT;
- > Morgan Stanley & Co. LLC: 6,575,294 ordinary shares representing 0.73% of the share capital and voting rights in PT;
- > Morgan Stanley Smith Barney LLC: 83,711 ordinary shares representing 0.01% of the share capital and voting rights in PT.

Holdings in financial instruments:

- > Morgan Stanley & Co. International plc: 39,282 ordinary shares via financial instruments, representing 0.004% of the share capital and voting rights in PT.

B) Position fell below 2% threshold (3 March 2014)

This change is due to Morgan Stanley & Co. International plc decreasing borrowed positions by 2,676,410 PT shares and decreasing a share position by 489,736 PT ordinary shares, on 3 March 2014. As a result, Morgan Stanley now holds a position corresponding to 1.92% of PT's share capital and corresponding voting rights. Additionally, PT was informed that this position is as follows:

Holdings in PT ordinary shares:

- > Morgan Stanley & Co. International plc: 10,557,088 ordinary shares representing 1.18% of the share capital and voting rights in PT;
- > Morgan Stanley & Co. LLC: 6,575,294 ordinary shares representing 0.73% of the share capital and voting rights in PT;
- > Morgan Stanley Smith Barney LLC: 83,711 ordinary shares representing 0.01% of the share capital and voting rights in PT.

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Portugal

Public company
Share capital Euro 26,895,375
Registered in the Commercial
Registry Office of Lisbon
and Corporation no. 503 215 058

Portugal Telecom is listed on the
Euronext and New York Stock
Exchange. Information may be
accessed on the Reuters under the
symbols PTC.LS and PT and on
Bloomberg under the symbol PTC.PL.

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Holdings in financial instruments:

- > Morgan Stanley & Co. International plc: 39,282 ordinary shares via financial instruments, representing 0.004% of the share capital and voting rights in PT.

PT was further informed that the parent company Morgan Stanley controls Morgan Stanley & Co. International plc, Morgan Stanley & Co. LLC and Morgan Stanley Smith Barney LLC, through the following chains of companies:

- > Morgan Stanley & Co. International plc: Morgan Stanley International Holding Inc., Morgan Stanley International Limited, Morgan Stanley Group (Europe), Morgan Stanley UK Group and Morgan Stanley Investments (UK);
- > Morgan Stanley & Co. LLC: Morgan Stanley Capital Management LLC and Morgan Stanley Domestic Holdings Inc;
- > Morgan Stanley Smith Barney LLC: Morgan Stanley Capital Management LLC, Morgan Stanley Domestic Holdings Inc and Morgan Stanley Smith Barney Holdings LLC.

This statement is pursuant to the terms and for the purposes of articles 17 of the Portuguese Securities Code and 2 and 2-A of the Portuguese Securities Commission Regulation no. 5/2008, following communications received from Morgan Stanley & Co. International plc, with registered office at 25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom.