



Announcement | Lisbon | 31 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 (21 March 2014)**

This change was due to the acquisition on 21 March 2014 by Morgan Stanley & Co. International plc of 2,029,525 PT ordinary shares. As a result, Morgan Stanley held a qualified holding and a long position corresponding to 2.08% of PT’s share capital and corresponding voting rights.

Additionally, PT was informed that these qualified holding and long position were held as follows:

#### **Holdings in PT ordinary shares:**

- > Morgan Stanley & Co. International plc: 8,543,536 ordinary shares representing 0.95% of the share capital and voting rights in PT;
- > Morgan Stanley & Co. LLC: 9,942,878 ordinary shares representing 1.11% of the share capital and voting rights in PT;
- > Morgan Stanley Smith Barney LLC: 88,444 ordinary shares representing 0.01% of the share capital and voting rights in PT.

#### **Holdings in financial instruments:**

- > Morgan Stanley & Co. International plc: 50,505 ordinary shares via financial instruments, representing 0.01% of the share capital and voting rights in PT.

### **B) Position fell below 2% threshold (24 March 2014)**

This change is due to Morgan Stanley & Co. International plc returning, on 24 March 2014, borrowed positions in the amount of 2,156,554 PT shares. As a result, Morgan Stanley now holds a position corresponding to 1.83% 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: 6,270,016 ordinary shares representing 0.70% of the share capital and voting rights in PT;
- > Morgan Stanley & Co. LLC: 10,022,278 ordinary shares representing 1.12% of the share capital and voting rights in PT;

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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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- > Morgan Stanley Smith Barney LLC: 88,444 ordinary shares representing 0.01% of the share capital and voting rights in PT.

**Holdings in financial instruments:**

- > Morgan Stanley & Co. International plc: 50,505 ordinary shares via financial instruments, representing 0.01% 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 Holdings 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.