



Announcement | Lisbon | 14 November 2014

Qualified holding – Morgan Stanley

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

A) 2% threshold exceeded (5 November 2014)

This change was due to the acquisition, on 5 November 2014, of 1,082,075 PT SGPS ordinary shares, the majority of which was executed on the Euronext Lisbon regulated market, and the remainder part was executed through OTC transactions, and to the increasing of borrowed positions in the amount of 1,453,811 PT SGPS ordinary shares. All these transactions were executed by Morgan Stanley & Co. International plc. As a result, Morgan Stanley held a qualified holding corresponding to 19,148,846 ordinary shares representing 2.14% of PT SGPS' share capital and corresponding voting rights.

Additionally, PT SGPS was informed that this qualified holding was held as follows:

- > Morgan Stanley & Co. International plc: 14,759,449 ordinary shares representing 1.65% of the share capital and voting rights in PT SGPS;
- > Morgan Stanley & Co. LLC: 4,241,792 ordinary shares representing 0.47% of the share capital and voting rights in PT SGPS;
- > Morgan Stanley Smith Barney LLC: 147,605 ordinary shares representing 0.02% of the share capital and voting rights in PT SGPS.

B) Position fell below 2% threshold (7 November 2014)

This change was due to Morgan Stanley & Co. International plc decreasing, on 7 November 2014, borrowed positions in the amount of 291,782 PT SGPS ordinary shares. As a result, Morgan Stanley now holds a holding corresponding to 17,913,568 ordinary shares representing 1.998% of PT SGPS' share capital and corresponding voting rights.

Additionally, PT SGPS was informed that this holding is held as follows:

- > Morgan Stanley & Co. International plc: 13,526,071 ordinary shares representing 1.509% of the share capital and voting rights in PT SGPS;
- > Morgan Stanley & Co. LLC: 4,241,792 ordinary shares representing 0.473% of the share capital and voting rights in PT SGPS;
- > Morgan Stanley Smith Barney LLC: 145,705 ordinary shares representing 0.016% of the share capital and voting rights in PT SGPS.

PT SGPS 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:

Portugal Telecom, SGPS, SA
Avenida Fontes Pereira de Melo, 40
1069-300 Lisbon
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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- > 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 of the Portuguese Securities Commission Regulation no. 5/2008, following communications received from Morgan Stanley & Co. International plc, with office at The Cerium Building, 55 Douglas Street , Glasgow G2 7NP, Scotland.