



Release | Lisbon | 30 June 2010

Additional information on the offer over Brasilcel

On 1 June the Board of Directors of Portugal Telecom met and decided to call an Extraordinary General Meeting ("EGM") of its shareholders with a proposed resolution whether to accept or reject the offer for the acquisition of 50% of Brasilcel for Euro 6.5 billion or any higher price presented by Telefónica any time before the date of the Meeting ("Offer").

On 29 June Telefónica reviewed the Offer and offered a new consideration of Euro 7.15 billion. The reviewed Offer was submitted to the shareholders at the EGM that was held today.

The voting quorum was 62.9% and around 74% of the votes expressed at the EGM were favorable to the acceptance of the Offer. The Portuguese Government, through its Class A shares, voted against the Offer. According to the understanding of the Chairman of the Shareholders Meeting of Portugal Telecom, the resolution could not pass against the vote corresponding to the Class A shares. Therefore, the Offer was deemed as rejected.

The Board of Directors met today to discuss the outcome of the EGM and has considered that there are some legal matters that require clarification and, as a result, will be obtaining legal opinions.

Taking into account that Telefónica extended the term of its current offer revised on 29 June until 16 July, a new meeting of the Board of Directors will be scheduled once the referred legal opinions are obtained.

Telefonica

To the attention of:

Mr. Henrique Granadeiro - Chairman of the Board of Directors of Portugal Telecom, SGPS S.A.

Mr. Zeinal Bava - Chief Executive Officer of Portugal Telecom, SGPS S.A.
The Board of Directors of Portugal Telecom, SGPS, S.A.

Av. Fontes Pereira de Melo, 40
1069-300 Lisbon

June 30, 2010

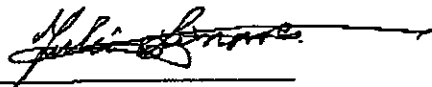
Dear Sirs,

We refer to the binding offer submitted by Telefónica, S.A. ("Telefónica") to Portugal Telecom, SGPS, SA. ("Portugal Telecom") on June 1st, 2010 for the acquisition by Telefónica of fifty percent (50%) of the shares of Brasilcel, N.V. (the "Offer"), as amended by the increase of the Offer communicated to Portugal Telecom on June 29, 2010 (the "Increased Offer").

In relation to the last paragraph of the Increased Offer, Telefónica hereby extends until 23:59h (Lisbon time) on July 16, 2010 the term granted to Portugal Telecom to communicate to Telefónica the acceptance of the Offer (as amended by the Increased Offer) under the terms set forth in such paragraph.

Yours sincerely,

TELEFÓNICA, S.A.

By 
Name: Julio Linares López
Title: Consejero Delegado

Acknowledged and agreed:
PORTUGAL TELECOM, SGPS, SA.

By _____
Name:
Title:
Date: