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Portugal Telecom announces proposal received from Telefónica on Vivo

Portugal Telecom SGPS, SA ("PT") informs that it has received an unsolicited, binding and unconditional offer from Telefonica SA ("Telefonica") to acquire PT's 50% shareholding in Brasilcel, the holding company of Vivo Participações SA ("Vivo"), for € 5.7 billion (the "Offer").

The Offer expires on the 6th of June 2010.

The Board of Directors has met today to review the merits of the Offer.

Vivo is core to PT's strategy and the sale of its stake would be against the long term growth prospects of PT.

The Board of Directors has unanimously rejected the Offer.

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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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