



Announcement | Lisbon | 9 August 2010

Qualified Holding

Portugal Telecom, SGPS S.A. ("PT") informs that TPG-Axon Capital Management, LP (the "Management Company") now holds more than 5% of the voting rights corresponding to the share capital of PT.

Such new holding resulted from the following acquisitions and transfers:

- (i) On 28 July 2010, the following PT ordinary shares were transferred to TPG-Axon (Luxembourg), S.à r.l (the "Luxembourg Company"), through OTC transactions: 25,707,679 PT ordinary shares, by TPG-Axon Partners (Offshore), Ltd (the "Offshore Fund"), and 15,804,911 PT ordinary shares, by TPG-Axon Partners, LP (the "Onshore Fund");
- (ii) On 29 July 2010, the following PT ordinary shares were acquired on regulated market: 2,127,320 PT ordinary shares, by the Offshore Fund, and 1,360,090 PT ordinary shares, by the Onshore Fund;
- (iii) On 30 July 2010, the following PT ordinary shares were transferred to the Luxembourg Company, through OTC transactions: 2,127,320 PT ordinary shares, by the Offshore Fund, and 1,360,090 PT ordinary shares, by the Onshore Fund.

As a result of such transactions, a qualified holding corresponding to 45,000,000 ordinary shares representing 5.02% of the share capital and voting rights in PT is held by the Luxembourg Company. Such qualified holding is attributed to the Management Company, which is (together with the Luxembourg Company) in a control relationship with Mr. Dinakar Sing, an individual resident in New York, New York, United States of America, all as follows.

The Luxembourg Company is managed by the Management Company and TPG-Axon GP, LLC is the general partner of the Management Company. Additionally, the managing member of TPG-Axon GP, LLC is Dinakar Singh LLC, which is held and controlled by Mr. Dinakar Singh.

This statement is pursuant to the terms and for the purposes of article 17 of the Portuguese Securities Code, following a communication received from TPG-Axon Capital Management, LP, with registered office in New York, New York, United States of America.

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.

Nuno Vieira
Investor Relations Director
nuno.t.vieira@telecom.pt
Tel.: +351 21 500 1701
Fax: +351 21 500 0800