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Portugal Telecom informs on the revised proposal received from Telefónica

Portugal Telecom, SGPS SA ("PT") informs that it has received today from Telefónica a revised proposal to acquire PT's 50% shareholding in Brasilcel ("Offer") for Euro 6.5 billion, with two alternatives, one for the immediate sale of its entire stake and another to be executed at PT's sole discretion during a three year period.

Should PT accept the Offer, Telefónica grants PT a call option, to be exercised by PT or by a third party indicated by PT over PT's shares held by Telefónica ("Call Option"). The Call Option can be exercised along the same time period of and concurrently with the Offer at a price equivalent to the weighted average price of PT shares on the Euronext Lisbon for a certain period of time following the date hereof.

The Offer expires on June 30th, 2010. Nevertheless, Telefónica may extend this period should PT's Board of Directors submit the Offer to a Shareholders' Meeting.

The Board of Directors met today and considered the Offer does not reflect the strategic value of this asset for Telefónica and resolved to immediately request a Shareholders' Meeting so that PT's Shareholders may come to a decision on the Offer. In addition, the Board of Directors appointed the Chairman, the Chief Executive Officer and the Chief Financial Officer to discuss the Offer with Telefónica, until the aforementioned Shareholders' Meeting takes place.

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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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