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Portugal Telecom General Shareholders Meeting

The Chairman of the Board of the General Meeting of Portugal Telecom announces that Telefónica offer of Euro 7.15Bn for Portugal Telecom's 50% stake in Brasilcel, NV ("Offer"), was rejected by the Extraordinary General Meeting ("EGM") held today.

On 1 June the board of Portugal Telecom met and decided to call an 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 7.15Bn. The reviewed Offer was submitted to the shareholders at the EGM that was held today.

A number of 615,639,437 shares representing 68.7% of Portugal Telecom share capital was present or duly represented at the General Meeting, of which 563,988,187 shares representing 62.9% of the share capital were admitted to vote.

The votes were cast as indicated in the table below:

Votes *	Number	% of Votes
Votes in favour of the Offer	748,952	73.9%
Votes against the Offer	264,354	26.1%
Abstentions	114,293	-
Class A shares**	1	.

* Each vote corresponds to 500 shares

** Included within the votes against the Offer

The Portuguese State, through its 500 Class A shares, voted against the proposal. As such, Telefónica's Offer was rejected in accordance with the independent interpretation of the Chairman of the Shareholders Meeting of Portugal Telecom bylaws.