

PORTUGAL TELECOM SGPS SA  
Form 6-K  
September 03, 2013

# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6-K

**Report of Foreign Private Issuer  
Pursuant to Rule 13a-16 or 15d-16 of the  
Securities Exchange Act of 1934**

**For the month of August 2013**

**Commission File Number 1-13758**

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## PORTUGAL TELECOM, SGPS, S.A.

(Exact name of registrant as specified in its charter)

**Av. Fontes Pereira de Melo, 40  
1069 - 300 Lisboa, Portugal**

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F        Form 40-F

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

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**First Half 2013**

Consolidated report

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Portugal Telecom

01	Financial review	4
02	Business performance	15
	Portuguese operations	15
	International operations	22
03	Employees	28
04	Main events	29
05	Main risks and uncertainties	31
06	Qualified holdings	39
07	Outlook	64
08	Statement by the persons responsible	66
	Consolidated financial statements	68
	Independent auditors' report	96
	Glossary	99
	Board of Directors	102
	Key figures	103
	Additional information to shareholders	106

The terms "PT", "Portugal Telecom Group", "PT Group", "Group" and "Company" refer to Portugal Telecom and its subsidiaries or any of them as the context.

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### Telecommunications in Portugal

Customer segment	Revenues (Euro million)
Residential	362
Personal > PT Comunicações 100%	318
Enterprise > TMN 100%	402
Wholesale and Other	199
<b>Total</b>	<b>1,280</b>

### Telecommunications in Brazil

Customer segment	Revenues (R\$million, 100%)
Residential	5,133
Personal > Oi 23.3% (a)	4,571
Enterprise	4,232
Other	178
<b>Total</b>	<b>14,114</b>

(a) Oi's earnings are proportionally consolidated based on PT's 25.6% effective interest in Telemar Participações, the controlling shareholder of Oi Group.

### Other telecommunications businesses

			Revenues (Euro million, 100%)
Unitel 25% (a)(b)	> Angola	> Mobile	786
MTC 34% (a)	> Namibia	> Mobile	82
CVT 40% (a)	> Cape Verde	> Wireline, mobile	34
Timor Telecom 41%	> East Timor	> Wireline, mobile	25
CST 51% (a)	> São Tomé e Príncipe	> Wireline, mobile	6

(a) These stakes are held by Africatel, which is controlled 75% by PT. (b) These stakes are consolidated through the equity method of accounting.

### Other businesses

Systems and IT [PT Sistemas de Informação 100%]; Innovation, research and development [PT Inovação 100%]; Backoffice and shared services [PT PRO 100%]; Call centres and telemarketing services [Contax in Brazil 44.4% and PT Contact 100%]



01

Financial review

**Consolidated income statement****Consolidated income statement (1)****Euro million**

	1H13	1H12	y.o.y
<b>Operating revenues</b>	<b>3,092.4</b>	<b>3,344.7</b>	<b>(7.5)%</b>
Portugal (2)	1,280.0	1,358.5	(5.8)%
Residential	361.9	355.5	1.8%
Personal	317.7	339.7	(6.5)%
Enterprise	401.6	452.3	(11.2)%
Wholesale, other and eliminations	198.7	211.0	(5.8)%
Brazil • Oi	1,418.4	1,542.1	(8.0)%
Other and eliminations	394.1	444.2	(11.3)%
<b>Operating costs (3)</b>	<b>2,075.6</b>	<b>2,203.6</b>	<b>(5.8)%</b>
Wages and salaries	516.7	566.2	(8.7)%
Direct costs	534.7	560.3	(4.6)%
Commercial costs	266.9	264.8	0.8%
Other operating costs	757.4	812.3	(6.8)%
<b>EBITDA (4)</b>	<b>1,016.8</b>	<b>1,141.1</b>	<b>(10.9)%</b>
Post retirement benefits	24.8	31.6	(21.5)%
Depreciation and amortisation	685.4	683.4	0.3%
<b>Income from operations (5)</b>	<b>306.5</b>	<b>426.0</b>	<b>(28.0)%</b>
<b>Other expenses (income)</b>	<b>46.5</b>	<b>(14.2)</b>	<b>n.m.</b>
Curtailement costs, net	128.2	0.9	n.m.
Net losses (gains) on disposal of fixed assets	(1.1)	2.1	n.m.
Net other costs (gains)	(80.6)	(17.2)	n.m.
<b>Income before financ. &amp; inc. taxes</b>	<b>260.0</b>	<b>440.2</b>	<b>(40.9)%</b>
<b>Financial expenses (income)</b>	<b>(41.7)</b>	<b>187.5</b>	<b>n.m.</b>
Net interest expenses (income)	292.6	236.0	24.0%
Equity in earnings of affiliates, net	(375.9)	(95.6)	293.3%
Net other financial losses (gains)	41.6	47.1	(11.8)%
<b>Income before income taxes</b>	<b>301.7</b>	<b>252.7</b>	<b>19.4%</b>
Provision for income taxes	4.6	(87.9)	n.m.
<b>Income before non-controlling interests</b>	<b>306.4</b>	<b>164.7</b>	<b>86.0%</b>
Losses (income) attributable to non-controlling interests	(22.4)	(41.6)	(46.3)%
<b>Consolidated net income</b>	<b>284.0</b>	<b>123.1</b>	<b>130.7%</b>

(1) 2012 figures were restated in order to reflect the impacts of the adoption of the revised version of IAS 19 Employee Benefits, as explained in more detail under the section Other disclosures, changes in accounting policies and estimates . (2) Businesses in Portugal include wireline and TMN. (3) Operating costs = wages and salaries + direct costs + commercial costs + other operating costs. (4) EBITDA = income from operations + post retirement benefits + depreciation and amortisation. (5) Income from operations = income before financials and income taxes + curtailement costs + losses (gains) on disposal of fixed assets + net other costs (gains).

**Consolidated operating revenues**

In 1H13, consolidated operating revenues decreased by Euro 252 million to Euro 3,092 million (-7.5% y.o.y), reflecting primarily: (1) the impact of the depreciation of the Brazilian Real against the Euro (Euro 173 million), and



(2) the revenue decline in the Portuguese telecommunications businesses (Euro 78 million). Oi's higher contribution on a constant currency basis (Euro 25 million) was offset by a lower contribution from other international operations, namely Contax and Africatel businesses.

In 1H13, revenues from Portuguese telecommunications businesses decreased by 5.8% y.o.y, having improved the quarterly trend when comparing the 2Q13 (-4.8% y.o.y) to 1Q13 (-6.8% y.o.y) and 4Q12 (-8.1% y.o.y). Revenue performance continued to be impacted by the pricing and competitive dynamics and by the macroeconomic environment. Against this backdrop, in 1H13 PT posted continued growth in the Residential segment and presented improved trends in the Personal and Wholesale segments. Private consumption in Portugal decreased by 5.1% in 1Q13, while PT's consumer segment, which includes Residential and Personal segments, posted customer revenues decreasing by 1.8% in 2Q13, outperforming the market and competitors. This performance proves the success of PT's offering, namely M4O, which is gaining momentum in the market, having reached one million RGUs in August 2013. The Enterprise segment is penalised by significant price declines, namely in mobile services, notwithstanding an improved performance from SMEs and SOHOs. The improved performance of revenues from Wholesale, other and eliminations in 2Q13 reflects a one-off related to certain contracts, including some international traffic transit agreements, which tend to carry low margin, and was obtained notwithstanding a Euro 6 million decline in the directories business (-30.5% y.o.y) reflecting secular trends.

Oi's revenues proportionally consolidated stood at Euro 1,418 million (R\$ 14,773 million, equivalent to 100%) in 1H13, compared to Euro 1,542 million (R\$ 14,533 million, equivalent to 100%) in 1H12, a decrease of Euro 124 million reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 149 million). On a constant currency basis, the contribution of Oi to PT's consolidated operating revenues in 1H13 would have amounted to Euro 1,568 million, representing an increase of Euro 25 million primarily explained by: (1) higher revenues from the Residential segment, due to the positive contribution of broadband and pay-TV revenues, more visible as from 2H12, that more than offset lower fixed voice revenues; (2) an increase in the Personal Mobility segment revenues, on the back of higher revenues from traffic, broadband services and monthly fees, underpinned by Oi's strong focus in the postpaid and higher income segments; (3) higher data and IT revenues from the Corporate segment, and (4) higher sales, reflecting Oi's strategy to broaden the scope of its presence in the mobile market. Oi's revenues were proportionally consolidated based on the 25.6% direct and indirect stake that PT owns in Telemar Participações, the controlling shareholder of the Oi Group, which fully consolidates Oi.

Other revenues, including intra-group eliminations, decreased by 11.3% y.o.y to Euro 394 million in 1H13, reflecting the depreciation of the Brazilian Real and Namibian Dollar against the Euro (Euro 39 million). Adjusting for this effect, the reduction in other revenues is primarily explained by a lower contribution from Contax (Euro 9 million), reflecting lower revenues from Brazilian call centre services, and by some regulatory impacts at other international operations.

The contribution from fully and proportionally consolidated international assets to consolidated operating revenues stood at 58.0% in 1H13, with Brazil accounting for 53.0%, as compared to 58.6% and 53.6% in 1H12, respectively. This decrease is explained primarily by the impact of the depreciation of the Brazilian Real against the Euro.

**Consolidated operating costs (excluding PRBs and depreciation and amortisation)**

Consolidated operating costs excluding depreciation and amortisation costs and post retirement benefits decreased by Euro 128 million (-5.8% y.o.y) to Euro 2,076 million in 1H13, as compared to Euro 2,204 million in 1H12, reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 128 million). On a constant currency basis, consolidated operating costs would have remained stable at Euro 2,204 million, as the decrease occurred in the Portuguese telecommunications (Euro 13 million) and Africatel (Euro 8 million) businesses were offset by an increase in the Brazilian assets (Euro 19 million). The decrease occurred in the Portuguese telecommunications business is explained by lower third party costs and lower marketing expenses that reflect PT's cost cutting efforts, lower commission expenses that benefited from lower churn and lower costs of goods sold, effects that more than offset an increase in direct costs reflecting mainly higher programming costs on the back of sustained customer growth and investment in the differentiation of the MEO content offering. The increase occurred in Brazilian assets reflects higher costs at Oi, mainly due to higher commission expenses and direct costs that reflect increases in services rendered and sales, and also higher third party costs related mainly to maintenance and repair expenses in line with customer growth and focus on higher quality, effects that more than offset lower personnel costs and provisions.

Wages and salaries decreased by Euro 50 million (-8.7% y.o.y) to Euro 517 million in 1H13, as compared to Euro 566 million in 1H12, reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 33 million). On a constant currency basis wages and salaries would have decreased by 2.9% y.o.y (Euro 17 million), explained primarily by the decreases occurred in (1) the Brazilian telecommunications business (Euro 15 million), benefitting from lower variable remunerations, which more than offset higher fixed remunerations due to the insourcing of some external operations and increased sales channels that together translated into increased staff levels, and in (2) Contax (Euro 2 million), benefitting from a change in Brazilian legislation as from 2Q12 that translated into lower social security charges. Wages and salaries from Portuguese telecommunications business remained broadly stable in 1H13. Wages and salaries accounted for 16.7% of consolidated operating revenues in 1H13.

Direct costs decreased by Euro 26 million (-4.6% y.o.y) to Euro 535 million in 1H13, reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 32 million). On a constant currency basis, direct costs would have increased by 1.2% y.o.y (Euro 7 million) in 1H13, primarily as a result of the increases occurred in (1) the Brazilian telecommunications business (Euro 9 million), reflecting mainly an increase in TU-RL and SMS traffic, partially offset by a reduction in interconnection costs due to lower traffic and the net effect of the cut in the mobile termination rate (MTR), and in (2) the Portuguese telecommunications businesses (Euro 2 million), as a result of an increase in programming costs, on the back of sustained customer growth and investment in the differentiation of the MEO content offering, and higher costs associated with the provision of IT/IS solutions and outsourcing services, as a result of increased weight of these services in revenues, effects that more than offset lower traffic costs at TMN, explained by the impact of the regulatory MTR cuts and the decrease in services rendered, and lower costs associated with the directories business. Direct costs accounted for 17.3% of consolidated operating revenues in 1H13.

Commercial costs, which include costs of products sold, commissions and marketing and publicity, remained broadly stable at Euro 267 million in 1H13, when compared to Euro 265 million in 1H12, although impacted by the effect of the depreciation of the Brazilian Real against the Euro (Euro 11 million). On a constant currency basis, commercial costs would have increased by 5.0% y.o.y (Euro 13 million), reflecting an increase occurred in the

Brazilian telecommunications business (Euro 19 million), mainly as a result of higher commission expenses that reflect increased commercial activity translated into higher services and sales. This effect was partially offset by a decrease occurred in the Portuguese telecommunications business (Euro 11 million), explained by (1) lower costs of goods sold, reflecting lower subsidies and lower average cost of handsets, (2) lower commissions, reflecting lower churn, and (3) lower marketing and publicity, reflecting a strong focus on cost efficiency and notwithstanding the launch of the new converged offer M4O. Commercial costs accounted for 8.6% of consolidated operating revenues in 1H13.

Other operating costs, which mainly include support services, supplies and external services, indirect taxes and provisions, decreased by Euro 55 million (-6.8% y.o.y) to Euro 757 million in 1H13, as compared to Euro 812 million in 1H12, reflecting primarily the impact of the depreciation of the Brazilian Real against the Euro (Euro 52 million). On a constant currency basis, other operating costs would have decreased by 0.4% y.o.y (Euro 3 million) in 1H13 to Euro 809 million, mainly due the decrease occurred in the Portuguese telecommunications business, other Portuguese support and holding companies and Africatel businesses, which more than offset the increase occurred in the Brazilian operations (Euro 8 million), reflecting mainly an increased contribution from Brazilian telecommunications business explained by higher third party costs, higher maintenance expenses, due to an increase in customer base and focus on higher quality, and despite lower provision expenses. The reduction in other operating costs from the Portuguese telecommunications business (Euro 4 million) reflects the benefits from PT's FTTH and 4G-LTE networks and the extensive operational transformation programme, which continue to be visible through improved quality of service and lower cost structure, and notwithstanding the increased maintenance expenses in 1Q13 due to adverse weather conditions in that period.

## EBITDA

In 1H13, consolidated EBITDA decreased by Euro 124 million (-10.9% y.o.y) to Euro 1,017 million, as compared to Euro 1,141 million in 1H12, mainly due to: (1) the EBITDA decline in the Portuguese telecommunications businesses (Euro 66 million, -10.7% y.o.y), primarily due to lower revenues (Euro 78 million) as explained above; (2) the impact of the depreciation of the Brazilian Real against the Euro (Euro 45 million), and (3) a lower contribution from Oi on a constant currency basis (Euro 7 million), primarily explained by an increase in commercial costs. Other EBITDA decreased by 12.3% y.o.y (Euro 9 million) to Euro 66 million in 1H13, reflecting the depreciation of the Brazilian Real and Namibian Dollar against the Euro. On a constant currency basis, EBITDA from other businesses remained broadly flat at Euro 76 million.

## EBITDA by business segment (1)

Euro million

	1H13	1H12	y.o.y
Portugal	549.2	615.1	(10.7)%
Brazil • Oi	401.4	450.4	(10.9)%
Other	66.3	75.6	(12.3)%
<b>EBITDA</b>	<b>1,016.8</b>	<b>1,141.1</b>	<b>(10.9)%</b>
EBITDA margin (%) (2)	32.9	34.1	(1.2)pp

(1) EBITDA = income from operations + post retirement benefits + depreciation and amortisation. (2) EBITDA margin = EBITDA / operating revenues

EBITDA from the Portuguese telecommunications businesses amounted to Euro 549 million in 1H13 (-10.7% y.o.y), equivalent to a 42.9% margin. The EBITDA performance is the result of the decline in service revenues (Euro 88 million), which have high operating leverage and also of lower margin in new services provided by the Enterprise segment. In effect, while service revenues minus direct costs declined by Euro 90 million, EBITDA declined by Euro



66 million, reflecting a continuous focus on cost cutting and efficiency gains. EBITDA performance in Portugal was also penalised by a Euro 2 million decline in the directories business.

In 1H13, Oi's proportional consolidated EBITDA stood at Euro 401 million (R\$ 4,180 million equivalent to 100%), compared to Euro 450 million (R\$ 4,245 million, equivalent to 100%) in 1H12, an Euro 49 million decrease that includes the impact of the depreciation of the Brazilian Real against the Euro (Euro 42 million). On a constant currency basis, the contribution of Oi to PT's consolidated EBITDA would have decreased by Euro 7 million over the same period of last year, to Euro 444 million in 1H13, notwithstanding higher operating revenues. The lower contribution of Oi's EBITDA is explained by higher provisions for bad debt, higher third party services, due to increased pay-TV content and higher maintenance expenses, and increased commercial costs, namely commissions and marketing expenses.

Fully and proportionally consolidated international assets represented 49.6% of PT's consolidated EBITDA in 1H13, while the Brazilian businesses accounted for 42.2% of EBITDA in the period, as compared to 49.0% and 41.8% in 1H12, respectively.

#### **Net Income**

Post retirement benefits costs decreased from Euro 32 million in 1H12 to Euro 25 million in 1H13 due to a lower contribution from the Portuguese telecommunications business (Euro 8 million), which reflects the reduction in the discount rates undertaken at the end of 2012, leading to a lower net interest cost in 1H13. Post retirement benefits costs in 2012 were restated in order to reflect the impact of the adoption of the revised version of IAS 19 Employee Benefits. Additional information is available under the section Other disclosures, changes in accounting policies and estimates .

Depreciation and amortisation costs amounted to Euro 685 million in 1H13, compared to Euro 683 million in 1H12. Adjusting for the impact of the depreciation of the Brazilian Real against the Euro (Euro 34 million), depreciation and amortisation costs would have increased by 5.2% y.o.y (Euro 36 million) to Euro 719 million in 1H13. This increase is explained primarily by a higher contribution from Oi (Euro 43 million, on a constant currency basis) reflecting the amortisation of the 4G-LTE license acquired in June 2012 and also increased investments made in 2013 as compared to 2012, namely in the coverage and capacity of Oi's 2G and 3G networks, and in the capacity, capillarity and quality of the wireline and broadband networks. The higher depreciation and amortisation costs at Oi were partially offset by lower depreciation and amortisation costs in the Portuguese telecommunications businesses (Euro 10 million), reflecting the decline in capex occurred throughout 2012 against the backdrop of the investments in future proof technologies and networks undertaken in previous years, namely in FTTH and 4G-LTE coverage.

Curtailed costs amounted to Euro 128 million in 1H13 reflecting mainly a redundancy programme of approximately 400 employees implemented in 2Q13.

Net other gains amounted to Euro 81 million in 1H13, compared to Euro 17 million in 1H12. In 1H13, this caption includes: (1) a gain resulting from the settlement of contractual obligations related to the acquisition of the investment in Oi in 2011, by a lower amount than the liability initially recognised; (2) a gain related to the wireline Concession Agreement, and (3) certain provisions and adjustments recognised in order to adjust the carrying value of certain assets to the corresponding recoverable amounts. In 1H12, this caption includes a gain related to the net compensation for prior years costs supported by PT with the universal service obligation under the Concession



Agreement net of provisions and adjustments recognised in order to adjust the carrying value of certain assets to the corresponding recoverable amounts.

Net interest expenses increased to Euro 293 million in 1H13 as compared to Euro 236 million in 1H12, reflecting primarily: (1) an increase in the average cost of net debt excluding the proportional consolidation of Oi and Contax, from 3.9% in 1H12 to 5.3% in 1H13, mainly as a result of a lower return on cash applications and also an increase in the cost of gross debt from 4.3% in 1H12 to 4.7% in 1H13, and (2) a higher contribution from Oi, Contax and its controlling shareholders, including the impact of the increase in its average net debt, that more than compensated the reduction in the cost of debt in Brazil and the depreciation of the Brazilian Real against the Euro. The increase in Oi's net debt is mainly explained by: (1) payments made in April 2012 in connection with Oi's corporate simplification; (2) the negative free cash flow generated between June 2012 and June 2013, reflecting mainly legal action payments, and (3) the dividends paid in May and August 2012 and in March and April 2013.

Equity in earnings of affiliates amounted to Euro 376 million in 1H13, including Euro 310 million gain related to the disposal of the investment in CTM. Adjusting for this impact and PT's share in the earnings of CTM in 1H12 (Euro 13 million), equity in earnings of affiliates would have amounted to Euro 66 million in 1H13, as compared to Euro 83 million in 1H12, mainly due to changes in corporate tax and currency effects, as operationally equity consolidated companies continue to perform.

Net other financial losses, which include net foreign currency gains, net losses on financial assets and net other financial expenses, decreased from Euro 47 million in 1H12 to Euro 42 million in 1H13, reflecting primarily lower net other financial expenses at Oi, mainly related to banking services and certain other financial costs.

Income taxes amounted to a gain of Euro 5 million in 1H13, as compared to a loss of Euro 88 million in 1H12, due to lower taxable earnings across all businesses, reflecting higher curtailment charges and interest expenses.

Income attributable to non-controlling interests amounted to Euro 22 million in 1H13 and Euro 42 million in 1H12. The reduction of Euro 19 million reflects a lower income attributable to non-controlling interests of: (1) the African businesses (Euro 9 million), and (2) Oi (Euro 9 million), as a result of the completion of its corporate simplification in March 2012.

Net income amounted to Euro 284 million in 1H13 compared to Euro 123 million in 1H12. This increase is explained primarily by: (1) the gain recorded in connection with the sale of the investment in CTM, and (2) higher non-recurring gains, as explained above. These effects were partially offset by: (1) lower EBITDA from Portuguese telecommunications business; (2) higher curtailment costs reflecting a redundancy programme of approximately 400 employees; (3) higher interest expenses, and (4) lower contribution from the Brazilian businesses.

### **Shareholder Remuneration**

Following the approval at the AGM held on 19 April 2013, on 17 May 2013 PT paid to its shareholders a dividend per share of Euro 0.325 in relation to fiscal year 2012 in the context of the shareholder remuneration policy for fiscal years 2012 to 2014.

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On 13 August 2013, PT's Board of Directors approved the modification of its shareholder remuneration policy for fiscal years 2013 and 2014, which will be exclusively comprised of a cash dividend of Euro 0.10 per share to be paid



annually. This decision, coupled with the sale of PT's equity interest in CTM recently executed and the recent bond issuances lead to a reinforcement of the Company's balance sheet and to a stronger financial flexibility.

## Capex

Capex amounted to Euro 596 million in 1H13, equivalent to 19.3% of revenues, as compared to Euro 522 million in 1H12. Excluding the impact of the depreciation of the Brazilian Real against the Euro (Euro 33 million), capex would have increased by 20.6% y.o.y in 1H13 to Euro 630 million. This increase is explained by a higher contribution from Oi (Euro 124 million in constant currency), reflecting the investments made in 3G coverage and capacity, in the initial rollout of the 4G-LTE network and in IT services, mainly related to system updates and upgrades. Oi's higher contribution was partially offset by a lower contribution from Portuguese telecommunications businesses (Euro 10 million), which stood at Euro 228 million in 1H13, notwithstanding the investments made during 1H13 in the rollout of the Data Center in Covilhã, which will be inaugurated on 23 September 2013. Excluding this effect, capex in Portuguese telecommunications businesses would have declined by Euro 37 million, to Euro 202 million (-15.3% y.o.y). Capex from other businesses decreased by 10.4% y.o.y to Euro 59 million in 1H13, reflecting mainly the impact of the depreciation of the Brazilian Real and Namibian Dollar against the Euro (Euro 5 million) and also lower capex at CVT and CST, following the investments realised in 2012 in the rollout of the submarine cable.

## Capex by business segment

Euro million

	1H13	1H12	y.o.y
Portugal	227.9	238.4	(4.4)%
Brazil • Oi	309.2	217.6	42.1%
Other	59.2	66.1	(10.4)%
<b>Total capex</b>	<b>596.3</b>	<b>522.1</b>	<b>14.2%</b>
Capex as % of revenues	19.3	15.6	3.7pp

## Cash Flow

In 1H13, operating cash flow stood at Euro 179 million as compared to Euro 287 million in 1H12. This decline in operating cash flow (Euro 108 million) is explained by: (1) a lower EBITDA minus Capex (Euro 198 million), reflecting mainly the Euro 92 million increase in Oi's capex and the Euro 55 million decline in the EBITDA minus capex of the Portuguese telecommunications businesses, and (2) lower provisions and adjustments (Euro 20 million), which represented non-cash items included in EBITDA, mainly related to Oi. The decline in EBITDA minus capex was partially offset by lower working capital investment (Euro 110 million), reflecting primarily a lower capex in 4Q12 when compared to 4Q11 that translated to lower cash payments to suppliers in 1H13 when compared to 1H12. Excluding the proportional consolidation of Oi and Contax, operating cash-flow in 1H13 would have amounted to Euro 206 million, as compared to Euro 243 million in 1H12, as a result of lower EBITDA minus capex observed in the period, partially offset by lower working capital investments as referred to above.

**Free cash flow****Euro million**

	1H13	1H12	y.o.y
EBITDA minus Capex	420.5	618.9	(32.1)%
Non-cash items	59.0	79.2	(25.5)%
Change in working capital	(300.9)	(411.4)	(26.9)%
<b>Operating cash flow</b>	<b>178.6</b>	<b>286.8</b>	<b>(37.7)%</b>
Interests	(283.7)	(278.5)	1.9%
Net reimbursements (contributions) to pension funds (1)	(17.8)	(21.1)	(15.7)%
Paym. to pre-retired, suspended employees and other	(72.2)	(71.2)	1.4%
Income taxes	(59.2)	(75.6)	(21.7)%
Dividends received	25.8	25.5	1.2%
Net disposal (acquisition) of financial investments	335.6	0.0	n.m.
Other cash movements	(122.7)	(224.6)	(45.4)%
<b>Free cash flow</b>	<b>(15.6)</b>	<b>(358.7)</b>	<b>(95.6)%</b>

(1) In 1H13 and 1H12, this caption includes payments related to the transferred regulated pension plans to the Portuguese State amounting to Euro 10.5 million and Euro 14.3 million, respectively.

In 1H13, consolidated free cash flow amounted to negative Euro 16 million, while in 1H12 stood at a negative Euro 359 million, reflecting in both periods the strong working capital investments that usually occur in the first half of each year. The improved performance in 1H13 compared to 1H12 (Euro 343 million) is primarily explained by: (1) the proceeds from the sale of CTM, amounting to Euro 336 million; (2) lower payments regarding legal actions in Brazil (Euro 79 million), and (3) lower income tax payments (Euro 16 million), both at domestic and foreign operations. These effects were partially offset by a lower operating cash flow (Euro 108 million), as referred to above. Excluding the proportional consolidation of Oi and Contax, free cash flow in 1H13 would have amounted to Euro 304 million, benefiting from the sale of CTM in 2Q13.

**Consolidated Net Debt**

Consolidated net debt excluding the proportional consolidation of Oi, Contax and its controlling holding companies and adjusted for unused tax credits related to payments made to the Portuguese State in connection with the pensions transaction amounted to Euro 4,609 million as at 30 June 2013, down from Euro 4,700 million as at 30 June 2012.

Total consolidated net debt amounted to Euro 7,937 million as at 30 June 2013, as compared to Euro 7,711 million as at 31 December 2012, an increase of Euro 226 million reflecting primarily: (1) the negative free cash flow generated in the period (Euro 16 million); (2) the dividends paid by PT to its shareholders (Euro 278 million, considering the effect of the 10% stake owned by Oi in PT and proportionally consolidated) and by PT's subsidiaries to non-controlling interests (Euro 34 million), and (3) the agreement reached by Oi in July 2013 for the disposal of its submarine cable operation, following which the related cash position was included under the held for sale balance sheet caption (Euro 27 million). These effects were partially offset by the impact of the depreciation of the Brazilian Real against the Euro, which resulted in a net debt decrease by Euro 141 million.

## Change in net debt

Euro million

	1H13	1H12
<b>Net debt (initial balance)</b>	<b>7,711.2</b>	<b>6,612.8</b>
Less: free cash flow	(15.6)	(358.7)
Translation effect on foreign currency debt	(140.6)	(137.2)
Dividends paid by PT	277.9	556.7
Oi's corporate simplification	0.0	296.1
Acquisition of own shares by Oi	0.0	25.6
Other (1)	73.4	158.9
<b>Net debt (final balance)</b>	<b>7,937.5</b>	<b>7,871.7</b>
Less: Tax effect on unfunded post retirement benefits obligations (2)	188.8	226.1
<b>Adjusted net debt (final balance)</b>	<b>7,748.7</b>	<b>7,645.6</b>
Less: Net debt from Oi and Contax, including holding companies	3,139.8	2,945.5
<b>Adjusted net debt exc. Oi and Contax (final balance)</b>	<b>4,608.9</b>	<b>4,700.1</b>
Change in net debt	226.3	1,258.8
Change in net debt (%)	2.9%	19.0%

(1) This caption includes primarily the payment made in 1Q12 in connection with the 4G-LTE license acquired in Portugal, the dividends paid by PT's subsidiaries to non-controlling interests and Euro 27 million in 2Q13 related to the disposal by Oi of its submarine cable operation.

(2) This caption corresponds to the unused tax credits on the amounts paid to the Portuguese State in December 2011 and 2012 under the transfer of unfunded pension obligations.

As at 30 June 2013, total consolidated gross debt amounted to Euro 10,917 million, of which 89.7% was medium and long-term and Euro 3,486 million relates to the proportional consolidation of Oi, Contax and its controlling shareholders. Excluding the effect of this proportional consolidation, gross debt would have amounted to Euro 7,431 million, of which 90.1% was medium and long-term, reflecting the 2020 one billion Eurobond issued in 2Q13, and 81.9% was set at fixed rates.

Excluding the proportional consolidation of Oi and Contax, the amount of cash available plus the undrawn amount of PT's committed commercial paper lines and facilities totalled Euro 3,490 million at the end of June 2013, which includes Euro 857 million of undrawn committed commercial paper lines and facilities.

Excluding the proportional consolidation of Oi and Contax, PT's average cost of net debt stood at 5.3% in 1H13, compared to 3.9% in 1H12, reflecting a lower return on cash applications and also a higher cost of gross debt, which stood at 4.8% in 1H13 and 4.3% in 1H12. Excluding Oi and Contax, the cost of gross and net debt in 2Q13 remained stable when compared to 1Q13. The maturity of PT's net debt excluding Oi and Contax was 6.2 years as at 30 June 2013, already reflecting the 1 billion 7-year Eurobond issued in May 2013 and the repayment in April 2013 of the 2009 one billion Eurobond.

**Post Retirement Benefit Obligations**

As at 30 June 2013, the projected post retirement benefit obligations (PBO) from Portuguese operations related to pension complements and healthcare amounted to Euro 505 million and the market value of assets under management amounted to Euro 368 million, compared to Euro 503 million and Euro 399 million as at 31 December 2012, respectively. In addition, PT had liabilities in the form of salaries due to suspended and pre-retired employees amounting to Euro 790 million as at 30 June 2013, already including the curtailment costs recorded in 1H13 (Euro

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730 million as at 31 December 2012), which are not subject to any legal funding requirement. These monthly salaries are paid directly by PT to the beneficiaries until retirement age. As a result, total gross unfunded obligations from Portuguese businesses amounted to Euro 926 million and after-tax unfunded obligations amounted to Euro 695 million. In addition, PT proportionally consolidates Ois net post retirement benefit obligations, which amounted to Euro 63 million as at 30 June 2013 and Euro 73 million as at 31 December 2012.

Total gross unfunded obligations from Portuguese businesses increased by Euro 93 million to Euro 926 million as at 30 June 2013, reflecting primarily curtailment charges (Euro 128 million), post retirement benefit costs (Euro 10 million) and net actuarial losses recorded in the period (Euro 25 million), which more than offset payments of salaries to suspended and pre-retired employees, amounting to Euro 72 million in 1H13. Unfunded obligations from Oi decreased from Euro 73 million as at 31 December 2012 to Euro 63 million as at 30 June 2013, reflecting a contribution made in January 2013 to cover the deficit position of the BrTPREV pension plan (Euro 9 million), as post retirement benefit costs (Euro 4 million) were offset by the impact of the depreciation of the Brazilian Real (Euro 4 million).

Post retirement benefit obligations (1)	Euro million	
	30 June 2013	31 December 2012
Pensions obligations	127.0	127.3
Healthcare obligations	377.9	375.4
<b>PBO of pension and healthcare obligations</b>	<b>504.9</b>	<b>502.7</b>
Market value of funds	(368.5)	(399.4)
<b>Unfunded pensions and healthcare obligations</b>	<b>136.4</b>	<b>103.3</b>
Salaries to suspended and pre-retired employees	790.0	730.4
<b>Gross unfunded obligations from Portuguese businesses</b>	<b>926.5</b>	<b>833.7</b>
<b>After-tax unfunded obligations from Portuguese businesses</b>	<b>694.8</b>	<b>625.3</b>
Gross unfunded obligations at Oi	63.3	72.7
<b>Accrued post retirement benefits</b>	<b>989.8</b>	<b>906.5</b>

(1) The financial statements of 2012 were adjusted in order to reflect the impacts resulting from the adoption of the revised version of IAS 19 Employee Benefits, as explained in more detail under the section Other disclosures, changes in accounting policies and estimates .

Change in gross unfunded obligations (1)	Euro million	
	1H13	1H12
<b>Gross unfunded obligations (initial balance)</b>	<b>906.5</b>	<b>973.7</b>
Post retirement benefits costs (PRB) (2)	14.1	20.2
Curtailment cost	128.2	0.9
Net reimbursements (contributions) to pension funds (3)	(7.3)	(6.9)
Salary payments to pre-retired, suspended employees and other	(72.2)	(71.2)
Net actuarial (gains) losses	24.9	13.5
Foreign currency translation adjustments	(4.3)	(3.4)
<b>Gross unfunded obligations (final balance)</b>	<b>989.8</b>	<b>926.8</b>

(1) The financial statements of 2012 were adjusted in order to reflect the impacts resulting from the adoption of the revised version of IAS 19 Employee Benefits, as explained in more detail under the section Other disclosures, changes in accounting policies and estimates . (2) In 1H13 and 1H12, this caption excludes the service cost associated with active employees who were entitled to pension benefits related to the regulated pension plans transferred to the Portuguese State amounting to Euro 10.8 million and Euro 11.4 million, respectively. (3) This caption includes primarily contributions to pension funds made by Oi (Euro 8.7 million in 1H13 and Euro 10.4 million in 1H12), minus the net reimbursements obtained from the healthcare plans.

## Equity

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As at 30 June 2013, shareholders' equity excluding non-controlling interests amounted to Euro 2,079 million, representing a decrease of Euro 225 million in 1H13 compared to Euro 2,305 million as at 31 December 2012. This decrease is primarily explained by the dividends paid by PT to its shareholders (Euro 278 million) and negative foreign currency translation adjustments of Euro 208 million, which mainly relate to the impact of the depreciation of the Brazilian Real against the Euro. These effects more than compensated the net income generated in the period of Euro 284 million.

## Change in shareholders' equity (excluding non-controlling interests) (1)

Euro million

	1H13
<b>Equity before non-controlling interests (initial balance)</b>	<b>2,304.6</b>
Net income	284.0
Net currency translation adjustments	(208.2)
Dividends paid by PT	(277.9)
Net actuarial gains (losses), net of taxes	(18.7)
Other	(4.8)
<b>Equity before non-controlling interests (final balance)</b>	<b>2,079.1</b>
<b>Change in equity before non-controlling interests</b>	<b>(225.5)</b>
<b>Change in equity before non-controlling interests (%)</b>	<b>(9.8)%</b>

(1) 2012 figures were restated in order to reflect the impacts of the adoption of the revised version of IAS 19 Employee Benefits, as explained in more detail under the section "Other disclosures, changes in accounting policies and estimates".

## Consolidated Statement of Financial Position

## Consolidated statement of financial position (1)

Euro million

	30 June 2013	31 December 2012 restated
Cash and equivalents	2,979.7	3,387.3
Accounts receivable, net	1,983.4	2,012.1
Inventories, net	145.6	141.5
Judicial deposits	1,108.0	1,150.3
Financial investments	512.4	427.7
Intangible assets, net	4,736.1	5,089.5
Tangible assets, net	5,784.0	6,018.9
Accrued post retirement asset	8.4	11.4
Other assets	450.4	559.5
Deferred tax assets and prepaid expenses	1,366.7	1,293.8
<b>Total assets</b>	<b>19,074.8</b>	<b>20,092.0</b>
Accounts payable	953.2	1,263.2
Gross debt	10,917.2	11,098.5
Accrued post retirement liability	998.1	917.9
Other liabilities	2,476.7	2,680.2
Deferred tax liabilities and deferred income	1,135.3	1,266.9
<b>Total liabilities</b>	<b>16,480.5</b>	<b>17,226.7</b>
Equity before non-controlling interests	2,079.1	2,304.6
Non-controlling interests	515.2	560.7
<b>Total shareholders' equity</b>	<b>2,594.3</b>	<b>2,865.3</b>
<b>Total liabilities and shareholders' equity</b>	<b>19,074.8</b>	<b>20,092.0</b>

(1) 2012 figures were restated in order to reflect the impacts of the adoption of the revised version of IAS 19 Employee Benefits, as explained in more detail under the section "Other disclosures, changes in accounting policies and estimates".

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Total assets decreased to Euro 19.1 billion as at 30 June 2013 compared to Euro 20.1 billion as at 31 December 2012, reflecting the impact of the depreciation of the Brazilian Real against the Euro (Euro 0.7 billion) and the dividends paid in 2Q13 by PT to its shareholders (Euro 0.28 billion). Total liabilities stood at Euro 16.5 billion as at 30 June 2013 compared to Euro 17.2 billion as at 31 December 2012, including the impact of the depreciation of the Brazilian Real against the Euro (Euro 0.4 billion).



02

Business performance

**Portuguese Telecommunications Businesses**

In 1H13, the Portuguese telecommunications businesses continued to show stable customer growth, with the fixed retail customers growing by 3.6% y.o.y to 5,117 thousand (net additions reached 65 thousand in 1H13), and mobile customers up by 4.2% y.o.y to 7,690 thousand (92 thousand net additions in 1H13 driven by postpaid, reflecting 204 thousand postpaid net additions), on the back of the success of PT's offering, namely M4O, which is gaining momentum, having reached one million RGUs in August 2013.

**Portuguese operating data**

	1H13	1H12	y.o.y
Fixed retail accesses ( '000)	5,117	4,940	3.6%
PSTN/ISDN	2,579	2,615	(1.4)%
Broadband customers	1,268	1,169	8.5%
Pay-TV customers	1,270	1,157	9.8%
Mobile Customers ( '000)	7,690	7,380	4.2%
Postpaid	2,673	2,456	8.8%
Prepaid	5,017	4,924	1.9%
Net additions ( '000)			
Fixed retail accesses	65	145	(55.5)%
PSTN/ISDN	(26)	(33)	22.6%
Broadband customers	43	63	(31.7)%
Pay-TV customers	47	115	(59.2)%
Mobile Customers	92	(63)	244.9%
Postpaid	204	79	159.6%
Prepaid	(112)	(142)	20.8%
Data as % of mobile service revenues (%)	35.6	31.6	4.0pp

Growth of fixed retail customers was underpinned by a solid performance of MEO, PT's pay-TV service, with pay-TV customers up by 9.8% y.o.y to 1,270 thousand (net additions of 47 thousand in 1H13), confirming the continued success and the attractiveness of MEO in the Portuguese market, even against a backdrop of difficult economic environment and already high penetration of pay-TV. PT's triple-play customers (voice, broadband and pay-TV) grew by 16.7% y.o.y, having reached 894 thousand in 1H13 (61 thousand net additions in the 1H13).

In 1H13, mobile customers benefited from the performance of postpaid customers, which grew by 8.8% y.o.y to 2,673 thousand (204 thousand net additions in 1H13), benefiting from the launch of the convergent offer M4O, which is leading to a prepaid to postpaid migration in mobile customer base. Mobile prepaid customers grew by 1.9% y.o.y in 1H13 to 5,017 thousand, benefiting from the continued success of the new Moche tariff plans (+49.6% y.o.y to 1,792 thousand customers with 160 thousand net additions in 1H13).



## Residential

In 1H13, residential retail accesses or retail revenue generating units (RGUs) increased by 4.2% y.o.y, reaching 3,870 thousand, with pay-TV and broadband accesses already accounting for 56.6% of total residential retail accesses as at 30 June 2013. In 1H13, MEO, PT's pay-TV service reached 1,155 thousand customers (+7.3% y.o.y), which accounted for 20 thousand net additions, while fixed residential broadband reached 1,036 thousand customers with 22 thousand net additions. Unique customers in the residential segment reached 1,863 thousand while triple-play customers stood at 802 thousand (+12.9% y.o.y) and already represented 43.1% of PT's residential customers, extending its leadership in this market. The continued and sustainable growth of triple-play bundles and of pay-TV and fixed broadband in the residential segment has led to a stable ARPU of Euro 31.8 and to an increase of RGUs per unique customer from 1.99 in 1H12 to 2.08 in 1H13, despite a lower contribution from other value added services as economic conditions in Portugal, namely available income and consumption, still show declining trends.

## Residential operating data

	1H13	1H12	y.o.y
Fixed retail accesses ( '000)	3,870	3,714	4.2%
PSTN/ISDN	1,679	1,672	0.4%
Broadband customers	1,036	966	7.3%
Pay-TV customers	1,155	1,076	7.3%
Unique customers	1,863	1,863	(0.0)%
Net additions ( '000)			
Fixed retail accesses	29	157	(81.5)%
PSTN/ISDN	(13)	(2)	n.m.
Broadband customers	22	55	(60.7)%
Pay-TV customers	20	104	(80.7)%
ARPU (Euro)	31.8	31.6	0.8%
Non-voice revenues as % of revenues (%)	65.5	62.9	2.6pp

The solid growth of residential customers is clearly supported by the success of MEO, PT's innovative pay-TV service that has already moved towards a seamless multiscreen experience, with live TV channels, games, music and video on demand on all screens. MEO's experience is now convergent. As of 11 January 2013, in line with its strategy for the Residential and Personal segment which focuses on the fixed-mobile and services convergence, PT presented the new MEO, with a rebranding and the launch of PT's first quadruple-play offer: M4O, which is a truly fixed-mobile convergent service, including pay-TV, broadband and fixed and mobile voice. M4O offers 108 channels, up to 100 Mbps broadband speed (24 Mbps of broadband speed over ADSL 2+), unlimited calls and two to four mobile SIM cards including unlimited voice and SMS to all wireline and wireless networks, on the back of PT's 3G and 4G-LTE networks. Recently, M4O was made available also through Satellite, which has allowed PT to expand this convergent offer throughout the entire country. M4O Satellite offers the same package, with the only difference being the channel offering. PT also launched a new package named M3O that allows the customer to choose the same features as M4O Satellite, but without the internet access for a price that is Euro 15 lower.

MEO's M4O enables a unique customer experience reflected in the: (1) billing, through a single invoice and value for the entire family, allowing total cost control; (2) self-care, with an integrated online portal for all products and services; (3) CRM, allowing for an integrated customer view, and (4) sales, giving PT's customers an integrated experience online and at the stores. The M4O offer allows all families to have access to more services and of superior quality for a monthly fee of Euro 79.99, including two mobile SIM cards allowing unlimited voice and SMS



to all fixed and mobile networks and 200MB of internet access. Up to two additional SIM cards can be included for monthly fee of Euro 7.5 per each SIM card. Already in April 2013, PT launched two new Internet packages, with traffic allowances of 200MB (IT Light) for Euro 2.99 per month and 5GB (IT Ultra) for Euro 19.99 per month. At the same time, PT repositioned the existing IT packages offering additional savings of up to 55%: IT Super offers 500MB of traffic for Euro 4.99 per month and IT Super Plus offers 1GB of traffic for Euro 7.99 per month.

During 1H13, PT continued to consolidate MEO's leadership in terms of innovation, content differentiation and customer experience. In what concerns MEO GO!, the MEO service over the top application that allows access to 60+ channels, video on demand and recordings on smartphones, tablets and PC through WiFi and mobile networks, it is worth highlighting the launch of the new MEO GO! Apps for Android tablets and iPad, for Windows 8 and the renovation of MEO GO! website. MEO continued to innovate and to add new content to its grid through: (1) the launch of CM TV, Correio da Manhã TV, in partnership with Cofina, the owner of several newspapers and magazines in Portugal, including the most widely read tabloid in Portugal, Correio da Manhã; (2) the launch of the KBS World HD channel, and (3) several promotions on existing content, namely the campaign offering two free monthly fees on Globo Premium. New content was also made available in the Meo Kids. In what concerns content, PT continued to focus on the intensification of the partnerships with content providers, focusing on two-way collaborations to improve content quality, and on the renegotiation of existing content deals aiming at adapting further the content cost structure to the macro environment, thus generating savings in content costs. Already in April 2013, MEO launched together with TVI, a leading free-to-air portuguese channel, an interactive channel entirely dedicated to the new programme Big Brother VIP enabling access to the Big Brother house for 24 hours a day and to be able to follow all that happens between competitors of the most watched reality show of the world. The Big Brother VIP channel stood at fourth place in the April audience ranking.

Service revenues in the Residential segment reached Euro 359 million, up by 3.1% y.o.y and continued showing growth on the back of positive net adds, notwithstanding increased competitive aggressiveness, namely by a smaller player, already high pay-TV penetration and the shifting of market share gains coming from market expansion to best value proposition. This performance was achieved on the back of the continued strong performance of MEO triple-play offer, resulting on an increase in RGUs per unique customer. As a result of the higher penetration of triple-play offers, the weight of non-voice services in Residential service revenues stood at 65.5% (+2.6pp y.o.y) in 1H13 and the weight of flat revenues stood at 89.3% (+2.6pp y.o.y).

## Personal

In 1H13, mobile Personal customers, including voice and broadband customers, increased by 5.6% y.o.y showing a sequential improvement (2Q13: +5.6%; 1Q13: +3.2% y.o.y; 4Q12: +1.5% y.o.y; 3Q12: -1.1% y.o.y; 2Q12: -1.1% y.o.y, and 1Q12: -0.9% y.o.y). In 1H13, mobile Personal customers registered 96 thousand net additions (135 thousand net disconnections in 1H12), underpinned by the solid performance in postpaid (204 thousand net additions in 1H13). This performance is anchored on the strong commercial success of M4O, which is underpinning the transformation of the Portuguese mobile market by introducing convergence, which allows additional differentiation of commercial offers, while at the same time is shifting the focus from prepaid to postpaid. In fact, according to Anacom, PT has gained market share in 1Q13 for the second consecutive quarter and has maintained this trend in 2Q13. The results obtained show a solid and continued growth in fixed and mobile RGUs. As at August 2013, total RGUs associated with M4O amounted to 1 million and 40% are new services to PT. M4O offer is proving to attract new customers as 47% subscribe two Sim cards, 24% three Sim cards and 29% four Sim cards. Net disconnections of prepaid customers stood at 107 thousand in 1H13, improving versus 1H12 (144 thousand net disconnections). This improvement was achieved on the back of the successful commercial performance of the Moche tariff plans,

following the new positioning implemented in 2012, that allowed TMN in one year to achieve leadership in the 10-14 years old segment, and the launch of a new campaign in 2Q13 to celebrate the first anniversary of Moche tariff plans targeted to under 25 years old.

**Personal operating data**

	1H13	1H12	y.o.y
Mobile Customers ( '000)	6,120	5,797	5.6%
Postpaid	1,297	1,073	20.9%
Prepaid	4,824	4,724	2.1%
Net additions ( '000)	96	(135)	171.3%
Postpaid	204	9	n.m.
Prepaid	(107)	(144)	25.6%
MOU (minutes)	95	92	2.6%
ARPU (Euro)	7.6	8.7	(13.5)%
Customer	7.1	8.0	(10.9)%
Interconnection	0.5	0.8	(41.0)%
SARC (Euro)	23.8	28.5	(16.7)%
Data as % of service revenues (%)	35.4	32.9	2.5pp

PT's strategy for the Personal customer segment is anchored on mobile data offers based on high quality network offering, best in class coverage and high capacity to meet customers demand for increasingly higher bandwidth and provide the best quality of service in the market. PT has the best 4G-LTE network coverage reaching 92% of the population and allowing speeds of up to 150 Mbps. PT is testing LTE-Advanced and has already achieved speeds of 300Mbps, preparing the evolution of its 4G-LTE offer. TMN's commercial offers include: (1) voice and data tariff plans designed to integrate seamlessly unlimited voice and data plans, targeted at the high value postpaid segments and, in the prepaid segment, to prevent migration to the low value tariff plans by offering additional voice and data services; (2) distinctive smartphone offering leveraging on a comprehensive portfolio of circa 30 smartphones, including exclusive handsets, and on innovative value added and convergent services to use on-the-go (mobile TV MEO GO!; music on demand Music Box; navigation app TMN Drive, and Cloud PT, which offers 16Gb of cloud storage space for free), and (3) mobile broadband competitive offers of up to 150Mbps speed, on 4G-LTE, and offering free access to PT's leading national WiFi network. PT's WiFi offer includes automatic subscriber authentication based on SIM Card (EAP-SIM), over-the-air or standard terminal configuration and automatic 3G and 4G-LTE offload to WiFi whenever the device is within WiFi coverage. As such, WiFi clearly complements 3G and 4G-LTE for data coverage, thus increasing customer mobility and satisfaction and ultimately its loyalty.

In January 2013, TMN's multi-SIM 4G-LTE service, that allows customers to share the Internet plafond among the smartphone, tablet and PC, was elected product of the year in the mobile tariff plans category. This award is the result of an independent survey carried out amongst consumers in the sector of fast moving consumer goods. In March 2013, following the launch of M40, TMN repositioned its Unlimited tariff plans and launched a commercial campaign aimed at reinforcing the competitiveness of its postpaid tariff plans targeted at heavy mobile consumers that want to use their smartphones without limitations on voice and data services. The new Unlimited tariff plans offer unlimited voice and SMS for all national networks, up to 5GB of Internet, unlimited access to PT's WiFi network, 16GB of storage in Cloud PT and free access to Musicbox, PT's music streaming service. The range of the Unlimited tariff plans addresses different profiles of Internet usage: from the Unlimited S that sells at Euro 15.9 per month and offers 200MB per month up to the Unlimited XL that sells at Euro 69.9 per month and offers 5GB per month. TMN also continued to strengthen its smartphone portfolio, aiming at diversifying operating systems

and providing the widest range of handsets to meet customer demand. It is worth highlighting the launch of Blackberry Z10, using the BB10 software, and Huawei Ascend W1, using Windows Phone 8.

In 1H13, customer revenues in the Personal segment declined by 8.0% y.o.y to Euro 259 million, showing an improvement throughout the last quarters: 2Q13 (-7.4% y.o.y), 1Q13 (-8.6% y.o.y), 4Q12 (-9.1% y.o.y) and 3Q12 (-11.2% y.o.y), despite the challenging economic background reflected on lower available income and consumption. This sequential improvement was achieved on the back of: (1) flat fee customer growth and increased weight of flat fee revenues, and (2) increased data revenues explained by increased smartphone penetration and internetnotelecom revenues. The decline in customer revenues reflected: (1) lower and volatile recharges as a result of difficult economic conditions, and (2) price competition and migration to lower tariff plans. Interconnection revenues declined by 39.1% y.o.y to Euro 16 million in 1H13, contributing to a total decline on service revenues of -10.7% y.o.y (-10.0% in 2Q13, -11.4% y.o.y in 1Q13, -11.9% y.o.y in 4Q12 and -13.2% y.o.y in 3Q12). In effect, MTRs declined throughout 2012 from Euro 3.50 cents to Euro 1.27 cents as from 31 December 2012. MTRs in Portugal are amongst the lowest in Europe. ARPU of the personal segment stood at Euro 7.6 (-13.5% y.o.y) and customer ARPU stood at Euro 7.1 (-10.9% y.o.y). The weight of non-voice revenues in service revenues stood at 35.4% in 1H13 (+2.5pp y.o.y), reflecting the solid performance of data packages internetnotelecom, while the weight of flat-fee revenues stood at 36.3% (+6.7pp y.o.y).

#### Enterprise

The Enterprise customer segment (B2B segment) includes mobile and fixed, voice and data and convergent and integrated IT offers provided to large corporates and to small and medium size businesses. In this customer segment, PT aims at growing its revenue base beyond connectivity and legacy services by seizing the ICT opportunity, including cloud, outsourcing and BPO, on the back of cutting-edge solutions for companies and future-proof Data Center investments to meet demand for high bandwidth services and virtualisation.

In 2Q13, PT has repositioned the M4O offer, available to the small and medium offices, in terms of pricing and adding more TV channels available. This includes the repositioning of IT portfolio, extending the existing tariff plans and creating new ones, in order to have a more comprehensive offer. The competitive pressure deteriorated, leading to an even more significant price decline, more visible in mobile voice. Notwithstanding this competitive backdrop and adverse economic conditions, PT is gaining operational momentum in the small and medium size companies segment with positive net adds across all fixed services.

In what concerns the corporate segment, PT has simplified its commercial offer of Managed Services, discontinuing certain services and standardising its offer across all areas, WAN, LAN/WAN and voice. For web services SmartCloudPT PT has made available an upgraded platform service support for Microsoft Exchange Email SmartCloudPT, with increased accommodation capacity and retention periods, as well as improving the functionality of the interface webmail. In 1H13, commercial activity continued to slow down and competitive pressure continued to be aggressive, impacting operational and financial performance.

In 1H13, fixed retail customers of the enterprise segment stood at 1,057 thousand, an improved performance of 38 thousand net additions, compared to a trend of disconnections that was observed during 2012 and turned around in 1Q13 (26 thousand in 2Q13, 12 thousand in 1Q13, -5 thousand in 4Q12, -9 thousand in 3Q12, -6 thousand in 2Q12 and -48 thousand in 1Q12). Moreover, in 1H13, the Enterprise segment registered: (1) 10 thousand net disconnections of fixed lines (-2 thousand in 2Q13, -8 thousand in 1Q13, -13 thousand in 4Q12, -15 thousand in 3Q12, -15 thousand in 2Q12 and -58 thousand in 1Q12); (2) 22 thousand net additions of fixed broadband (12





thousand in 2Q13, 9 thousand in 1Q13, 4 thousand in 4Q12, 2 thousand in 3Q12, 4 thousand in 2Q12 and 4 thousand in 1Q12), and (3) 27 thousand net additions of pay-TV customers (16 thousand in 2Q13, 11 thousand in 1Q13, 4 thousand in 4Q12, 4 thousand in 3Q12, 5 thousand in 2Q12 and 6 thousand in 1Q12). This improved performance across the various services reflects a solid success of the M4O offer in the SOHO and small and medium businesses.

### Enterprise operating data

	1H13	1H12	y.o.y
Fixed retail accesses ( 000)	1,057	1,033	2.3%
PSTN/ISDN	715	754	(5.2)%
Broadband customers	229	201	14.0%
Pay-TV customers	113	79	43.8%
Retail RGU per access	1.48	1.37	7.9%
Mobile Customers ( 000)	1,514	1,521	(0.4)%
Net additions ( 000)			
Fixed retail accesses	38	(54)	170.2%
PSTN/ISDN	(10)	(73)	85.8%
Broadband customers	22	8	162.7%
Pay-TV customers	27	11	152.9%
Mobile Customers	(0)	75	(100.0)%
ARPU (Euro)	21.5	24.4	(11.9)%
Non-voice revenues as % of revenues (%)	52.5	48.0	4.4pp

Operating revenues of the Enterprise customer segment declined by 11.2% y.o.y to Euro 402 million in 1H13, showing a sequential deterioration penalised by the economic and pricing environment, namely by: (1) the public administration strong cost cut initiatives and significant reduction in investments in new projects; (2) the large corporate cost reduction initiatives; (3) the small and medium businesses, which were still showing some resilience in 2012, are now more penalised by the economic and financing context with higher impact on mobile revenues, and (4) intense price competition across the various segments. Notwithstanding the economic environment, PT maintained a solid leadership, both in large corporates and in small and medium size businesses, anchored on its distinctive products and services to both market segments as referred to above. In 1H13, non-voice services represented 52.5% of Enterprise retail revenues, up by 4.4pp y.o.y.

### Consolidated financial performance in Portugal

In 1H13, revenues from Portuguese telecommunications businesses declined by Euro 78 million (-5.8% y.o.y) to Euro 1,280 million, having improved the trend in 2Q13 (-4.8% y.o.y) when comparing to 1Q13 (-6.8% y.o.y) and 4Q12 (-8.1% y.o.y). This performance reflected the revenue decline at the Enterprise and Personal customer segments (Euro 51 million and Euro 22 million, respectively), as the Enterprise segment is still being penalised by price declines, notwithstanding an improved performance from SMEs and SOHOs, while the Personal segment is still being penalised by price competition and declining MTRs. Revenues in the Residential segment were up by 1.8% y.o.y in 1H13, continuing to show growth on the back of positive net adds notwithstanding already high pay-TV penetration and the shifting of market share gains coming from market expansion to best value proposition. Wholesale, other and eliminations revenues stood at Euro 199 million in 1H13 (-5.8% y.o.y), primarily as a result of lower revenues associated to: (1) public pay phones; (2) directories business; (3) leased lines and accesses, including lower prices resulting from adverse regulatory decisions and lower volumes as operators continue to build own networks, and (4) termination of national and international traffic, due to lower volumes in certain geographic and



nongeographic special services and indirect traffic terminations. In 2Q13 revenues from Wholesale, other and eliminations increased by 2.4% y.o.y to Euro 105 million, reflecting an one-off related to certain contracts, including some international traffic transit agreements, which tend to carry low margin (wholesale traffic revenues were up 12.1% y.o.y in 1H13).

Revenue performance continued to be impacted by macroeconomic environment, notwithstanding the sustained growth in the Residential segment and improved trends in the Personal and Wholesale segments. Private consumption in Portugal decreased by 5.1% in 1Q13, while PT's consumer segment, which includes Residential and Personal segments, posted customer revenues decreasing by 1.8% y.o.y in 1H13, outperforming the market and competitors. This performance was achieved on the back of strong commercial dynamics across all sales channels. In 1H13, revenues in Portugal were also penalised by adverse regulation movements (Euro 29 million), including lower MTRs (Euro 18 million) and roaming (Euro 5 million). Excluding regulation effects, revenues would have decreased by 3.6% y.o.y in 1H13.

**Portuguese telecommunications businesses financial information**

**Euro million**

	1H13	1H12	y.o.y
<b>Operating revenues</b>	<b>1,280.0</b>	<b>1,358.5</b>	<b>(5.8)%</b>
Residential	361.9	355.5	1.8%
Service revenues	358.9	347.9	3.1%
Sales and other revenues	3.1	7.6	(59.4)%
Personal	317.7	339.7	(6.5)%
Service revenues	275.3	308.3	(10.7)%
Customer revenues	258.8	281.3	(8.0)%
Interconnection revenues	16.5	27.0	(39.1)%
Sales and other	42.4	31.3	35.4%
Enterprise	401.6	452.3	(11.2)%
Wholesale, other and eliminations	198.7	211.0	(5.8)%
<b>Operating costs</b>	<b>730.8</b>	<b>743.4</b>	<b>(1.7)%</b>
Wages and salaries	120.9	120.6	0.2%
Direct costs	228.2	226.3	0.8%
Commercial costs	131.4	142.4	(7.7)%
Other operating costs	250.3	254.0	(1.5)%
<b>EBITDA (1)</b>	<b>549.2</b>	<b>615.1</b>	<b>(10.7)%</b>
Post retirement benefits	21.1	29.0	(27.1)%
Depreciation and amortisation	325.3	335.3	(3.0)%
<b>Income from operations (2)</b>	<b>202.8</b>	<b>250.8</b>	<b>(19.2)%</b>
EBITDA margin (3)	42.9%	45.3%	(2.4)pp
Capex	227.9	238.4	(4.4)%
Capex as % of revenues	17.8%	17.5%	0.3pp
EBITDA minus Capex	321.3	376.7	(14.7)%

(1) EBITDA = income from operations + post retirement benefits + depreciation and amortisation. (2) Income from operations = income before financials and income taxes + curtailment costs + losses (gains) on disposal of fixed assets + net other costs. (3) EBITDA margin = EBITDA / operating revenues.

In 1H13, operating costs excluding D&A and PRBs declined by 1.7% y.o.y (Euro 13 million) to Euro 731 million. Wages and salaries remained flat at Euro 121 million in 1H13 explained by a lower level of fixed remunerations, as a result of focus on cost control, a lower level of overtime remunerations and also higher efficiency levels in certain internal processes, notwithstanding a higher allocation of field force engineers to maintenance and repair activities due to adverse weather conditions observed in 1Q13. Direct costs were up by 0.8% y.o.y to Euro 228 million in 1H13, reflecting mainly higher programming costs (+4.1% y.o.y in 1H13) on the back of sustained customer growth



and investment in the differentiation of the MEO content offering. Notwithstanding this investment, programming costs per customer declined by 7.3% y.o.y. Commercial costs decreased by 7.7% y.o.y to Euro 131 million in 1H13, reflecting: (1) lower cost of goods sold (-11.6% y.o.y), due to lower subsidies and lower average cost of handsets; (2) lower commissions (-4.6% y.o.y), despite continued customer growth, thus reflecting lower churn, and (3) lower marketing and publicity (-6.5% y.o.y). This performance of commercial costs was achieved despite the costs associated with the launch of M4O, and reflects a continued favourable performance in terms of churn. Other operating expenses decreased by 1.5% y.o.y in 1H13 to Euro 250 million, explained by an increase in maintenance productivity due to the implementation of new generation access networks (FTTH). Structural costs benefit from the FTTH and 4G-LTE networks and the extensive operational transformation programme continued to be visible with improved quality of service and lower cost structure.

In 1H13, EBITDA in Portuguese telecommunications businesses stood at Euro 549 million (-10.7% y.o.y) with a margin of 42.9% (-2.4pp y.o.y). EBITDA performance reflected primarily the decline in service revenues (Euro 88 million), which have a higher operating leverage. In effect, service revenues less direct costs declined by Euro 90 million, while EBITDA declined by Euro 66 million as a result of lower operating expenses that stem from context measures but also from the fact that new technologies are more cost efficient. EBITDA performance in Portugal also included a Euro 2 million decline in the directories business.

Capex from Portuguese telecommunications businesses decreased by 4.4% y.o.y (Euro 10 million) to Euro 228 million in 1H13 and stood at 17.8% of revenues (+0.3pp y.o.y), notwithstanding the investments made during 1H13 in the rollout of the Data Center in Covilhã, which will be inaugurated on 23 September 2013. Excluding this effect, capex in Portuguese telecommunications businesses would have declined by Euro 37 million. The capex decline is explained by lower infrastructure and technology related capex, as a result of the strong investments made in the past years, both on FTTH and 4G-LTE networks. In 1H13, the investment in the Portuguese telecommunications businesses was primarily directed to: (1) investments in IT/IS projects, which represented 27% of total capex in 1H13; (2) customer capex, which amounted to Euro 86 million (-9.8% y.o.y), and (3) technology and infrastructure capex (Euro 78 million, -30.2% y.o.y). These past investments have translated into PT's clear leadership in FTTH and 4G-LTE coverage in Portugal, where PT already covers 1.6 million households with FTTH and 92% of the population with 4G-LTE allowing speeds of up to 150 Mbps. PT is testing LTE-Advanced and has already achieved speeds of 300Mbps, preparing the evolution of its 4G-LTE offer.

EBITDA minus capex in 1H13 was down by 14.7% y.o.y to Euro 321 million. In 2013, capex in the Portuguese telecommunications businesses is expected to continue to decline by more than Euro 50 million when compared to 2012, notwithstanding the investment made in the Data Center, more visible in 2Q13 and 3Q13.

## **International Businesses**

Oi

In 1H13, Oi's revenue generating units (RGUs) stood at 74,757 thousand, up by 3.3% y.o.y, including: (1) 18,438 thousand residential RGUs (+2.2% y.o.y); (2) 46,896 thousand personal mobile customers, which grew by 3.8% y.o.y, and (3) 8,755 thousand Business and Corporate RGUs, up by 4.6% y.o.y.

**Oi operating data**

	1H13	1H12	y.o.y
<b>Residential RGUs ( 000)</b>	<b>18,438</b>	<b>18,037</b>	<b>2.2%</b>
Fixed lines	12,242	12,744	(3.9)%
Fixed broadband	5,296	4,806	10.2%
Pay-TV	900	487	84.8%
<b>Personal Mobility RGUs ( 000)</b>	<b>46,896</b>	<b>45,198</b>	<b>3.8%</b>
Prepaid customers	40,235	39,407	2.1%
Postpaid customers + Oi controle	6,661	5,791	15.0%
<b>Business / Corporate RGUs ( 000)</b>	<b>8,755</b>	<b>8,370</b>	<b>4.6%</b>
Fixed lines	5,306	5,249	1.1%
Broadband	615	526	16.9%
Mobile	2,834	2,596	9.2%
<b>Other ( 000)</b>	<b>667</b>	<b>729</b>	<b>(8.5)%</b>
<b>RGUs ( 000)</b>	<b>74,757</b>	<b>72,334</b>	<b>3.3%</b>

In 1H13, in the residential segment, Oi continued to show a mitigation of fixed line attrition, with fixed lines decreasing by -3.9% y.o.y, a steady growth of fixed broadband accesses (+10.2% y.o.y to 5,296 thousand) and in 2Q13, another quarter of pay-TV growth, reaching 900 thousand customers (+84.8% y.o.y). This performance continues to confirm the turnaround of the historical wireline trends, underpinned by: (1) the strengthening of Oi's convergent offers and focus on retention, profitability and up selling initiatives, and (2) increased broadband network expansion and speeds. The average broadband speed in Oi's residential customer base stood at 3.5 Mbps in 1H13, which compares to 3.1 Mbps in December 2012, reflecting that 36% (+9pp y.o.y) of Oi's broadband customers have speeds equal or above 5 Mbps. Oi TV's residential penetration almost doubled in the last 12 months, leading to a pay-TV penetration per household of 7.3% up by 3.5pp y.o.y in 1H13. In June 2013 went into orbit a new satellite leased by Oi. The new equipment will improve signal quality and coverage and will allow the expansion of Oi's TV offering, which will be able to include new pay-per-view and interactive services. Oi continues to develop its IPTV pilot through FTTH, offering broadband speeds of up to 200 Mbps. During 1H13, Oi continued to invest in the pay-TV offer which is core to its convergence strategy, with the purpose to increase the number of revenue generating units per each unique customer as it increases customer loyalty and drives sustainable ARPU growth. As at 30 June 2013, Oi had 57% of the Residential customer base with more than one service, increasing by 6.0pp when compared to 30 June 2012.

In 1H13, Oi's Residential revenues increased by 4.9% y.o.y to R\$ 5,133 million, continuing to show a strong improvement, due to the positive contribution of revenue from broadband and pay-TV services, which revealed strong customer demand for triple-play and quadruple-play services. This performance, coupled with a significant reduction in fixed line churn, is explained by Oi's successful strategy of offering convergent services and initiatives to increase profitability and customer loyalty, leading to residential ARPU growth of 8.8% y.o.y, reaching R\$ 70.2 in 2Q13.

In the Personal Mobility segment, Oi's mobile customers stood at 46,896 (+3.8% y.o.y) with net additions of 591 thousand in 1H13. Oi continued to focus on growth of high value and postpaid customers, on increasing the penetration of data and value added services and improving prepaid profitability. Postpaid customers increased by 15.0% y.o.y, reaching 6,661 thousand at the end of 1H13. The weight of postpaid customers in the Personal Mobility segment increased to 14.2% as at 30 June 2013. Oi has continued to focus on growing in the high-end market and improving its profitability, on the back of: (1) repositioning its pricing plans in certain markets, while maintaining its

offer competitiveness, and (2) tightening its credit requirements for new postpaid customers in order to adapt to the country's current macroeconomic conditions.

Prepaid customers stood at 40,235 thousand in 1H13, increasing by 2.1% y.o.y and representing 85.8% of Oi's Personal Mobility customer base. This performance was underpinned by the focus of Oi's growth strategy on profitability of the customer base with Oi observing consistent growth in recharges. In 1H13, Oi launched a pilot platform to manage recharge campaigns. This tool allows sending real time messages to stimulate recharges and sales of packages based on customer's profile. Revenues from prepaid SMS and mobile data increased significantly also due to Oi's comprehensive customer offerings. In 1H13, Oi had a strong and efficient presence in national retail sales points, expanding SIM card and recharge sales points.

In 1H13, Oi's Personal Mobility revenues stood at R\$ 4,571 million, having increased by 5.4% y.o.y. Oi's service revenues increased by 5.2% y.o.y to R\$ 3,193 million, on the back of the strong performance in data and value added services, explained by the initiatives taken to increase the penetration of data usage in the customer base, and the continuous expansion of 3G coverage, with an increase of 529 municipalities covered in the last 12 months, reaching 76% of the urban population.

Oi's Business/Corporate customers stood at 8,755 thousand in 1H13, increasing by 4.6% y.o.y, underpinned by mobile (+9.2% y.o.y), data (+16.9% y.o.y) and wireline (+1.1% y.o.y) growth.

In 1H13, revenues from the Business/Corporate segment increased by 1.2% y.o.y to R\$ 4,232 million, explained by the increased usage of data services and growth of the mobile base. In the Business segment, Oi continued focused on profitable customer growth. This was achieved by: (1) increasing revenues, through continued expansion of sales channels; (2) reducing churn by focusing on customer retention programmes, and (3) raising the minimum traffic thresholds of entry plans, thereby, increasing the profitability of new customers. This programme translated into growth of RGUs in 1H13 (+4.6% y.o.y), having Oi been able to turnaround the secular RGU loss in this segment. The Corporate segment was marked by FIFA's Confederations Cup in June, as Oi was the official provider of telecom and IT services. The continued focus on increasing data, advanced voice and postpaid has allowed for a significant growth in postpaid voice, VPN networking, internet access and fixed digital trunking.

**Oi pro-forma consolidated revenues (1)**

**R\$ million, 100%**

	1H13	1H12	y.o.y
<b>Residential</b>	<b>5,133</b>	<b>4,895</b>	<b>4.9%</b>
<b>Personal Mobility</b>	<b>4,571</b>	<b>4,335</b>	<b>5.4%</b>
Services	3,193	3,034	5.2%
Network Usage	1,103	1,142	(3.4)%
Sales of handsets, sim cards and others	276	159	73.6%
<b>Business / Corporate</b>	<b>4,232</b>	<b>4,181</b>	<b>1.2%</b>
<b>Other services</b>	<b>178</b>	<b>300</b>	<b>(40.7)%</b>
<b>Pro-forma consolidated net revenues</b>	<b>14,114</b>	<b>13,711</b>	<b>2.9%</b>

(1) The pro-forma data amount refers to the former TNL as if the takeovers had occurred on 1 January 2012. Oi's earnings proportionally consolidated by PT differ from figures presented in the table above as they are adjusted in order to comply with PT's accounting policies, estimates and criteria, including differences regarding the income statement format.

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Oi's mobile customers stood at 49,730 thousand (+4.1% y.o.y), with net additions of 471 thousand in 1H13 and gross additions of 12.3 million. In 1H13, Oi maintained its focus on growing in the high value segment by improving the reach of its retail channels, simplifying its tariff plans, launching smartphone campaigns and expanding its 3G network.



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In 1H13, Oi's pro-forma consolidated net revenues, as prepared by Oi, increased by 2.9% y.o.y to R\$ 14,114 million, underpinned by growth across all segments. In 2Q13, for the fourth consecutive quarter, Oi posted annual growth in net revenues (2Q12: -2.4% y.o.y; 3Q12: +1.5% y.o.y; 4Q12: +6.2% y.o.y; 1Q13: +3.5% y.o.y and 2Q13: +2.4% y.o.y), mainly driven by higher broadband and pay-TV sales that reduced fixed line attrition in the Residential segment, growth in data package and text message usage in the Personal Mobility segment and higher data and IT revenues from the Corporate segment.

EBITDA, as reported by Oi, decreased by 5.3% y.o.y in 1H13, to R\$ 3,948 million, with a margin of 28.0%. In 1H13, EBITDA performance reflected higher operating expenses (+6.5% y.o.y to R\$ 10,166 million), as a result of an increase in: (1) personnel costs (+26.9% y.o.y), due to the payment of wage benefits to employees, inflation adjustments of salaries and insourcing of internal network maintenance; (2) provision for bad debts (+46.2% y.o.y), explained by the tightening of the credit requirements for new customers, implemented by Oi in 2Q13, to address the deterioration of the economic backdrop; (3) third-party services (+9.8% y.o.y), due to higher pay-TV content costs, and (4) marketing (+6.2% y.o.y), due to Oi's sponsorship of FIFA's Confederations Cup.

Oi pro-forma income statement (1)	R\$ million, 100%		
	1H13	1H12	y.o.y
<b>Pro-forma consolidated net revenues</b>	<b>14,114</b>	<b>13,711</b>	<b>2.9%</b>
<b>Pro-forma operating costs</b>	<b>10,166</b>	<b>9,544</b>	<b>6.5%</b>
Interconnection	2,154	2,229	(3.4)%
Personnel	1,265	997	26.9%
Materials	100	59	69.5%
Cost of goods sold	285	214	33.2%
Third-Party Services	4,252	3,874	9.8%
Marketing	275	259	6.2%
Rent and Insurance	968	899	7.7%
Provision for Bad Debts	532	364	46.2%
Other Operating Expenses (Revenue), Net	336	650	(48.3)%
<b>Pro-forma EBITDA</b>	<b>3,948</b>	<b>4,167</b>	<b>(5.3)%</b>
EBITDA margin	28.0%	30.4%	(2.4)pp

(1) The pro-forma data amount refers to the former TNL as if the takeovers had occurred on 1 January 2012. Oi's earnings proportionally consolidated by PT differ from figures presented in the table above as they are adjusted in order to comply with PT's accounting policies, estimates and criteria, including differences regarding the income statement format.

### Other international assets

In 1H13, other international assets, on a pro-forma basis, increased their proportional revenues by 4.1% y.o.y to Euro 200 million and EBITDA by 3.8% y.o.y to Euro 108 million, as a result of a solid operational and financial performance by the majority of PT's international assets, notwithstanding a high level of penetration and increasing competition in some markets and some negative foreign exchange effects.

### Proportional financial information of other international assets (1)

Euro million

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	1H13	1H12	y.o.y
<b>Operating revenues</b>	<b>200.3</b>	<b>192.5</b>	<b>4.1%</b>
<b>EBITDA (2)</b>	<b>107.8</b>	<b>103.9</b>	<b>3.8%</b>
Depreciation and amortisation	28.4	23.9	18.8%
<b>Income from operations (3)</b>	<b>79.4</b>	<b>80.0</b>	<b>(0.7)%</b>
EBITDA margin (4)	53.8%	54.0%	(0.1)pp

(1) Pro-forma consolidation of other international assets using the percentage of ownership held by PT. Excludes CTM for all periods for comparison purposes. (2) EBITDA = income from operations + depreciation and amortisation. (3) Income from operations = income before financials and income taxes + curtailment costs + losses (gains) on disposal of fixed assets + net other costs. (4) EBITDA margin = EBITDA / operating revenues.

**Highlights of main assets in Africa and Asia (1H13) (1)**

**Million (financials)**

	Stake	Customers	Rev. local	y.o.y	EBITDA local	y.o.y	Margin	Rev. Eur	EBITDA Eur
Unitel, Angola (2) (4)	25.00%	9,304	1,033	9.5%	585	8.4%	56.6%	786	445
MTC, Namibia (3) (4)	34.00%	2,200	999	10.5%	490	14.7%	49.0%	82	40
CVT, Cape Verde (3) (4)	40.00%	433	3,802	(15.3)%	1,850	(13.6)%	48.7%	34	17
CST, S.Tomé & Príncipe (3)									
(4)	51.00%	135	141,089	0.1%	34,159	(5.8)%	24.2%	6	1
Timor Telecom, East Timor									
(3) (5)	44.17%	618	32	(4.0)%	16	(16.4)%	49.7%	25	12

(1) Figures account for 100% of the company. PT has management contracts in CVT, CST and Timor Telecom. (2) Equity consolidation method. (3) Full consolidation method. (4) These stakes are held by Africatel, which is 75% controlled by PT. (5) PT increased its stake in Timor Telecom from 41.12% to 44.17% in March 2013.

In 1H13, Unitel's revenues and EBITDA, in USD, increased by 9.5% y.o.y to USD 1,033 million and by 8.4% y.o.y to USD 585 million. In 1H13, Unitel posted solid operational and financial trends on the back of successful campaigns aimed at increasing penetration of mobile broadband and promoting voice usage. Unitel also continued to launch several initiatives targeted at strengthening its distribution channels and improving the quality of its network.

In 1H13, MTC's revenues and EBITDA increased by 10.5% y.o.y and by 14.7% y.o.y, reaching NAD 999 million and NAD 490 million, respectively. EBITDA margin stood at 49.0%. Data revenues accounted for 22.9% of service revenues, amongst the highest in the African continent, reflecting a solid performance. In 1H13, MTC focused its marketing efforts and commercial activity on: (1) boosting broadband revenue growth, underpinned by the use of 4G-LTE technology and Netman brand; (2) promoting the upselling of new pricing plans aimed at increasing usage and revenues; (3) selling Smartshare, a convergent internet/mobile service, launched this quarter, that combines Netman Home (internet router) with up to 3 smartphones, and (4) marketing Super Aweh, a new flat fee pricing plan for high end users.

In 1H13, CVT's revenues decreased by 15.3% y.o.y to CVE 3,802 million, while EBITDA decreased by 13.6% y.o.y to CVE 1,850 million. EBITDA margin stood at 48.7%. The performance of CVT's revenues and EBITDA was impacted by international accounting rule IFRIC12. Excluding this effect, revenues would have decreased by 4.5% y.o.y, while EBITDA would have decreased by 11.3% y.o.y. Revenues and EBITDA were primarily impacted by the adverse evolution of fixed wholesale revenues (-12.1% y.o.y), fixed retail revenues (-9.0% y.o.y) and by a positive one-off effect in 1Q12 in other revenues. In 1H13, CVT posted a solid mobile performance, underpinned by the success of the broadband commercial strategy. During 1H13, CVT launched several commercial offers, including: (1) door to door and outbound campaigns which underpinned fixed gross adds and migration from the basic fixed voice price plan to Di Casa, a new pricing plan; (2) Powa Swag Total, new youngsters pricing plan (with monthly and weekly subscription options and voice promotions on days of lower usage), and (3) voice promotions on days of lower usage.

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In 1H13, CST's revenues were flat y.o.y at STD 141,089 million, while EBITDA decreased by 5.8% y.o.y to STD 34,159 million, equivalent to an EBITDA margin of 24.2%. In 1H13, CST launched: (1) new mobile broadband and fixed services that increased broadband download speed by up to 8x using the new submarine cable capabilities, and (2) several campaigns to stimulate voice usage. In 1H13, CST also developed its mobile and fixed network and strengthened its distribution channels. Penetration of mobile services in São Tomé e Príncipe now stands at circa 74% (+3.5pp y.o.y).

In 1H13, Timor Telecom's revenues and EBITDA stood at USD 32 million (-4.0% y.o.y) and USD 16 million (-16.4% y.o.y), respectively, reflecting the repositioning of the commercial offers in a more competitive environment following the entrance of two new competitors in the market. EBITDA margin was 49.7%. As at 30 June 2013, Timor Telecom reached 614 thousand mobile customers. Data revenues accounted for 19.6% of mobile service revenues. In 1H13, Timor Telecom launched several initiatives including: (1) segmented mobile broadband and data offers; (2) new pricing plans with more competitive tariffs for different segments (such as Diak for youth segment and closed user group plans for business segment); (3) several voice and data stimulation campaigns, and (4) improvement of its distribution network, both with the launch of new commercial contact points/upgrade of existing ones and the strengthening of its indirect distribution channels.

03

Employees

**Number of employees**

	1H13	1H12	y.o.y	y.o.y %
Portugal	11,533	11,176	357	3.2%
Telecommunications	7,841	7,544	297	3.9%
Other businesses	3,692	3,632	60	1.7%
Brazil	61,354	59,325	2,029	3.4%
Telecommunications - Oi	10,895	8,592	2,303	26.8%
Other businesses	50,459	50,733	(274)	(0.5)%
Other geographies	1,616	1,525	91	6.0%
<b>Group employees</b>	<b>74,502</b>	<b>72,025</b>	<b>2,477</b>	<b>3.4%</b>

As at 30 June 2013, PT's employees were 74,502, of which 15.5% were in the Portuguese businesses. The total number of employees increased by 3.4% reflecting primarily the increase of 2,303 employees in the telecommunications Brazilian business.

**Portuguese businesses**

In the Portuguese businesses, the total number of employees increased by 3.2% y.o.y to 11,533, as a result of the retention of young talents (Trainees) and Operational and Commercial Teams.

With the objective to rejuvenate its workforce, PT has a structured recruitment process for young talents – Trainees, the best students from the best Portuguese universities – and Operational and Commercial Teams.

In the 2H12 and 1H13, 350 Trainees and Operational and Commercial Teams were integrated into PT. These are a two year programmes that involve about 50 departments of the company. The Trainees programme has a very close monitoring from the management team.

**Telecommunications business in Brazil - Oi**

As at 30 June 2013, the total number of Oi's employees were 10,895 increasing by 26.8% y.o.y. This significant increase resulted from continuous insourcing of operational activities. The objective of this insourcing is to deliver higher quality of services to customers in accordance with Oi's mission, vision and values through a structured and internal team that is dedicated to achieving the highest standards in keeping with the Company's guidelines.

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In order to foster career development within the Company, Oi has adopted a performance analysis process to evaluate its professionals, with emphasis on their personal growth. To build its leadership ranks, the Company offers an executive career development programme, which in the 1H13 included an Annual Meeting that covered: evaluations of 120 executives across a range of competencies, identification of succession readiness and planning, and creation of IDPs (Individual Development Plans) for future positions.

04

Main events

**Events of the first half 2013**

Shareholder remuneration

19. April.13 | PT's shareholders approved at the Annual General Meeting held on 19 April 2013 the application of the 2012 net income of Euro 230,495,402.78 and of reserves in the amount of Euro 60,871,159.72 contained in results carried forward, as follows:

- Payment to the Shareholders of the overall amount of Euro 291,366,562.50, corresponding to Euro 0.325 per share in respect of the total number of issued shares. The above mentioned amount of Euro 0.325 per share was paid to the Shareholders on 17 May 2013 (ex-dividend date: 14 May 2013; record date: 16 May 2013).

Corporate bodies

4. June.13 | Zeinal Bava was appointed Chief Executive Officer at Oi and Henrique Granadeiro accumulated the offices of Chairman of the Board and Chief Executive Officer of PT.

Debt

11. February.13 | S&P announced its review of the credit rating attributed to PT, downgrading the long-term rating from BB+ to BB, with negative outlook, and maintaining the short-term rating at B.

30. April.13 | PT announced that it has successfully completed the issuance of a Euro 1,000 million Eurobond with a maturity of 7 years, through its wholly-owned subsidiary PT International Finance BV. The coupon of this issue was 4.625%.

Meo



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11. January.13 | PT presented the new MEO, which includes a rebranding and the launch of the first quadruple play offer, a truly fixed-mobile convergent service, including TV, internet, fixed telephone, and mobile telephone: M4O.

CTM

13. January.13 | PT announced that it has entered into a definitive agreement for the sale of its minority equity stake held in Companhia de Telecomunicações de Macau, S.A.R.L. (CTM), representing 28% of CTM's share capital, to Citic Telecom International Holdings Limited (CITIC Telecom). This agreement provides that PT will receive total proceeds of USD 411.6 million, subject to certain adjustments.

21. June.13 | PT announced the conclusion of the sale of its minority stake in Companhia de Telecomunicações de Macau, S.A.R.L. (CTM) representing 28% of CTM's share capital, to CITIC Telecom. At completion, PT received total proceeds of USD 443.0 million including the consideration of USD 411.6 million as announced on 13 January 2013, plus an additional USD 31.4 million representing the proportionate share of the net cash in CTM attributable to PT and certain working capital adjustments.

#### Oi Group

27. January.13 | PT informed that as part of their strategic relationship and co-operation agreement announced in July 2010, PT, Oi S.A. and Oi S.A.'s controlling shareholders regularly review proposals which may enhance operational performance and governance to extract additional synergies especially in the areas of engineering, network, technology, innovation and services. Contrary to recent press speculation, there are no plans which contemplate PT buying control or making an offer for Oi S.A.

#### European Commission

23. January.13 | It came to PT knowledge that the European Commission adopted a decision condemning the company, together with Telefónica, S.A. (Telefónica) for infringement of article 101 of the TFEU, with reference to an alleged non-compete commitment with impact in the Iberian market included in the agreement of 28 July 2010 concerning the acquisition by Telefónica of PT's stake in Brazilian operator Vivo. PT was fined Euro 12,290,000.

The abovementioned decision ends an investigation that began in January 2011 in which the European Commission had the opportunity to analyse the relationship between both companies since 1996, not having apparently found other reasons worthy of criticism.

PT has not yet been formally notified of the decision of the European Commission. Nevertheless, PT believes that the publicly announced fine is unjustified and inappropriate to any possible unworthiness of its conduct. PT will consider bringing an action for annulment before the Court of Justice of the European Union once it has the opportunity to examine the full content of the decision and its grounds.

#### Subsequent events

##### Shareholder remuneration

14. August.13 | PT announced that its Board of Directors approved, on 13 August 2013, the modification of its shareholder remuneration policy for fiscal years 2013 and 2014, which will be exclusively comprised of a cash dividend of Euro 0.10 per share to be paid annually.



05

Main risks and uncertainties

PT has defined, as a priority commitment, the implementation of a process to evaluate and manage the risks that might affect its operations and the execution of the business plan and the achievement of the strategic goals defined by the Board of Directors. Such mechanisms are based on an enterprise wide risk management model, which seeks to ensure, inter alia, the implementation of Corporate Governance practices and transparency in the disclosure of information to the market and shareholders.

As a structured approach, risk management is integrated in the Company's strategic planning and operational management procedures, and relies on the commitment of all employees to adopt risk management as an integral part of their duties, notably by identifying, reporting and implementing risk mitigation measures and behaviours.

Risk Management is sponsored by the Executive Committee in conjunction with the management teams from the various businesses, at national and international level, in such a way as to identify, evaluate and manage uncertainties and threats that might affect the pursuance of the plan and of strategic goals. It should also be mentioned that the whole process is monitored by the Audit Committee, an independent supervisory body composed by non-executive board members.

As a result of the process that manages risks that might adversely affect PT's business, the following risks should be highlighted:

**Relevant Risks**

<p><b>Strategic Risks</b></p>	<p><b>Regulation</b></p> <p>PT is subject to the risk of regulatory changes or actions from national, European Union or international regulatory entities that may create growing competitive pressure and affect its capacity to conduct its business in an effective manner.</p> <p>The Regulation Department is in charge of the management of regulatory risk and must be up to date on new regulations applicable to the sector with an impact on PT. The risk management strategy and response is coordinated between the Regulation Department and the different operational areas.</p> <p>Within the monitoring of the various risks and opportunities related to regulation, we highlight the following matters: (i) Next Generation Networks; (ii) Network Security and resilience; (iii) Retail offers and pricing; (iv) Wholesale reference offers; (v) Universal Service; (vi) Radio-electric spectrum; (vii) Relevant Broadband Markets; (viii) Roaming regulation; (ix) Digital Dividend; (x) Cloud computing; and (xi) Cinema Law.</p>
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**Strategic Risks**

**Competition**

There is a possibility of a decline in PT's revenues due to an increase in competition by other operators or new players in the market, notably through (i) development of new products and services; (ii) aggressive marketing and sales policies; (iii) improvements in product or service quality; (iv) increase in productivity and cost reduction; (v) operator mergers and consolidations; and (v) re-configuration of the value chain from the customer's viewpoint.

On the Portuguese market, PT will continue to be a customer-oriented company focused on innovation and execution, managing its business along customer segments aiming at:

**Domestic Operations**

**1) Residential:** PT has been leveraging on the increased capacity of its new generation access networks to provide a differentiated and sophisticated TV experience anchored on premium content and a multi-screen strategy with seamless access to content on PCs, TVs and smartphones. MEO, PT's triple-play service, offers a differentiated customer experience through (1) a non-linear experience with video-on-demand, pause and restart-TV, (2) a complete ecosystem for TV apps (Facebook, games, music, Kids and Sapo); (3) interactive features providing additional depth over key channels and contents and (4) user generated content with MEO Kanal, a channel creating service that generated the first network effect on TV. The differentiation of MEO is not limited to fibre customers, as PT has also invested in a premium satellite service, with the current DTH service offering HD channels, digital recording, video-on-demand and interactive apps.

As of 11 January 2013, PT presented the new MEO, with a rebranding and the launch of PT's first quadruple-play offer: M4O, which is a truly fixed-mobile convergent service, including pay-TV, broadband and fixed and mobile voice.

The new MEO builds its new positioning based on three concepts: (1) simplicity, as a single mobile network to talk freely and without barriers to all mobile and fixed networks in Portugal; (2) convenience, as a single brand for voice, internet, and TV inside and outside the home, on the move, with a single commercial contact point and a single customer care centre, and (3) economy, as the concentration of all services under MEO's brand allows PT to transfer the subsequent economies of scale to its customers, allowing immediate savings.

The M4O offer was extended to satellite customers in July 2013, making the service available nationwide.

**2) Personal:** PT's strategy for the Personal customer segment is anchored on mobile data offers based on high quality network offering, best in class coverage and high capacity to

meet customers demand for increasingly higher bandwidth and provide the best quality of service in the market. PT has the best 4G-LTE network coverage reaching 92% of the population and allowing speeds of up to 150 Mbps. PT is testing LTE-Advanced and has already achieved speeds of 300Mbps, preparing the evolution of its 4G-LTE offer.

<p><b>Strategic Risks</b></p>	<p>TMN's commercial offers include: (1) voice and data tariff plans designed to integrate seamlessly unlimited voice and data plans, targeted at the high value postpaid segments and, in the prepaid segment, to prevent migration to the low value tariff plans by offering additional voice and data services; (2) distinctive smartphone offering leveraging on a comprehensive portfolio of circa 30 smartphones, including exclusive handsets, and on innovative value added and convergent services to use on-the-go (mobile TV MEO GO!; music on demand Music Box; navigation app TMN Drive, and Cloud PT, which offers 16Gb of cloud storage space for free), and (3) mobile broadband competitive offers of up to 150Mbps speed, on 4G-LTE, and offering free access to PT's leading national WiFi network. PT's WiFi offer includes automatic subscriber authentication based on SIM Card (EAP-SIM), over-the-air or standard terminal configuration and automatic 3G and 4G-LTE offload to WiFi whenever the device is within WiFi coverage. As such, WiFi clearly complements 3G and 4GLTE for data coverage, thus increasing customer mobility and satisfaction and ultimately its loyalty.</p> <p><b>3) Corporate and Small/medium Business:</b> Through investments in infrastructure and telecom-IT convergence, PT intends to develop and market advanced integrated solutions for the corporate and SME segments aimed at promoting the penetration of IT/IS and BPO services, thus increasing customer share of wallet and loyalty. PT will also leverage on its new leading-edge Data Center to develop a differentiated cloud computing offering for companies, in close cooperation with its leading industry partners.</p>
	<p><b>Competition</b></p> <p>PT has a three-tier approach to the B2B market focused on value added services: (1) Residential+, which makes available to the small offices/home offices (SOHO) fixed and mobile voice and fixed and mobile broadband and convergent services through the M4O offer; (2) Connected+, which provides multi-employee convergent connectivity to small and medium businesses, including mobility solutions for itinerant employees, and simple software solutions, and (3) Integrated+, which provides unified communications, outsourcing of ICT services, application integration, M2M and specific IT/IS solutions, business process outsourcing and IT consultancy, including end-to-end approach to customers by supporting their IT transformation through business consulting approach, in order to extend the services provided to corporations to video, multiscreen and highly differentiated convergent services. Cloud services, where PT positions itself as a hybrid player serving the full stack of IT needs, are available to all tiers by leveraging on strategic partnerships to accelerate access to leading-edge technologies, which are hosted in PT's Data Center in Covilhã. PT's market positioning allows it to offer comprehensive cloud solutions: (1) hybrid player providing three deployment models (Public, Private and Hybrid); (2) complete offering for the full range of service models (IaaS, SaaS and PaaS), and (3) high flexibility to work on and off premises (public and virtual public cloud).</p>



### **International Operations**

At the international level PT will remain focused on the operational performance of its assets and on the sharing of best practices across the various businesses. By reinforcing operational and commercial excellence in all operations and promoting the sharing of best-practices amongst all businesses, PT will be able to fully tap the potential of each operation, taking into account the market development status in all segments as well as its competitive positioning.

### **Competition**

Given PT's scale, growth prospects and starting position, the Brazilian market remains a key priority. Africa will continue to be a source of growth, where PT will continue to explore value-creating investment opportunities through partnerships. In Brazil, through its investment in and partnership with Oi, PT will focus its efforts on leveraging its successful experience in developing innovative and technologically advanced solutions for corporate customers, fixed-mobile convergent offers, mobile broadband, pay-TV and triple-play services to contribute significantly to improve further Oi's operational and financial performance, considering its strong presence in the Brazilian market and the potential for future growth.

It should also be stressed that these actions are complemented by a constant benchmarking of PT vis-à-vis its competitors' businesses, in order to ensure leadership and excellence of the offer to its customers.

### **Strategic Risks**

With a background of quick technological changes of the business sector in which PT operates, the company is subjected to the risk of failing to leverage technological advances and developments in its business model, in order to obtain or maintain competitive advantages.

Innovation continued to be a top priority for PT, given its key role in ensuring sustained growth, particularly in a difficult economic context which forces higher competitiveness in product offering and simultaneously demands a higher efficiency in its development and go-to-market processes.

### **Technological Innovation**

Therefore, a clear focus on innovation has been at the heart of PT's investments and projects in recent years, aiming to anticipate future consumer and technology trends, thus enhancing the company's ability to deliver disruptive solutions to the marketplace. PT developed a structured approach to promote the culture of innovation across the whole company and aiming to establish a balanced portfolio of projects. We are constantly reviewing allocation of capital, people and mindshare of the organisation across 3 time horizons and risk levels: (1) incremental innovation (business as usual, low-risk and short term optimisations); (2) planned innovation (business development, medium-term and medium-risk developments), and (3) exploratory innovation (structural projects, which are long-term and high-risk by nature). To develop a winning go-to-market strategy and reduce investment risks we work with a broad network of partners in leading edge companies, abroad and in Portugal.



**Economic Environment**

The international financial crisis may extend the recession at Portuguese and world economy level and delay economic recovery, which might have an impact on the level of product and service demand, and as a result on the level of the operational and financial performance of PT. In this sense, management continuously monitors impacts on the operational and financial performance of PT.

The management team acts proactively in identifying threats and opportunities at the level of the industry, sector and geographies where it is present, in order to diversify the asset portfolio and ensure the growth and profitability of the business.

**Exchange Rates**

Foreign currency exchange rate risks mainly relate to PT's investments in Brazil, Unitel and other foreign operations, and to debt denominated in currencies different from the functional currency of the country where the borrowing company operates.

Exchange rate fluctuations of those currencies against the Euro affect the translation of the results attributable to PT, and therefore impact PT's results and asset position. Additionally PT is also exposed to exchange rate risks as regards debt in a currency other than Euro.

**Financial Risks**

The Company does not have a hedging policy regarding the value of these Investments; however the Executive Committee analyses the execution of cash flow hedging of the dividends and other capital income.

**Interest Rates**

Interest rate risk basically impact the Group's financial expenses and income on the floating interest rate debt and cash applications. PT is exposed to this risk primarily in the Euro zone and in Brazil. The Group's consolidated debt is subject to floating interest rates based on the following rates: (1) Euribor, applicable for certain loans obtained in the Euro zone; (2) TJLP, a long-term interest rate set by the National Monetary Council in Brazil; (3) IPCA, a Consumer Price Index published by the Brazilian Institute for Geography and Statistics; (4) CDI, an interbank rate for Brazilian real-denominated debt; and (5) Libor, an interbank rate for US Dollar-denominated debt. With the purpose of reducing the impact of these risks, the Group entered into interest rate swaps, swapping floating rate into fixed rate debt.

Interest rate risks also result from the exposure to changes in the fair value of PT's long term fixed-rate debt due to changes in market interest rates.

**Financial Risks** PT executes agreements regarding a set of derivative financial instruments so as to minimise the risks of exposure to interest and exchange rate variations. The execution of agreements concerning financial instruments is made after a careful analysis of risks and benefits inherent in this kind of transactions and in consultation with various institutions acting in this market. These transactions are subject to prior approval by the Executive Committee and involve a permanent follow-up of the evolution of the financial markets and of the positions held by the Company. The fair value of these derivatives is determined on a regular basis, essentially based on market information, in order to assess the economic and financial implications of different scenarios.

Regarding Oi's financial instruments, which represent the major part of the Group's total financial instruments, the Executive Committee of Oi annually agrees with the Board of Directors to follow a specific risk guideline, which is equivalent to the worst expected impact on financial income (expenses) of the net income of the Oi Group, with a 95% level of confidence. To ensure a proper risk management in accordance with the risk guideline, Oi may enter into hedging instruments, including derivative transactions such as swaps, currency forwards and options. Oi and its subsidiaries do not use derivative instruments for other purposes.

Credit risks mainly relate to the risk that a third party fails on its contractual obligations, resulting in a financial loss to the Group. PT is subject to credit risks in its operating and treasury activities.

Credit risks in operations relate basically to outstanding receivables from services rendered to our customers.

**Credit**

The Group does not have any significant credit risk exposure to any single customer, since trade receivables consist of a large number of customers, spread across several businesses and geographical areas. These risks are monitored on a business-to-business basis, and PT's management of these risks aims to: (a) limit the credit granted to customers, considering the profile and the aging of receivables from each customer; (b) monitor the evolution of the level of credit granted; (c) perform an impairment analysis of its receivables on a regular basis; and (d) assess the market risk where the customer is Located.

Risks related to treasury activities result mainly from the cash deposits on investments made by the Group. In order to dilute these risks, Portugal Telecom's policy is to invest its cash for short time periods, entering in agreements with reputable financial institutions and diversifying counterparties.

**Liquidity**

These risks may occur if funding sources, such as available funds, operational cash flows and funds obtained through disinvestment, credit lines and cash flows fail to meet existing needs, such as disbursements for operational activities and funding for investment, shareholder remuneration and debt reimbursement.

In order to mitigate these risks, PT seeks to keep a liquidity position and an average debt maturity permitting it to repay its short-term debt and settle its contractual obligation at the same time. Additionally, PT's capital structure is managed in such way as to ensure that its capacity to pursue its various businesses and maximise shareholder return. PT reviews its capital structure from time to time, taking into consideration the risks associated to each capital class.

**Operational Risks**

The capacity and availability of network infrastructures are essential features for PT to ensure continued critical operations within high quality parameters, aimed not only at customer satisfaction, but also in compliance with regulatory requirements. In this way, PT has strongly emphasised the management process of this risk, not only at infrastructure availability and resilience level, but also in the increase of infrastructure capacity, in such a way as to support new product and service offers to its customers. Additionally, PT's ownership of a network infrastructure located in the public domain increases PT's exposure to the occurrence of breakdowns and incidents. Within this scope, follow-up and risk mitigation actions are carried out as follows:

- Securing the telecommunications core network;
- Preparation of risk maps for the various technological platforms, identifying dependencies and single failure points;
- Definition and implementation of disaster recovery plans;
- Implementation of systems and procedures aimed at ensuring determined QoS (Quality of Service) and QoE (Quality of End user Experience) levels;

**Infrastructure Capacity**

- Investment in new generation networks and preventive maintenance actions;
- Investment in information systems to support the activity of technical teams;
- Investment in a new state of the art Data Center in order to ensure the resilience and capacity of the infrastructure.

Increased resilience of the core services of PT, through the work of the Business Continuity should also be highlighted, in particular the companies ability to respond to incidents and disaster in the following areas:

- Prevention: Planning and preparation in order to reduce the impact of incidents in the critical processes that support the business;
- Emergency Response and Recovery: Business continuity and disaster recovery plans that reduce the time of recovery of critical processes in case of catastrophic events.

**Strategic Partnerships**

The growth strategy at national and international level is based on a combination of alliances and partnerships that enhance the Company's competitive capacity. The Executive Committee of PT and its subsidiary companies have played a central role in the management of this risk, by leveraging existing opportunities.

Such alliances are not restricted to a single field, as they include as partners: (i) technology suppliers; (ii) infrastructure and maintenance providers; (iii) R&D experts; (iv) terminal

equipments and handhelds suppliers; and (v) content suppliers, among others.

Pursuing an appropriate environmental policy has been a concern for PT, in order to reduce the Company's exposure to environmental damages that might consist in: (i) liability towards third parties for any material damage caused; (ii) liability towards governments or third parties for the cost of waste removal, added by possible compensations.

**Environmental**

This way, PT has reinforced its environmental management principles and actions, thus ensuring the certification of associated systems according to ISO 14001 standard. Environmental management policies and systems cover the following areas of intervention: (i) Resource consumption; (ii) Waste production and routing; (iii) Atmospheric emissions; (iv) Noise and electromagnetic fields; (v) A supplier's sustainability programme; (vi) Awareness and training campaigns. Furthermore, it should be stressed that the management models are subjected to periodic audits, both internal and external, and a continuous assessment of any impacts and improvements to be implemented is also carried out.

PT's capacity to obtain and retain talent is a fundamental vector for the pursuance of the Company's strategic goals, particularly within the competitive context where PT operates, both at national and international level. In this way, the Company has paid special attention to the management of this risk, at the charge of the Human Resources Office, which acts:

**Talent Retention**

- In the recruitment of new employees having the profile and knowledge necessary to ensure the key skills required for the present and future development of PT;
- In the identification of key-elements of PT, and then implement retention strategies as appropriate for the segments defined for its management.



06

Qualified holdings

**Qualified holdings**

Pursuant to article 9, paragraph 1(c) of Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* or CMVM) Regulation no. 5/2008, PT provides the following information regarding qualified holdings held by shareholders in PT's share capital as communicated to PT by reference to 30 June 2013 or earlier as mentioned below:

- On 30 June 2013, PT informed that Banco Espírito Santo Group ( BES Group ) held a qualified holding corresponding to 90,767,087 PT shares, representing 10.12% of the share capital and voting rights in PT. BES Group's holding in PT, calculated in accordance with article 20 of the Portuguese Securities Code ( CVM ), is set out in the following table:

Entities	No. of shares
Banco Espírito Santo, S.A. ( BES )	4,218
Companies in a control or group relationship with BES	90,741,521
Members of BES corporate bodies	21,348
Total	90,767,087

- On 2 June 2011, PT informed that RS Holding, SGPS, S.A. ( RS Holding ) indirectly held a qualified holding and a long position corresponding to 90,111,159 PT shares, representing 10.05% of the share capital and voting rights in PT, as set out in the following table:

Entities	No. of shares
Nivalis Holdings BV ( Nivalis )	90,099,969
Nuno Rocha dos Santos Almeida Vasconcellos	11,190
Total	90,111,159

PT was informed that: (i) Insight Strategic Investments, SGPS, S.A. ( Insight ) and Ongoing Strategy Investments, SGPS, S.A. ( Ongoing ) are the sole shareholders of Nivalis, holding, respectively, 62.55% and 37.45% of the voting rights in such company; (ii) Ongoing is the majority shareholder of Insight; and (iii) RS Holding is the majority shareholder of Ongoing. Additionally, Mrs. Isabel Rocha dos Santos is the majority shareholder of RS Holding. The shareholder Nuno Rocha dos Santos Almeida Vasconcellos is director of Insight, Ongoing and RS Holding.

On 10 July 2012, PT further disclosed that RS Holding's overall interest in PT, corresponding to 90,111,159 ordinary shares and representing 10.05% of PT's share capital, remained unchanged.

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- On 31 May 2012, PT informed that Telemar Norte Leste S.A. ( TMAR ) held a qualified holding corresponding to 89,651,205 shares representing 10.0% of PT's share capital and corresponding voting rights. TMAR's sole shareholder is OI S.A., which is directly controlled by Telemar Participações S.A.. Telemar Participações S.A., in turn, is jointly controlled by the following entities: AG Telecom Participações S.A., L.F. Tel S.A., Fundação Atlântico de Seguridade Social, BNDES Participações S.A. - BNDESPar., Caixa de Previdência dos Funcionários do Banco do Brasil - PREVI, Fundação dos Economistas Federais - FUNCEF, Fundação Petrobrás de Seguridade Social - PETROS and Bratel Brasil, S.A.

- On 30 June 2013, Caixa Geral de Depósitos Group ( Group CGD ) held a qualified holding corresponding to 56,582,921 shares, representing 6.31% of the share capital and voting rights in PT. Group CGD's holding in PT, calculated in accordance with article 20 of the CVM, is set out in the following table:

Entities	No. of shares
Caixa Geral de Depósitos, S.A.	55,277,558
Fidelidade Companhia de Seguros, S.A.	515,161
Fundo de Pensões da CGD	790,202
Total	56,582,921

- On 6 February 2012, PT informed that Norges Bank held a qualified holding corresponding to 44,442,888 PT shares, representing 4.96% of the share capital and voting rights in PT.

- On 12 January 2012, PT informed that UBS AG held, directly and indirectly, a qualified holding in PT corresponding to 42,024,498 shares, representing 4.69% of PT's share capital and voting rights, as set out below:

Entities	No. of shares
UBS AG	15,561,557
UBS AG on behalf of several of its clients	13,394,579
CCR Asset Management	1,469,950
UBS Financial Services Inc.	227,671
UBS Fund Management (Switzerland) AG	894,263
UBS Fund Services (Luxembourg) SA	5,649,244
UBS Global Asset Management (Americas) Inc	15,597
UBS Global Asset Management (Deutschland) GmbH	582,505
UBS Global Asset Management (Japan) Ltd	135,084
UBS Global Asset Management (UK) Ltd	3,920,365
UBS Global Asset Management Life Ltd	173,683
Total	42,024,498

- On 31 December 2010, Grupo Visabeira SGPS, S.A. ( Visabeira Group , company 77.85% owned by Mr. Fernando Campos Nunes) held, directly and indirectly, a qualified holding corresponding to 23,642,885 PT shares, representing 2.64% of PT's share capital and voting rights, as set out below:



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Entities	No. of shares
Visabeira Group	11,523,213
Visabeira Investimentos Financeiros, SGPS, S.A. (company 100% owned by Visabeira Estudos e Investimentos, S.A., which was 100% owned by Visabeira Serviços, SGPS, S.A., which in turn was 100% owned by Visabeira Group)	12,119,672
Total	23,642,885

- On 15 February 2013, PT informed that Capital Group International, Inc ( CGII ) held a qualified holding corresponding to 21,130,230 shares representing 2.36% of the share capital and voting rights in PT. Such holding was attributed to Capital as follows:

Entities	No. of shares
Capital Guardian Trust Company	5,641,642
Capital International Limited	3,021,240
Capital International Sarl	1,819,823
Capital International, Inc.	3,397,525
Capital International Investors	7,250,000
Total	21,130,230

PT further informed that Capital International Investors, a division of Capital Research and Management Company ( CRMC ), shares investment research and proxy voting decision making with CGII management companies, and CGII, its investment management subsidiaries and the Capital International Investors division of CRMC provide investment management services under the trade name Capital International Investors . CGII informed that The Capital Group Companies, Inc. ( CGC ) is the parent company of CGII, but CGC does not vote nor own PT shares.

On 12 July 2013, PT further disclosed that Capital Research and Management Company held less than 2% of the voting rights corresponding to the share capital of PT.

- On 10 December 2009, BlackRock Inc. indirectly held a qualified holding in PT corresponding to 21,025,118 shares representing 2.35% of PT s share capital and voting rights. According to the information received from BlackRock, Inc., the above mentioned shares and voting rights were held through BlackRock Investment Management (UK) Limited.

- On 3 February 2010, Controlinveste International Finance, S.A. held 20,419,325 PT shares, corresponding to 2.28% of the share capital and voting rights in PT.

PT was informed that Controlinveste International Finance, S.A. was fully owned by Controlinveste International, S.à.r.l., which was owned by Controlinveste Comunicações, SGPS, S.A. and Olivedesportos Publicidade, Televisão e Media, S.A., and that Controlinveste Comunicações, SGPS, S.A. was fully owned by Olivedesportos Publicidade, Televisão e Media, S.A., which, in turn, was fully owned by Sportinveste, SGPS, S.A. This latter company was fully owned by Controlinveste, SGPS, S.A., which, in turn, was fully owned by Mr. Joaquim Francisco Alves Ferreira de Oliveira. Pursuant to paragraph 1 of article 20 of the CVM, the voting rights corresponding to the above mentioned 20,419,325 PT shares representing 2.28% of PT s share capital continued to be attributed to Mr. Joaquim Francisco Alves Ferreira de Oliveira.



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- On 17 October 2012, PT informed that Wellington Management Company LLP held a qualified holding in PT corresponding to 18,409,822 shares representing 2.05% of PT's share capital and voting rights.
  
- On 12 June 2013, PT informed that Pictet Asset Management SA held a qualified holding in PT corresponding to 18,246,357 shares representing 2.04% of PT's share capital and voting rights.
  
- On 26 October 2012, PT informed that Ontario Teachers' Pension Plan Board held a qualified holding in PT corresponding to 18,000,000 shares representing 2.01% of PT's share capital and voting rights.
  
- On 21 May 2013, PT informed that Bestinver Gestión, S.A., SGIIC held a qualified holding in PT corresponding to 17,981,057 shares representing 2.01% of PT's share capital and voting rights, as set out below:

Entities	No. of shares
Bestinver Empleo, F.P.	31,026
Bestinver Bolsa, F.I.M.	5,038,930
Bestinver Ahorro Fondo de Pensiones	749,332
Bestinver Empleo III Fondo de Pensiones	10,122
Bestinver Hedge Value Fund, FIL	1,699,008
Bestinver Prevision F.P.	40,491
Bestinver Grandes Compañías, F.I.	215,141
Bestinver Global F.P.	1,385,218
Bestinver Mixto, F.I.M.	602,161
Bestvalue F.I.	1,183,637
Linker Inversiones SICAV	21,335
Divalsa de Inversiones SICAV	28,043
Bestinver SICAV-Bestinfund	506,751
Bestinver Empleo II, F.P.	6,957
Bestinver Futuro EPSV	20,478
Bestinver SICAV - Iberian	916,781
Bestinver Renta F.I.M.	139,620
Bestinver Consolidación EPSV	3,555
Bestifond F.I.M.	4,579,542
Soixa SICAV S.A.	802,929
<b>Total</b>	<b>17,981,057</b>

- Until 30 May 2013, Barclays Plc also held a qualified holding in PT shares. However, on 7 June 2013, PT informed that Barclays Plc no longer held a qualified holding in PT, although it maintained a long position corresponding to 20,263,107 ordinary shares representing 2.26% of PT's share capital and voting rights.

- Meanwhile, on 22 August 2013, PT disclosed that Credit Suisse Group AG held a long position corresponding to 19,809,423 ordinary shares representing 2.21% of PT's share capital and corresponding voting rights. No qualified holding is attributed to Credit Suisse Group AG.



**List of holdings held by the members of PT's corporate bodies, pursuant to article 9, paragraph 1(a) of CMVM Regulation no. 5/2008**

Pursuant to article 9, paragraph 1(a) of CMVM Regulation no. 5/2008, PT provides the following information regarding the securities issued by PT, or by companies in a control or group relationship with PT, that are held by the members of PT's Board of Directors and by the Statutory Auditor as of 30 June 2013:

**Board of Directors (including the members of the Audit Committee)**

Henrique Granadeiro owns 150 PT shares.

Alfredo José Silva de Oliveira Baptista owns 8,193 PT shares.

Amílcar Carlos Ferreira de Morais Pires owns 3,242 PT shares. Amílcar Carlos Ferreira de Morais Pires is a board member of BES, which holds on 30 June 2013 a qualified holding of 90,767,087 PT ordinary shares, corresponding to 10.12% of PT's share capital and voting rights.

Carlos Alves Duarte owns 40 PT shares.

Fernando Magalhães Portella does not own any securities issued by PT or other companies in a control or group relationship with PT. Fernando Magalhães Portella is a Board member of Oi, which holds a qualified holding corresponding to 89,651,205 ordinary shares representing 10.0% of PT's share capital and voting rights.

Francisco Teixeira Pereira Soares does not own any securities issued by PT or other companies in a control or group relationship with PT.

Gerald Stephen McGowan owned 40,000 PT shares as of 30 June 2013. Since 8 July 2013, Gerald Stephen McGowan owns 60,000 PT shares.

João Manuel de Mello Franco owns 12,986 PT shares. His spouse owns 322 PT shares.

João Nuno de Oliveira Jorge Palma owns 1,436 PT shares. João Nuno de Oliveira Jorge Palma is a board member of Caixa Geral de Depósitos, which holds a qualified holding of 56,582,921 PT ordinary shares, corresponding to 6.31% of PT's share capital and voting rights.



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Joaquim Aníbal Brito Freixial de Goes owns 2,437 PT shares. Joaquim Aníbal Brito Freixial de Goes is a board member of BES, which holds on 30 June 2013 a qualified holding of 90,767,087 PT ordinary shares, corresponding to 10.12% of PT's share capital and voting rights.

José Guilherme Xavier de Basto does not own any securities issued by PT or other companies in a control or group relationship with PT.

José Pedro Cabral dos Santos does not own any securities issued by PT or other companies in a control or group relationship with PT. José Pedro Cabral dos Santos is a board member of Caixa Geral de Depósitos, which holds a qualified holding of 56,582,921 PT ordinary shares, corresponding to 6.31% of PT's share capital and voting rights.

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Luís Pacheco de Melo owns 45 PT shares.

Manuel Rosa da Silva owns 90 PT shares.

Maria Helena Nazaré does not own any securities issued by PT or other companies in a control or group relationship with PT.

Mário João de Matos Gomes does not own any securities issued by PT or other companies in a control or group relationship with PT.

Milton Almicar Silva Vargas does not own any securities issued by PT or other companies in a control or group relationship with PT.

Nuno Rocha dos Santos de Almeida e Vasconcellos owns 11,190 PT shares. Nuno de Almeida e Vasconcellos is the Chairman of the Board of Directors of RS Holding, SGPS, S.A., which holds a qualified holding of 90,111,159 PT ordinary shares, corresponding to 10.05% of PT's share capital and voting rights.

Otávio Marques de Azevedo does not own any securities issued by PT or other companies in a control or group relationship with PT. Otávio Marques de Azevedo is the Chairman of the Board of Directors of Telemar Participações S.A., OI's controlling holding which holds a qualified holding corresponding to 89,651,205 ordinary shares representing 10.0% of PT's share capital and voting rights.

Paulo José Lopes Varela owns 7,134 PT shares. Paulo José Lopes Varela is a board member of Visabeira Group, which holds a qualified holding of 23,642,885 PT ordinary shares, corresponding to 2.64% of PT's share capital and voting rights.

Pedro Humberto Monteiro Durão Leitão owns 758 PT shares.

Rafael Luís Mora Funes does not own any securities issued by PT or other companies in a control or group relationship with PT. His spouse owns 501 PT shares. Rafael Luís Mora Funes is a board member of RS Holding, SGPS, S.A., which holds a qualified holding of 90,111,159 PT ordinary shares, corresponding to 10.05% of PT's share capital and voting rights.

Shakhaf Wine does not own any securities issued by PT or other companies in a control or group relationship with PT.

### **Statutory Auditor**

Pedro Matos Silva, Statutory Auditor, does not own any securities issued by PT or other companies in a control or group relationship with PT.

**Transactions in PT shares and related financial instruments carried out by PT's management and people closely associated with the same**

Pursuant to the terms of article 248-B of the CVM and article 14, paragraph 7 of CMVM Regulation no. 5/2008, PT provides the following information regarding the transactions in PT shares and financial instruments related thereto carried out during the first half of 2013 by PT's management and people closely associated with the same:

- On 28 January 2013 PT informed that it was notified by Banco Espírito Santo, S.A. ( BES ) that the latter and Avistar, SGPS, S.A. ( Avistar ), a company wholly owned by BES, made the following transaction on financial instruments related to PT shares (the value of such instruments is determined in accordance with the market value of the underlying asset):

Type of Deal	Type	Trade Date	Maturity Date	Quantity	Cpty. Name
Equity OTC Options	Buy	18-01-2013	21-02-2013	1,000,000	Avistar
Equity OTC Options	Sell	18-01-2013	21-02-2013	1,000,000	BES

In addition, PT was informed that Avistar is a person closely related to PT's non-executive director Amílcar de Morais Pires, as he is also Chairman of the Board of Directors of Avistar.

- On 5 June 2013 PT informed that it was notified of the following transactions on American Depositary Receipts ( ADRs ) representing PT shares, carried out on 4 June 2013 by Mr. Gerald Stephen McGowan:

Transactions	Location	No of securities	Price (USD)
Acquisitions	New York Stock Exchange	316	4.35
		1,684	4.36
		8,000	4.37

Mr. Gerald Stephen McGowan is a member of PT's Board of Directors, and therefore he is a manager of PT pursuant to paragraph 3 of article 248-B of the Portuguese Securities Code, thus having the obligation to notify of the transactions above.

- Mr. José Pedro Cabral dos Santos and João Nuno de Oliveira Jorge Palma informed PT that Caixa Geral Depósitos, carried out the following transactions on PT shares during the first half of 2013:

CGD Londres	Date	No of securities	Price
Acquisitions	2013-01-03 16:35:00.0	200	3.8500
Acquisitions	2013-01-03 16:35:00.0	2,325	3.8500
Acquisitions	2013-01-03 16:35:00.0	1,300	3.8500
Acquisitions	2013-01-03 16:35:00.0	595	3.8500
Acquisitions	2013-01-03 16:35:00.0	44	3.8500
Acquisitions	2013-01-03 16:35:00.0	667	3.8500



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Acquisitions	2013-01-03 16:35:00.0	2,485	3.8500
Acquisitions	2013-01-09 16:25:59.0	3,808	4.1390
Acquisitions	2013-01-09 16:35:00.0	3,661	4.1510
Acquisitions	2013-01-09 16:35:00.0	147	4.1510
Sale	2013-01-11 15:44:51.0	1,007	4.1860
Sale	2013-01-11 15:44:51.0	183	4.1860
Acquisitions	2013-01-11 16:26:43.0	3,779	4.1930
Acquisitions	2013-01-11 16:26:43.0	856	4.1930
Acquisitions	2013-01-11 16:26:43.0	575	4.1930
Acquisitions	2013-01-11 16:26:43.0	740	4.1930
Sale	2013-01-14 14:14:42.0	1,953	4.2650
Sale	2013-01-14 14:14:42.0	189	4.2650
Acquisitions	2013-01-14 16:35:00.0	3,059	4.2200
Acquisitions	2013-01-14 16:35:00.0	4,853	4.2200
Sale	2013-01-16 11:37:29.0	660	4.1210
Sale	2013-01-16 11:37:29.0	642	4.1210
Sale	2013-01-16 11:37:29.0	1,078	4.1210
Sale	2013-01-16 11:40:21.0	642	4.1170
Sale	2013-01-16 11:40:21.0	1,738	4.1170
Sale	2013-01-16 14:13:17.0	952	4.1860
Sale	2013-01-17 15:23:38.0	450	4.3600
Sale	2013-01-17 15:23:38.0	1,138	4.3600
Sale	2013-01-17 15:23:38.0	110	4.3600
Sale	2013-01-17 15:23:38.0	2,000	4.3600
Sale	2013-01-17 15:23:38.0	1,300	4.3600
Sale	2013-01-17 15:28:08.0	1,772	4.3660
Sale	2013-01-17 15:28:08.0	2,000	4.3660
Sale	2013-01-17 15:28:08.0	512	4.3660
Acquisitions	2013-01-17 16:22:47.0	2,380	4.3620
Sale	2013-01-25 15:41:37.0	4,222	4.1490
Sale	2013-01-25 15:41:37.0	450	4.1490
Sale	2013-01-25 15:41:37.0	88	4.1490
Sale	2013-01-31 16:23:51.0	2,142	4.2890
Sale	2013-01-31 16:25:08.0	1,227	4.2950
Sale	2013-01-31 16:25:08.0	915	4.2950
Sale	2013-02-04 16:35:00.0	3,570	4.0850
Sale	2013-02-06 12:47:48.0	1,990	4.1360
Sale	2013-02-06 12:47:48.0	350	4.1360
Sale	2013-02-06 12:47:48.0	1,209	4.1360
Sale	2013-02-06 12:47:48.0	1,211	4.1360
Sale	2013-02-08 10:03:57.0	2,000	4.1330
Sale	2013-02-08 10:03:57.0	546	4.1330
Sale	2013-02-08 10:03:57.0	350	4.1330
Sale	2013-02-08 10:03:57.0	241	4.1330

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Sale	2013-02-08 10:03:57.0	481	4.1330
Sale	2013-02-08 10:03:57.0	350	4.1330
Sale	2013-02-08 10:03:57.0	605	4.1330
Sale	2013-02-08 10:03:57.0	187	4.1330
Sale	2013-02-21 16:35:00.0	6,188	3.9500
Sale	2013-02-25 15:45:59.0	770	3.9770
Sale	2013-02-25 15:45:59.0	3,990	3.9770
Sale	2013-02-26 11:03:47.0	1,546	3.9300
Sale	2013-02-26 11:05:54.0	472	3.9300
Sale	2013-02-26 11:07:35.0	5,122	3.9300
Acquisitions	2013-03-12 16:35:00.0	4,003	4.0250
Acquisitions	2013-03-12 16:35:00.0	757	4.0250
Acquisitions	2013-03-18 08:06:08.0	8,431	4.0600
Acquisitions	2013-03-18 08:06:31.0	1,116	4.0600
Acquisitions	2013-03-18 08:06:31.0	1,000	4.0600
Acquisitions	2013-03-18 08:06:31.0	2,000	4.0600
Acquisitions	2013-03-18 08:06:54.0	681	4.0600
Acquisitions	2013-03-18 09:20:29.0	1,977	4.0680
Acquisitions	2013-03-18 09:20:29.0	867	4.0680
Acquisitions	2013-03-18 09:20:29.0	1,229	4.0680
Acquisitions	2013-03-18 09:20:29.0	2,000	4.0680
Acquisitions	2013-03-18 09:20:29.0	315	4.0680
Acquisitions	2013-03-18 09:20:29.0	400	4.0680
Acquisitions	2013-03-18 09:20:29.0	1,284	4.0680
Acquisitions	2013-03-18 09:20:29.0	1,300	4.0680
Acquisitions	2013-03-18 09:20:29.0	691	4.0680
Acquisitions	2013-03-18 09:20:29.0	400	4.0680
Acquisitions	2013-03-18 09:20:29.0	765	4.0680
Acquisitions	2013-03-18 09:20:29.0	2,000	4.0680
Acquisitions	2013-03-18 14:13:37.0	730	4.0870
Acquisitions	2013-03-18 14:17:21.0	158	4.0870
Acquisitions	2013-03-18 14:17:33.0	40	4.0870
Acquisitions	2013-03-18 14:20:27.0	948	4.0870
Acquisitions	2013-03-18 14:21:24.0	2,350	4.0870
Acquisitions	2013-03-18 14:21:24.0	3,400	4.0870
Acquisitions	2013-03-18 14:21:24.0	1,877	4.0870
Acquisitions	2013-03-18 14:40:54.0	666	4.0770
Acquisitions	2013-03-18 14:41:13.0	20	4.0770
Acquisitions	2013-03-18 14:41:13.0	4,489	4.0770
Acquisitions	2013-03-18 15:31:00.0	25	4.0770
Acquisitions	2013-03-18 15:33:15.0	2,391	4.0770
Acquisitions	2013-03-18 15:33:15.0	5,000	4.0770
Acquisitions	2013-03-18 15:33:15.0	2,087	4.0770
Acquisitions	2013-03-18 15:33:41.0	26	4.0740

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Acquisitions	2013-03-18 15:33:49.0	252	4.0740
Acquisitions	2013-03-18 15:33:55.0	105	4.0740
Acquisitions	2013-03-18 15:34:01.0	114	4.0740
Acquisitions	2013-03-18 15:34:06.0	21	4.0740
Acquisitions	2013-03-18 15:44:27.0	5,796	4.0740
Acquisitions	2013-03-18 16:06:37.0	1,500	4.0900
Acquisitions	2013-03-18 16:06:37.0	1,500	4.0900
Acquisitions	2013-03-18 16:06:37.0	5,003	4.0900
Acquisitions	2013-03-18 16:06:37.0	1,500	4.0900
Acquisitions	2013-03-18 16:22:00.0	2,000	4.0840
Acquisitions	2013-03-18 16:22:00.0	1,257	4.0840
Acquisitions	2013-03-18 16:22:00.0	1,103	4.0840
Acquisitions	2013-03-18 16:22:00.0	856	4.0840
Acquisitions	2013-03-18 16:22:00.0	1,398	4.0840
Acquisitions	2013-03-18 16:22:14.0	400	4.0850
Acquisitions	2013-03-18 16:22:14.0	2,000	4.0850
Acquisitions	2013-03-18 16:22:14.0	856	4.0850
Acquisitions	2013-03-18 16:22:14.0	1,216	4.0850
Acquisitions	2013-03-18 16:22:14.0	2,000	4.0850
Acquisitions	2013-03-18 16:23:17.0	6,756	4.0850
Acquisitions	2013-03-18 16:24:07.0	2,500	4.0830
Acquisitions	2013-03-18 16:24:07.0	100	4.0830
Acquisitions	2013-03-18 16:24:28.0	2,400	4.0830
Acquisitions	2013-03-18 16:24:28.0	469	4.0830
Acquisitions	2013-03-18 16:24:28.0	3,189	4.0830
Acquisitions	2013-03-18 16:24:50.0	1,534	4.0830
Acquisitions	2013-03-18 16:24:50.0	401	4.0830
Acquisitions	2013-03-18 16:24:50.0	2,099	4.0830
Acquisitions	2013-03-18 16:26:36.0	500	4.0830
Acquisitions	2013-03-18 16:26:38.0	500	4.0830
Acquisitions	2013-03-18 16:26:40.0	500	4.0830
Acquisitions	2013-03-18 16:26:42.0	500	4.0830
Acquisitions	2013-03-18 16:26:48.0	500	4.0830
Acquisitions	2013-03-18 16:26:50.0	500	4.0830
Acquisitions	2013-03-18 16:26:52.0	500	4.0830
Acquisitions	2013-03-18 16:26:56.0	500	4.0830
Acquisitions	2013-03-18 16:27:03.0	500	4.0830
Acquisitions	2013-03-18 16:29:24.0	8,228	4.0830
Acquisitions	2013-03-18 16:29:24.0	500	4.0830
Acquisitions	2013-03-19 14:58:42.0	151	4.0750
Acquisitions	2013-03-19 14:58:48.0	3,324	4.0750
Acquisitions	2013-03-19 16:35:00.0	9,503	4.0410
Acquisitions	2013-03-20 08:05:32.0	1,800	4.0760
Acquisitions	2013-03-20 08:05:32.0	107	4.0750



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Acquisitions	2013-03-20 08:05:32.0	400	4.0750
Acquisitions	2013-03-20 08:05:32.0	1,500	4.0760
Acquisitions	2013-03-20 08:05:32.0	400	4.0760
Acquisitions	2013-03-20 08:05:32.0	1,500	4.0760
Acquisitions	2013-03-20 08:05:32.0	400	4.0760
Acquisitions	2013-03-20 08:05:32.0	1,500	4.0750
Acquisitions	2013-03-20 08:05:32.0	1,896	4.0760
Acquisitions	2013-03-20 08:10:07.0	2,991	4.0720
Acquisitions	2013-03-20 08:13:27.0	468	4.0720
Acquisitions	2013-03-20 08:13:27.0	6,044	4.0720
Acquisitions	2013-03-20 10:20:28.0	3,802	4.0410
Acquisitions	2013-03-20 12:10:27.0	1	4.0800
Acquisitions	2013-03-20 12:10:27.0	2,000	4.0800
Acquisitions	2013-03-20 12:10:27.0	42	4.0800
Acquisitions	2013-03-20 12:10:28.0	917	4.0800
Acquisitions	2013-03-20 12:10:28.0	868	4.0800
Acquisitions	2013-03-20 12:10:32.0	5,675	4.0800
Acquisitions	2013-03-20 12:15:29.0	5,003	4.0700
Acquisitions	2013-03-20 12:15:29.0	1,500	4.0700
Acquisitions	2013-03-20 12:15:29.0	1,500	4.0700
Acquisitions	2013-03-20 12:15:29.0	1,500	4.0700
Acquisitions	2013-03-20 12:34:13.0	8,727	4.0600
Acquisitions	2013-03-20 12:34:13.0	776	4.0600
Acquisitions	2013-03-20 12:40:10.0	479	4.0690
Acquisitions	2013-03-20 12:40:10.0	848	4.0690
Acquisitions	2013-03-20 12:40:10.0	1,800	4.0690
Acquisitions	2013-03-20 12:40:10.0	855	4.0690
Acquisitions	2013-03-20 12:40:10.0	2,293	4.0690
Acquisitions	2013-03-20 12:40:10.0	2,000	4.0690
Acquisitions	2013-03-20 12:40:10.0	1,228	4.0690
Acquisitions	2013-03-20 13:00:26.0	2,000	4.0650
Acquisitions	2013-03-20 13:00:26.0	791	4.0650
Acquisitions	2013-03-20 13:00:26.0	1,300	4.0650
Acquisitions	2013-03-20 13:00:26.0	454	4.0650
Acquisitions	2013-03-20 13:00:26.0	400	4.0650
Acquisitions	2013-03-20 13:00:26.0	78	4.0650
Acquisitions	2013-03-20 13:00:26.0	620	4.0650
Acquisitions	2013-03-20 13:00:26.0	757	4.0650
Acquisitions	2013-03-20 13:00:26.0	1,230	4.0650
Acquisitions	2013-03-20 13:00:26.0	1,873	4.0650
Acquisitions	2013-03-20 13:23:51.0	2,000	4.0660
Acquisitions	2013-03-20 13:23:51.0	400	4.0660
Acquisitions	2013-03-20 13:23:51.0	400	4.0670
Acquisitions	2013-03-20 13:23:51.0	945	4.0660

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Acquisitions	2013-03-20 13:23:51.0	1,300	4.0660
Acquisitions	2013-03-20 13:23:51.0	1,229	4.0670
Acquisitions	2013-03-20 13:23:51.0	1,559	4.0670
Acquisitions	2013-03-20 13:23:51.0	867	4.0660
Acquisitions	2013-03-20 13:23:51.0	642	4.0670
Acquisitions	2013-03-20 13:23:51.0	161	4.0670
Acquisitions	2013-03-20 13:44:13.0	642	4.0560
Acquisitions	2013-03-20 13:44:13.0	2,000	4.0550
Acquisitions	2013-03-20 13:44:13.0	400	4.0560
Acquisitions	2013-03-20 13:44:13.0	1,816	4.0560
Acquisitions	2013-03-20 13:44:13.0	1,713	4.0550
Acquisitions	2013-03-20 13:44:13.0	2,000	4.0550
Acquisitions	2013-03-20 13:44:13.0	11	4.0560
Acquisitions	2013-03-20 13:44:13.0	521	4.0560
Acquisitions	2013-03-20 13:44:13.0	400	4.0550
Acquisitions	2013-03-20 14:12:55.0	555	4.0470
Acquisitions	2013-03-20 14:12:55.0	1,006	4.0470
Acquisitions	2013-03-20 14:12:55.0	1,278	4.0470
Acquisitions	2013-03-20 14:12:55.0	3,107	4.0470
Acquisitions	2013-03-20 14:12:55.0	1,236	4.0470
Acquisitions	2013-03-20 14:12:55.0	2,321	4.0470
Acquisitions	2013-03-20 14:15:27.0	1,500	4.0510
Acquisitions	2013-03-20 14:15:27.0	1,500	4.0510
Acquisitions	2013-03-20 14:15:27.0	6,503	4.0510
Acquisitions	2013-03-20 15:18:26.0	1,174	4.0400
Acquisitions	2013-03-20 15:24:40.0	3,577	4.0400
Acquisitions	2013-03-20 16:27:20.0	847	4.0520
Acquisitions	2013-03-20 16:27:20.0	847	4.0520
Acquisitions	2013-03-20 16:27:20.0	1,687	4.0520
Acquisitions	2013-03-20 16:27:20.0	847	4.0520
Acquisitions	2013-03-20 16:27:20.0	1,234	4.0520
Acquisitions	2013-03-20 16:27:20.0	847	4.0520
Acquisitions	2013-03-20 16:27:20.0	3,194	4.0520
Acquisitions	2013-03-21 10:20:26.0	3,621	4.0410
Acquisitions	2013-03-22 08:13:47.0	1,700	4.0570
Acquisitions	2013-03-22 08:13:52.0	397	4.0570
Acquisitions	2013-03-22 08:17:16.0	3,600	4.0600
Acquisitions	2013-03-22 08:17:16.0	5,903	4.0600
Acquisitions	2013-03-22 08:20:42.0	2,580	4.0570
Acquisitions	2013-03-22 08:20:42.0	4,826	4.0570
Acquisitions	2013-03-22 08:21:42.0	400	4.0550
Acquisitions	2013-03-22 08:21:42.0	1,232	4.0560
Acquisitions	2013-03-22 08:21:42.0	535	4.0560
Acquisitions	2013-03-22 08:21:42.0	2,154	4.0540

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Acquisitions	2013-03-22 08:21:42.0	799	4.0540
Acquisitions	2013-03-22 08:21:42.0	1,823	4.0560
Acquisitions	2013-03-22 08:21:42.0	1,233	4.0550
Acquisitions	2013-03-22 08:21:42.0	400	4.0550
Acquisitions	2013-03-22 08:21:42.0	400	4.0540
Acquisitions	2013-03-22 09:20:37.0	186	4.0560
Acquisitions	2013-03-22 09:20:37.0	1,525	4.0560
Acquisitions	2013-03-22 09:20:37.0	300	4.0560
Acquisitions	2013-03-22 09:20:37.0	437	4.0560
Acquisitions	2013-03-22 09:20:37.0	1,237	4.0560
Acquisitions	2013-03-22 09:20:37.0	2,000	4.0560
Acquisitions	2013-03-22 09:20:37.0	1,286	4.0560
Acquisitions	2013-03-22 09:20:37.0	1,021	4.0560
Acquisitions	2013-03-22 09:20:37.0	400	4.0560
Acquisitions	2013-03-22 09:20:37.0	80	4.0560
Acquisitions	2013-03-22 09:20:37.0	1,300	4.0560
Acquisitions	2013-03-22 09:20:39.0	529	4.0560
Acquisitions	2013-03-22 09:20:57.0	100	4.0560
Acquisitions	2013-03-22 09:20:58.0	585	4.0560
Acquisitions	2013-03-22 10:23:53.0	1,500	4.0640
Acquisitions	2013-03-22 10:24:16.0	1,484	4.0640
Acquisitions	2013-03-22 10:24:16.0	16	4.0640
Acquisitions	2013-03-22 10:24:16.0	1,984	4.0640
Acquisitions	2013-03-22 10:24:16.0	1,500	4.0640
Acquisitions	2013-03-22 10:24:16.0	16	4.0640
Acquisitions	2013-03-22 10:24:16.0	1,484	4.0640
Acquisitions	2013-03-22 10:24:28.0	4	4.0640
Acquisitions	2013-03-22 10:29:35.0	116	4.0640
Acquisitions	2013-03-22 10:29:35.0	400	4.0640
Acquisitions	2013-03-22 10:29:35.0	1,496	4.0640
Acquisitions	2013-03-22 11:13:52.0	15	4.0800
Acquisitions	2013-03-22 11:13:52.0	400	4.0800
Acquisitions	2013-03-22 11:13:52.0	520	4.0800
Acquisitions	2013-03-22 11:13:52.0	15	4.0800
Acquisitions	2013-03-22 11:48:04.0	1,036	4.1070
Acquisitions	2013-03-22 11:48:04.0	2,195	4.1070
Acquisitions	2013-03-22 13:08:14.0	1,214	4.1200
Acquisitions	2013-03-22 13:08:14.0	7,500	4.1200
Acquisitions	2013-03-22 13:08:14.0	169	4.1200
Acquisitions	2013-03-22 13:08:14.0	469	4.1200
Acquisitions	2013-03-22 13:08:14.0	1,000	4.1200
Acquisitions	2013-03-22 13:08:14.0	16,500	4.1200
Acquisitions	2013-03-22 13:08:14.0	3,863	4.1200
Acquisitions	2013-03-22 13:08:14.0	2,000	4.1200

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Acquisitions	2013-03-22 13:08:14.0	200	4.1200
Acquisitions	2013-03-22 13:09:52.0	1,213	4.1200
Acquisitions	2013-03-22 13:09:52.0	8,966	4.1200
Acquisitions	2013-03-22 13:09:52.0	400	4.1190
Acquisitions	2013-03-22 13:09:52.0	1,528	4.1190
Acquisitions	2013-03-22 13:09:52.0	7,500	4.1200
Acquisitions	2013-03-22 13:09:52.0	1,802	4.1200
Acquisitions	2013-03-22 13:09:52.0	8,157	4.1200
Acquisitions	2013-03-22 13:09:52.0	14	4.1190
Acquisitions	2013-03-22 13:09:52.0	20	4.1190
Acquisitions	2013-03-22 13:09:52.0	400	4.1200
Acquisitions	2013-03-22 13:11:19.0	1,214	4.1200
Acquisitions	2013-03-22 13:11:19.0	27,340	4.1200
Acquisitions	2013-03-22 13:11:19.0	20	4.1200
Acquisitions	2013-03-22 13:11:19.0	599	4.1200
Acquisitions	2013-03-22 13:11:19.0	7,500	4.1200
Acquisitions	2013-03-22 13:11:19.0	15,254	4.1200
Sale	2013-03-25 16:35:00.0	7,793	4.0660
Sale	2013-03-26 16:35:00.0	4,801	3.8940
Sale	2013-03-28 09:25:51.0	609	3.7810
Sale	2013-03-28 09:32:51.0	3,000	3.7750
Sale	2013-03-28 09:32:52.0	2,000	3.7750
Sale	2013-03-28 09:32:56.0	1,993	3.7750
Sale	2013-04-03 14:50:04.0	390	3.7000
Sale	2013-04-03 14:50:04.0	2,077	3.7000
Sale	2013-04-03 14:50:04.0	173	3.7000
Sale	2013-04-03 14:50:04.0	956	3.7000
Sale	2013-04-03 14:50:04.0	3,011	3.7000
Sale	2013-04-03 14:50:04.0	45	3.7000
Acquisitions	2013-04-09 16:35:00.0	1,279	3.9600
Acquisitions	2013-04-09 16:35:00.0	2,770	3.9600
Acquisitions	2013-04-09 16:35:00.0	1,653	3.9600
Acquisitions	2013-04-10 16:35:00.0	5,290	4.0400
Acquisitions	2013-04-10 16:35:00.0	3,453	4.0400
Sale	2013-04-15 16:35:00.0	28	4.0310
Sale	2013-04-15 16:35:00.0	2,062	4.0310
Sale	2013-04-16 16:35:00.0	445	3.8800
Sale	2013-04-16 16:35:00.0	5,257	3.8800
Acquisitions	2013-04-19 16:35:06.0	6,652	3.8120
Acquisitions	2013-04-23 16:35:11.0	1,918	3.8600
Acquisitions	2013-04-23 16:35:11.0	7,000	3.8600
Acquisitions	2013-04-23 16:35:11.0	585	3.8600
Acquisitions	2013-04-25 16:35:09.0	3,801	3.9440
Acquisitions	2013-05-02 16:00:00.0	4,000,000	3.9200

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Sale	2013-05-02 16:35:00.0	731	3.9250
Sale	2013-05-02 16:35:00.0	531	3.9250
Sale	2013-05-02 16:35:00.0	2,539	3.9250
Acquisitions	2013-05-07 16:35:00.0	6,652	4.0150
Sale	2013-05-08 16:35:00.0	6,652	3.9700
Acquisitions	2013-05-09 16:35:02.0	3,801	3.9700
Acquisitions	2013-05-09 16:59:00.0	2,000,000	3.9690
Acquisitions	2013-05-13 17:35:00.0	3,000,000	3.9520
Sale	2013-05-15 08:40:47.0	631	3.5200
Sale	2013-05-15 08:40:47.0	5,071	3.5200
Acquisitions	2013-05-15 16:35:03.0	7,602	3.5840
Acquisitions	2013-05-17 16:35:03.0	4,371	3.5370
Sale	2013-05-21 16:35:00.0	2,735	3.5500
Sale	2013-05-21 16:35:00.0	1,066	3.5500
Sale	2013-05-23 10:15:00.0	4,000,000	3.5000
Sale	2013-05-24 14:03:00.0	2,000,000	3.6330
Sale	2013-05-28 13:53:00.0	3,000,000	3.6520
Sale	2013-05-30 16:35:03.0	2,640	3.3880
Sale	2013-05-30 16:35:04.0	1,920	3.3880
Sale	2013-05-30 16:35:04.0	191	3.3880
Sale	2013-06-06 16:35:06.0	175	3.3000
Sale	2013-06-06 16:35:06.0	6	3.3000
Sale	2013-06-06 16:35:07.0	1,973	3.3000
Sale	2013-06-06 16:35:07.0	2,027	3.3000
Acquisitions	2013-06-12 16:35:12.0	589	3.2200
Acquisitions	2013-06-12 16:35:13.0	124	3.2200
Acquisitions	2013-06-12 16:35:14.0	1,924	3.2200
Acquisitions	2013-06-12 16:35:14.0	8,486	3.2200
Acquisitions	2013-06-12 16:35:15.0	14,084	3.2200
Acquisitions	2013-06-12 16:35:15.0	7,487	3.2200
Acquisitions	2013-06-12 16:35:15.0	5,701	3.2200
Acquisitions	2013-06-12 16:35:16.0	1,204	3.2200
Acquisitions	2013-06-12 16:35:16.0	4,008	3.2200
Acquisitions	2013-06-12 16:35:17.0	14,827	3.2200
Acquisitions	2013-06-13 16:35:04.0	5,879	3.1050
Sale	2013-06-13 16:35:04.0	1,798	3.1050
Sale	2013-06-13 16:35:05.0	2,383	3.1050
Sale	2013-06-14 16:35:03.0	1,200	3.1100
Sale	2013-06-14 16:35:04.0	756	3.1100
Acquisitions	2013-06-17 16:35:03.0	2,661	3.1710
Acquisitions	2013-06-17 16:35:03.0	301	3.1710
Acquisitions	2013-06-17 16:35:03.0	2,394	3.1710
Acquisitions	2013-06-18 16:35:00.0	1,041	3.1600
Acquisitions	2013-06-18 16:35:00.0	3,330	3.1600

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Sale	2013-06-20 16:35:03.0	719	3.0200
Sale	2013-06-20 16:35:04.0	2,200	3.0200
Sale	2013-06-20 16:35:04.0	219	3.0200
Sale	2013-06-20 16:35:04.0	4,655	3.0200
Sale	2013-06-21 09:56:08.0	1,000	3.0900
Sale	2013-06-21 10:05:39.0	274	3.0850
Sale	2013-06-21 10:05:39.0	456	3.0850
Sale	2013-06-21 10:05:39.0	4,814	3.0850
Sale	2013-06-21 16:35:00.0	2,769	2.8830
Sale	2013-06-21 16:35:00.0	68	2.8830
Sale	2013-06-21 16:35:00.0	200	2.8830
Sale	2013-06-21 16:35:00.0	6,749	2.8830
Sale	2013-06-21 16:35:00.0	2,834	2.8830
Sale	2013-06-21 16:35:00.0	3,801	2.8830
Sale	2013-06-21 16:35:00.0	24,068	2.8830
Sale	2013-06-21 16:35:00.0	30,702	2.8830
Sale	2013-06-21 16:35:00.0	3,800	2.8830
Sale	2013-06-21 16:35:00.0	73	2.8830
Sale	2013-06-21 16:35:00.0	25,199	2.8830
Sale	2013-06-21 16:35:09.0	78,600	2.8830
Sale	2013-06-21 16:35:10.0	8,095	2.8830
Sale	2013-06-21 16:35:10.0	9,767	2.8830
Sale	2013-06-24 08:04:58.0	1,289	2.9550
Sale	2013-06-24 08:04:58.0	868	2.9550
Sale	2013-06-24 08:04:58.0	1,302	2.9550
Sale	2013-06-24 08:04:58.0	2,000	2.9540
Sale	2013-06-24 08:04:58.0	2,000	2.9530
Sale	2013-06-24 08:04:58.0	2,000	2.9520
Sale	2013-06-24 08:04:58.0	5,400	2.9520
Sale	2013-06-24 08:04:58.0	141	2.9500
Sale	2013-06-24 08:05:54.0	2,000	2.9120
Sale	2013-06-24 08:05:54.0	1,932	2.9120
Sale	2013-06-24 08:05:54.0	928	2.9110
Sale	2013-06-24 08:05:54.0	1,083	2.9100
Sale	2013-06-24 08:05:54.0	1,900	2.9100
Sale	2013-06-24 08:06:12.0	7,244	2.9100
Sale	2013-06-24 08:06:13.0	2,000	2.9100
Sale	2013-06-24 08:06:25.0	4,656	2.9000
Sale	2013-06-24 08:06:25.0	500	2.9000
Sale	2013-06-24 08:06:25.0	500	2.9000
Sale	2013-06-24 08:06:25.0	1,000	2.9000
Sale	2013-06-24 08:06:25.0	430	2.9000
Sale	2013-06-24 08:06:25.0	5,000	2.9000
Sale	2013-06-24 08:06:26.0	3,294	2.9000

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Sale	2013-06-24 08:06:56.0	1,625	2.9000
Sale	2013-06-24 08:07:29.0	9,543	2.9000
Sale	2013-06-24 08:07:30.0	2,760	2.9000
Sale	2013-06-24 08:07:30.0	692	2.9000
Sale	2013-06-24 08:07:57.0	790	2.9100
Sale	2013-06-24 08:08:32.0	5,000	2.9100
Sale	2013-06-24 08:08:34.0	13,000	2.9100
Sale	2013-06-24 08:08:42.0	868	2.9100
Sale	2013-06-24 08:26:40.0	1,104	2.9160
Sale	2013-06-24 08:26:40.0	342	2.9160
Sale	2013-06-24 08:26:40.0	5,452	2.9160
Sale	2013-06-24 08:26:40.0	3,102	2.9160
Sale	2013-06-24 08:27:57.0	2,000	2.9100
Sale	2013-06-24 08:27:57.0	2,000	2.9100
Sale	2013-06-24 08:28:41.0	1,000	2.9050
Sale	2013-06-24 08:30:41.0	3,000	2.9050
Sale	2013-06-24 08:30:41.0	2,000	2.9050
Sale	2013-06-24 08:32:52.0	100	2.9010
Sale	2013-06-24 08:32:52.0	2,585	2.9010
Sale	2013-06-24 08:37:49.0	2,232	2.9010
Sale	2013-06-24 08:37:49.0	5,083	2.9010
Sale	2013-06-24 08:45:06.0	1,000	2.9000
Sale	2013-06-24 08:45:06.0	2,000	2.9000
Sale	2013-06-24 08:45:06.0	526	2.9000
Sale	2013-06-24 08:45:06.0	2,000	2.9000
Sale	2013-06-24 08:45:06.0	397	2.9000
Sale	2013-06-24 08:45:07.0	423	2.9000
Sale	2013-06-24 08:45:07.0	3,654	2.9000
Sale	2013-06-24 08:58:53.0	6,865	2.8830
Sale	2013-06-24 08:58:53.0	428	2.8830
Sale	2013-06-24 08:58:53.0	417	2.8830
Sale	2013-06-24 08:58:53.0	2,000	2.8830
Sale	2013-06-24 08:58:53.0	290	2.8830
Sale	2013-06-25 08:42:56.0	1,500	2.8950
Sale	2013-06-25 08:43:14.0	1,700	2.8950
Sale	2013-06-25 08:43:14.0	330	2.8950
Sale	2013-06-25 08:43:16.0	1,470	2.8950
Sale	2013-06-25 08:46:44.0	1,048	2.8960
Sale	2013-06-25 08:46:44.0	2,000	2.8960
Sale	2013-06-25 08:46:44.0	5,713	2.8960
Sale	2013-06-25 08:46:44.0	1,500	2.8950
Sale	2013-06-25 08:46:44.0	600	2.8950
Sale	2013-06-25 08:46:44.0	1	2.8950
Sale	2013-06-25 08:46:44.0	2,702	2.8950

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Sale	2013-06-25 08:46:44.0	6,436	2.8950
Sale	2013-06-25 08:47:22.0	16,163	2.9100
Sale	2013-06-25 08:47:41.0	1,667	2.9100
Sale	2013-06-25 08:48:02.0	1,560	2.9100
Sale	2013-06-25 08:48:02.0	610	2.9100
Sale	2013-06-25 08:49:19.0	2,000	2.9050
Sale	2013-06-25 08:49:19.0	2	2.9050
Sale	2013-06-25 08:49:19.0	652	2.9050
Sale	2013-06-25 08:49:19.0	11,932	2.9050
Sale	2013-06-25 16:11:06.0	4,423	2.9440
Acquisitions	2013-06-26 16:35:00.0	7,967	2.9400
Acquisitions	2013-06-26 16:35:03.0	4,692	2.9400
Sale	2013-06-27 16:18:18.0	3,978	2.9960
Sale	2013-06-28 16:35:02.0	1,082	2.9900
Sale	2013-06-28 16:35:02.0	4,487	2.9900

CGD Negociação	Date	No of securities	Price
Acquisitions	2013-01-08 12:18:00.0	45,107	3.9096
Sale	2013-01-08 12:18:31.0	45,107	3.9650
Acquisitions	2013-01-08 15:19:27.0	100,000	3.9900
Acquisitions	2013-01-08 16:37:19.0	415	3.9450
Acquisitions	2013-01-09 09:50:39.0	100,000	4.0450
Acquisitions	2013-01-09 11:01:54.0	45,107	3.9096
Sale	2013-01-09 11:26:04.0	100,415	4.0750
Acquisitions	2013-01-09 11:26:07.0	411	3.9450
Sale	2013-01-09 12:18:00.0	45,107	3.9096
Sale	2013-01-09 16:23:34.0	99,996	4.0700
Sale	2013-01-09 16:37:19.0	415	3.9450
Acquisitions	2013-01-14 13:16:21.0	100,000	4.2750
Acquisitions	2013-01-15 11:57:16.0	100,000	4.1350
Sale	2013-01-16 14:58:48.0	100,000	4.1866
Sale	2013-01-17 08:33:37.0	100,000	4.2780
Sale	2013-01-21 10:20:33.0	100,000	4.3850
Acquisitions	2013-01-22 10:46:49.0	81,090	4.3800
Sale	2013-01-22 10:46:50.0	81,090	4.4250
Acquisitions	2013-01-22 14:08:04.0	100,000	4.3350
Acquisitions	2013-01-23 09:04:07.0	100,000	4.2350
Sale	2013-01-24 09:26:56.0	150,000	4.1514
Acquisitions	2013-01-24 16:10:42.0	50,000	4.1929
Acquisitions	2013-01-25 15:05:08.0	50,000	4.1676
Sale	2013-01-30 12:23:34.0	150,000	4.3144
Acquisitions	2013-02-06 10:27:54.0	100,000	4.1363



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Sale	2013-02-07 10:08:57.0	100,000	4.1800
Acquisitions	2013-02-07 15:47:09.0	100,000	4.1489
Acquisitions	2013-02-18 16:14:59.0	150,000	3.9970
Acquisitions	2013-02-20 10:25:56.0	100,000	3.9850
Sale	2013-02-25 11:47:47.0	100,000	4.0350
Acquisitions	2013-02-25 14:47:24.0	100,000	4.0251
Sale	2013-02-25 16:42:06.0	133,680	4.0410
Acquisitions	2013-02-25 16:43:49.0	54,062	3.9796
Acquisitions	2013-02-26 13:51:39.0	79,618	3.9520
Acquisitions	2013-03-04 11:26:17.0	100,000	3.8900
Sale	2013-03-04 13:36:23.0	150,000	3.7873
Acquisitions	2013-03-04 14:07:10.0	100,000	3.8283
Sale	2013-03-05 12:46:48.0	100,000	3.9300
Sale	2013-03-06 14:59:45.0	100,000	3.8900
Sale	2013-03-07 16:37:59.0	19,026	3.9750
Acquisitions	2013-03-08 08:38:38.0	100,000	3.9360
Sale	2013-03-08 08:38:54.0	100,000	3.9975
Sale	2013-03-08 14:37:19.0	80,974	4.0000
Acquisitions	2013-03-11 15:48:46.0	100,000	3.9970
Sale	2013-03-12 08:48:30.0	100,000	4.0408
Acquisitions	2013-03-12 09:27:29.0	50,000	4.0447
Sale	2013-03-12 16:41:30.0	8,014	4.0360
Sale	2013-03-13 08:30:10.0	50,000	4.0447
Sale	2013-03-13 08:32:43.0	41,986	4.0240
Sale	2013-03-13 09:27:29.0	50,000	4.0447
Acquisitions	2013-03-14 09:21:21.0	100,000	4.0510
Sale	2013-03-14 13:29:05.0	100,000	4.1100
Acquisitions	2013-03-15 09:56:20.0	100,000	4.1300
Sale	2013-03-15 15:45:08.0	100,000	4.1700
Acquisitions	2013-03-18 10:26:36.0	100,000	4.0794
Acquisitions	2013-03-19 08:57:48.0	100,000	4.0799
Sale	2013-03-19 10:26:36.0	100,000	4.0794
Acquisitions	2013-03-22 10:20:03.0	100,000	4.0720
Sale	2013-03-22 14:42:11.0	200,000	4.1200
Acquisitions	2013-03-22 15:54:25.0	100,000	4.0944
Acquisitions	2013-03-25 08:39:30.0	100,000	4.0948
Sale	2013-03-25 15:54:25.0	100,000	4.0944
Acquisitions	2013-03-26 11:38:28.0	100,000	3.9800
Acquisitions	2013-04-02 16:46:38.0	10,017	3.8150
Sale	2013-04-03 11:12:17.0	150,000	3.7369
Acquisitions	2013-04-03 12:48:12.0	50,000	3.7300
Acquisitions	2013-04-03 16:18:15.0	50,000	3.6900
Sale	2013-04-04 09:39:48.0	60,017	3.9031
Sale	2013-04-04 09:44:19.0	50,000	3.9090

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Sale	2013-04-04 09:59:28.0	50,000	3.9100
Acquisitions	2013-04-05 16:38:30.0	26,593	3.8400
Acquisitions	2013-04-09 09:38:51.0	26,593	3.8700
Sale	2013-04-10 09:38:51.0	26,593	3.8700
Sale	2013-04-10 09:52:29.0	26,593	3.8700
Acquisitions	2013-04-10 10:21:22.0	34,300	4.0027
Sale	2013-04-10 10:22:12.0	34,300	4.0150
Acquisitions	2013-04-11 11:18:36.0	100,000	4.0500
Sale	2013-04-12 16:15:37.0	100,000	4.0155
Acquisitions	2013-04-15 09:12:10.0	100,000	4.0900
Acquisitions	2013-04-16 15:14:17.0	50,000	3.9680
Acquisitions	2013-04-16 15:16:06.0	50,000	3.9096
Sale	2013-04-17 13:52:21.0	150,000	3.8224
Sale	2013-04-17 13:55:49.0	50,000	3.8050
Sale	2013-04-18 09:48:06.0	50,000	3.8050
Acquisitions	2013-04-18 13:55:49.0	50,000	3.8050
Acquisitions	2013-04-22 14:53:59.0	50,000	3.8447
Sale	2013-04-24 09:31:21.0	50,000	3.9130
Acquisitions	2013-04-30 10:49:32.0	100,000	3.9850
Acquisitions	2013-05-03 11:23:40.0	50,000	3.8700
Sale	2013-05-06 09:25:05.0	50,000	3.8880
Sale	2013-05-07 16:01:01.0	100,000	4.0144
Acquisitions	2013-05-09 09:29:57.0	100,000	3.9800
Acquisitions	2013-05-14 13:08:12.0	50,000	3.5500
Acquisitions	2013-05-21 09:27:01.0	50,000	3.5600
Acquisitions	2013-05-22 10:04:05.0	50,000	3.5687
Sale	2013-05-23 13:56:07.0	100,000	3.5850
Sale	2013-05-24 12:05:22.0	50,000	3.6420
Sale	2013-05-27 10:51:48.0	50,000	3.6350
Sale	2013-05-28 16:20:11.0	50,000	3.6550
Acquisitions	2013-05-29 09:10:57.0	50,000	3.5699
Acquisitions	2013-05-29 11:00:17.0	50,000	3.6550
Acquisitions	2013-05-29 16:20:11.0	50,000	3.6550
Acquisitions	2013-05-30 14:51:43.0	50,000	3.4280
Acquisitions	2013-05-30 15:43:32.0	50,000	3.3698
Sale	2013-05-31 11:30:19.0	50,000	3.3509
Acquisitions	2013-05-31 14:26:12.0	50,000	3.2900
Sale	2013-06-03 09:55:27.0	100,000	3.1953
Sale	2013-06-03 09:55:28.0	100,000	3.2050
Acquisitions	2013-06-03 10:42:54.0	50,000	3.2300
Acquisitions	2013-06-04 14:05:16.0	50,000	3.1299
Sale	2013-06-04 14:44:56.0	50,000	3.2650
Sale	2013-06-04 15:09:21.0	50,000	3.2980
Acquisitions	2013-06-07 15:04:44.0	100,000	3.2639

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Acquisitions	2013-06-11 15:15:06.0	50,000	3.1550
Sale	2013-06-12 13:15:43.0	50,000	3.2080
Acquisitions	2013-06-17 11:28:02.0	100,000	3.1700
Sale	2013-06-17 16:36:47.0	10,000	3.1800
Sale	2013-06-19 16:21:14.0	50,000	3.0560
Sale	2013-06-20 09:18:01.0	70,000	3.0200
Sale	2013-06-20 14:47:44.0	70,000	3.0400
Sale	2013-06-20 16:04:33.0	70,000	3.0400
Acquisitions	2013-06-21 10:15:24.0	100,000	3.0792
Acquisitions	2013-06-21 13:30:01.0	50,000	3.0500
Acquisitions	2013-06-21 14:55:15.0	50,000	2.9900
Acquisitions	2013-06-21 16:04:33.0	70,000	3.0400
Sale	2013-06-25 14:24:31.0	100,000	2.9300
Acquisitions	2013-06-26 09:26:38.0	100,000	2.9844
Sale	2013-06-27 17:17:47.0	7,482	3.0300
Sale	2013-06-28 16:43:35.0	84,935	3.0120

Fidelidade	Date	No of securities	Price
Sale	2013-01-22 00:00:00.0	2,209	4.3300
Acquisitions	2013-02-07 00:00:00.0	560	4.1600
Acquisitions	2013-02-27 00:00:00.0	1,350	3.9100
Sale	2013-03-19 00:00:00.0	622	4.0500
Sale	2013-03-25 00:00:00.0	1,336	4.0900
Acquisitions	2013-04-05 00:00:00.0	171	3.8400
Sale	2013-05-27 00:00:00.0	347	3.6500

Fundo de Pensões da CGD	Date	No of securities	Price
Acquisitions	2013-01-03 18:00:00.0	877	3.8130
Sale	2013-01-22 18:00:00.0	175,826	4.3322
Acquisitions	2013-02-27 18:00:00.0	156,000	3.9100
Sale	2013-03-22 18:00:00.0	115,198	4.0900
Sale	2013-05-03 18:00:00.0	303,000	3.8600
Acquisitions	2013-06-07 18:00:00.0	534,533	3.3645
Sale	2013-06-20 18:00:00.0	293,000	3.0241
Acquisitions	2013-06-25 18:00:00.0	34,598	3.0205
Acquisitions	2013-06-25 18:00:00.0	258,402	3.0289
Sale	2013-06-25 18:00:00.0	34,598	3.0205
Sale	2013-06-25 18:00:00.0	258,402	3.0289

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Parcaixa	Date	No of securities	Price
Sale	2013-01-09 10:18:48.0	30,000	4.0700
Sale	2013-01-09 13:27:09.0	6,722	4.0800
Sale	2013-01-09 13:27:09.0	3,278	4.0800
Sale	2013-01-09 13:27:09.0	6,922	4.0800
Sale	2013-01-09 13:27:09.0	3,721	4.0800
Sale	2013-01-09 13:27:09.0	3,600	4.0800
Sale	2013-01-09 13:27:09.0	1	4.0800
Sale	2013-01-09 13:27:09.0	2,202	4.0800
Sale	2013-01-09 13:27:09.0	359	4.0800
Sale	2013-01-09 13:27:09.0	117	4.0800
Sale	2013-01-09 13:27:09.0	359	4.0800
Sale	2013-01-09 13:27:09.0	448	4.0800
Sale	2013-01-09 13:27:09.0	625	4.0800
Sale	2013-01-09 13:27:09.0	1,646	4.0800
Sale	2013-01-09 14:45:50.0	4,482	4.1500
Sale	2013-01-09 14:45:50.0	1,000	4.1500
Sale	2013-01-09 14:45:51.0	1,827	4.1500
Sale	2013-01-09 14:45:51.0	9,518	4.1500
Sale	2013-01-09 14:45:51.0	6,175	4.1500
Sale	2013-01-09 14:45:51.0	761	4.1500
Sale	2013-01-09 14:45:51.0	3,100	4.1500
Sale	2013-01-09 14:46:04.0	3,137	4.1500
Sale	2013-01-09 16:01:33.0	10,000	4.1600
Sale	2013-01-09 16:01:33.0	6,929	4.1600
Sale	2013-01-09 16:01:33.0	3,071	4.1600
Sale	2013-01-09 16:02:26.0	25	4.1600
Sale	2013-01-09 16:03:06.0	242	4.1600
Sale	2013-01-09 16:03:10.0	251	4.1600
Sale	2013-01-09 16:04:10.0	232	4.1600
Sale	2013-01-10 09:47:13.0	3,231	4.2150
Sale	2013-01-10 09:47:36.0	1,300	4.2150
Sale	2013-01-10 09:47:58.0	4,230	4.2150
Sale	2013-01-10 09:47:58.0	391	4.2150
Sale	2013-01-10 09:47:58.0	848	4.2150
Sale	2013-01-10 09:48:03.0	1,741	4.2150
Sale	2013-01-10 09:48:08.0	577	4.2150
Sale	2013-01-10 09:48:18.0	7,682	4.2150
Sale	2013-01-10 09:48:18.0	450	4.2150
Sale	2013-01-10 09:48:18.0	3,269	4.2150
Sale	2013-01-10 09:49:38.0	869	4.2150
Sale	2013-01-10 09:49:38.0	5,412	4.2150
Sale	2013-01-17 13:57:54.0	10,000	4.3600

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Sale	2013-01-17 13:57:54.0	64	4.3600
Sale	2013-01-17 13:57:54.0	4,400	4.3600
Sale	2013-01-17 13:57:54.0	386	4.3600
Sale	2013-01-17 13:57:54.0	5,150	4.3600
Sale	2013-01-17 13:57:54.0	771	4.3600
Sale	2013-01-17 13:57:54.0	536	4.3600
Sale	2013-01-17 13:57:54.0	360	4.3600
Sale	2013-01-17 13:57:54.0	380	4.3600
Sale	2013-01-17 13:57:55.0	3,048	4.3600
Sale	2013-01-17 13:58:03.0	2,520	4.3600
Sale	2013-01-17 13:58:04.0	71	4.3600
Sale	2013-01-17 13:58:04.0	2,314	4.3600
Acquisitions	2013-01-22 13:54:04.0	10,000	4.3350
Acquisitions	2013-01-22 13:54:24.0	2,077	4.3350
Acquisitions	2013-01-22 13:54:34.0	791	4.3350
Acquisitions	2013-01-22 14:02:58.0	7,132	4.3350
Acquisitions	2013-01-22 14:02:58.0	10,000	4.3350
Acquisitions	2013-01-22 16:03:00.0	10,000	4.2900
Acquisitions	2013-01-22 16:03:00.0	946	4.2900
Acquisitions	2013-01-22 16:03:00.0	9,054	4.2900
Acquisitions	2013-01-22 16:03:00.0	9,612	4.2900
Acquisitions	2013-01-22 16:03:00.0	388	4.2900
Acquisitions	2013-01-22 16:08:37.0	10,000	4.2600
Acquisitions	2013-01-22 16:08:37.0	2,462	4.2600
Acquisitions	2013-01-22 16:08:37.0	400	4.2600
Acquisitions	2013-01-22 16:08:37.0	974	4.2600
Acquisitions	2013-01-22 16:08:37.0	6,164	4.2600
Acquisitions	2013-01-22 16:08:37.0	974	4.2600
Acquisitions	2013-01-22 16:08:37.0	4,315	4.2600
Acquisitions	2013-01-22 16:08:44.0	390	4.2600
Acquisitions	2013-01-22 16:08:44.0	4,321	4.2600
Acquisitions	2013-01-23 13:20:24.0	8,000	4.2000
Acquisitions	2013-01-23 13:20:24.0	22,000	4.2000
Sale	2013-01-23 15:12:33.0	1,405	4.2300
Sale	2013-01-23 15:12:36.0	6,595	4.2300
Sale	2013-01-23 15:12:36.0	787	4.2300
Sale	2013-01-23 15:12:36.0	830	4.2300
Sale	2013-01-23 15:12:50.0	272	4.2300
Sale	2013-01-23 15:12:53.0	6,898	4.2300
Sale	2013-01-23 15:12:53.0	2,174	4.2300
Sale	2013-01-23 15:13:25.0	237	4.2300
Sale	2013-01-23 15:15:03.0	278	4.2300
Sale	2013-01-23 15:15:03.0	3,844	4.2300
Sale	2013-01-23 15:15:03.0	684	4.2300

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Sale	2013-01-23 15:15:17.0	783	4.2300
Sale	2013-01-23 15:15:17.0	1,290	4.2300
Sale	2013-01-23 15:15:42.0	3,923	4.2300
Sale	2013-01-30 09:39:22.0	1,601	4.2950
Sale	2013-01-30 09:39:22.0	1,682	4.2950
Sale	2013-01-30 09:39:22.0	6,717	4.2950
Sale	2013-01-30 09:39:24.0	2,429	4.2950
Sale	2013-01-30 09:39:30.0	7,571	4.2950
Sale	2013-01-30 09:39:30.0	2,429	4.2950
Sale	2013-01-30 09:39:30.0	1,721	4.2950
Sale	2013-01-30 09:39:36.0	4,593	4.2950
Sale	2013-01-30 09:39:38.0	1,257	4.2950
Sale	2013-02-01 10:30:24.0	400	4.3350
Sale	2013-02-01 10:30:24.0	9,600	4.3350
Sale	2013-02-01 10:30:24.0	500	4.3350
Sale	2013-02-01 10:30:24.0	3,600	4.3350
Sale	2013-02-01 10:30:24.0	4,351	4.3350
Sale	2013-02-01 10:30:24.0	2,049	4.3350
Sale	2013-02-01 10:30:24.0	8,301	4.3350
Sale	2013-02-01 10:30:24.0	750	4.3350
Sale	2013-02-01 10:30:24.0	449	4.3350
Acquisitions	2013-02-01 16:01:50.0	10,000	4.2800
Acquisitions	2013-02-01 16:01:50.0	1,133	4.2800
Acquisitions	2013-02-01 16:01:50.0	1,636	4.2800
Acquisitions	2013-02-01 16:01:51.0	279	4.2800
Acquisitions	2013-02-01 16:01:53.0	5,521	4.2800
Acquisitions	2013-02-01 16:01:53.0	1,199	4.2800
Acquisitions	2013-02-01 16:01:53.0	2,564	4.2800
Acquisitions	2013-02-01 16:01:53.0	2,564	4.2800
Acquisitions	2013-02-01 16:01:54.0	1,236	4.2800
Acquisitions	2013-02-01 16:01:54.0	431	4.2800
Acquisitions	2013-02-01 16:01:55.0	1,830	4.2800
Acquisitions	2013-02-01 16:01:55.0	1,607	4.2800
Sale	2013-02-27 15:00:25.0	10,000	3.9000
Sale	2013-02-27 15:00:25.0	19,300	3.9000
Sale	2013-02-27 15:00:25.0	197	3.9000
Sale	2013-02-27 15:00:25.0	503	3.9000
Sale	2013-02-27 16:02:04.0	1,545	3.9150
Sale	2013-02-27 16:02:23.0	851	3.9150
Sale	2013-02-27 16:02:23.0	7,604	3.9150
Sale	2013-02-27 16:02:30.0	10,000	3.9150
Sale	2013-02-27 16:02:30.0	10,000	3.9150
Sale	2013-03-05 09:01:06.0	2,275	3.9300
Sale	2013-03-05 09:01:06.0	1,142	3.9300

Sale	2013-03-05 09:01:06.0	6,583	3.9300
Sale	2013-03-05 09:01:06.0	179	3.9300
Sale	2013-03-05 09:01:06.0	1,142	3.9300
Sale	2013-03-05 09:01:11.0	3,087	3.9300
Sale	2013-03-05 09:01:11.0	6,734	3.9300
Sale	2013-03-05 09:01:11.0	1,273	3.9300
Sale	2013-03-05 09:01:11.0	935	3.9300
Sale	2013-03-05 09:01:11.0	1,485	3.9300
Sale	2013-03-05 09:01:11.0	4,219	3.9300
Sale	2013-03-05 09:01:11.0	946	3.9300
Sale	2013-03-05 14:17:30.0	1,966	3.9450
Sale	2013-03-05 14:17:40.0	3,000	3.9450
Sale	2013-03-05 14:37:50.0	23,174	3.9450
Sale	2013-03-05 14:37:50.0	1,860	3.9450
Sale	2013-03-05 16:22:46.0	1,598	3.9530
Sale	2013-03-05 16:22:46.0	8,637	3.9530

Mr. José Pedro Cabral dos Santos and Mr. João Nuno de Oliveira Jorge Palma are members of PT's and CGD's Boards of Directors, and therefore CGD is deemed to be a closely related entity to managers of PT pursuant to paragraph 3 of article 248-B of the Portuguese Securities Code, thus having the obligation to notify of the transactions above.

07

Outlook

## **Outlook**

PT will continue to be a growth-oriented company, aiming at exploring the full potential of its portfolio of assets, by taking advantage of existing and future opportunities in the telecommunications, multimedia, cloud and IT services. PT aims to continue to leverage convergence opportunities, by bundling traditional voice and data services with new and sophisticated multimedia and IT services, leveraging on PT's investment in advanced networks, namely FTTH and 4G-LTE, and in cloud solutions. PT intends to continue taking advantage of the growth potential of the Brazilian market and to exploit opportunities in high-growth markets where PT has clear competitive advantages.

Following the restructuring of its Portuguese businesses along customer segments, PT will continue to focus its efforts on the development of fixed-mobile, IT-telecoms, cloud and multimedia convergent products and services and integrated offers aimed at acquiring new customers, improving customer loyalty while decreasing customer retention costs and, ultimately, increasing market share and share-of-wallet. PT will step up its efforts to integrate further its services, in the personal and residential segments, thus being able to pass additional synergies on integrated quadruple-play offers to the broad consumer market in a single and unique customer experience. In the enterprises segment, PT will continue to provide advanced one-stop-shop IT/IS solutions focusing on BPO and on the marketing of machine-to-machine solutions, on the back of cutting-edge solutions for companies and future-proof Data Center investments to meet demand for high bandwidth services and virtualisation.

Additionally, PT will continue to invest in innovation, research and development aiming at enhancing its services with new, distinctive and customised features, functionalities and content tailored to meet customer needs. PT will continue to leverage on close partnerships with its suppliers in order to reduce time-to-market and further differentiate its value proposition to its customers. PT will continue to invest to develop further new and more effective access and core networks and platforms, in fixed-line as well as in mobile, aimed at offering increased bandwidth to its customers, and in cloud services aimed at taking further advantage of these networks. Furthermore, PT will continue to rationalise its cost structure through productivity increases and business process reengineering.

PT will continue to be a geographically diversified operator, aimed at offering its shareholders a lower risk profile, reduced dependence on a single market and an improved growth profile. In Brazil, following the strategic partnership established with Oi, which includes the acquisition of a joint control stake in Oi, PT aims to explore further the growth potential of Oi's assets, leveraging on Brazil's favourable demographics, economic growth perspectives and penetration upside potential of telecom services, particularly in fixed and mobile broadband and TV, and in leverage fixed-mobile convergence. Additionally, PT also intends to increase its exposure to high-growth markets in Africa by taking full advantage of its existing asset portfolio and partnerships and selectively analyse and explore value-creating opportunities. PT will continue to promote the sharing of best practices amongst all of its



assets, aiming at ensuring a sustainable competitive position in all markets and getting benefits of scale in terms of access to technology and innovation.

PT will continue to operate in a highly competitive and regulated environment that will pose continued risks and threats to its existing businesses, placing the profitability of its assets under pressure, including aggressive glide paths for mobile termination rates as well as declining roaming prices. PT will also continue to operate in a context of a European economic instability, particularly in Portugal, that will create additional financial and economic challenges and barriers to the development of its businesses.

PT will continue to contribute to the development of the information society, to promote the info-inclusion of the citizens in all countries where it operates. PT also aims to be a reference in terms of sustainability and will continue to invest in the development of a sustainable business model, embracing policies and developing practices aimed at fully respecting the society and the environment.

08

Statement by the persons responsible

For the purposes of article 246 of the Portuguese Securities Code, the members of the Board of Directors of Portugal Telecom, SGPS S.A. identified hereunder declare, in the capacity and within their functions as described therein, that, to the best of their knowledge and grounded on the information to which they had access within such Board of Directors and/or Executive Committee, as applicable, while in office:

- The information included in the financial statements concerning the first half of 2013 was prepared in compliance with the requirements of the IAS 34 Interim Financial Reporting standard, in accordance with the applicable law and gives a true and fair view of the assets, liabilities, financial position and profit or loss of Portugal Telecom, SGPS S.A. and of the undertakings included in the consolidation as a whole;
- The interim management report includes a fair review, as an indication, of the important events occurred during the first half of 2013 and their impact on the interim financial statements, together with an accurate description of the principal risks and uncertainties for the second half of the financial year.

Lisbon, 13 August 2013

Henrique Granadeiro, Chief Executive Officer and Chairman of the Board of Directors

Alfredo José Silva de Oliveira Baptista, Executive Director

Amílcar Carlos Ferreira de Moraes Pires, Non-Executive Director

Carlos Alves Duarte, Executive Director

Fernando Magalhães Portella, Non-Executive Director

Francisco Teixeira Pereira Soares, Non-Executive Director

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Gerald Stephen McGowan, Non-Executive Director

João Manuel de Mello Franco, Non-Executive Director

João Nuno de Oliveira Jorge Palma, Non-Executive Director

Joaquim Aníbal Brito Freixial de Goes, Non-Executive Director

José Guilherme Xavier de Basto, Non-Executive Director

José Pedro Cabral dos Santos, Non-Executive Director

Luís Pacheco de Melo, Executive Director

Manuel Rosa da Silva, Executive Director

Maria Helena Nazaré, Non-Executive Director

Mário João de Matos Gomes, Non-Executive Director

Milton Almicar Silva Vargas, Non-Executive Director

Nuno Rocha dos Santos de Almeida e Vasconcellos, Non-Executive Director

Otávio Marques de Azevedo, Non-Executive Director

Paulo José Lopes Varela, Non-Executive Director

Pedro Humberto Monteiro Durão Leitão, Executive Director

Rafael Luís Mora Funes, Non-Executive Director

Shakhaf Wine, Executive Director

Consolidated financial statements

## PORTUGAL TELECOM, SGPS, S.A.

## CONSOLIDATED INCOME STATEMENT

FOR THE SIX AND THREE MONTH PERIODS ENDED 30 JUNE 2013 AND 2012

Euro

		Unaudited			
	Notes	1H13	1H12 Restated (Note 3)	2Q13	2Q12 Restated (Note 3)
<b>REVENUES</b>					
Services rendered		2,919,271,850	3,159,755,639	1,452,516,579	1,525,322,608
Sales		82,562,245	78,274,767	45,231,424	43,617,732
Other revenues		90,578,302	106,665,699	42,072,810	60,070,482
	5	<b>3,092,412,397</b>	<b>3,344,696,105</b>	<b>1,539,820,813</b>	<b>1,629,010,822</b>
<b>COSTS, LOSSES AND (INCOME)</b>					
Wages and salaries		516,652,228	566,185,170	268,410,310	272,932,776
Direct costs		534,695,186	560,349,318	268,512,918	264,612,959
Commercial costs		266,874,420	264,779,627	144,649,473	140,134,924
Supplies, external services and other expenses		584,557,493	610,432,152	284,985,837	285,871,837
Indirect taxes		113,826,049	122,672,299	55,258,775	59,387,998
Provisions and adjustments		59,000,482	79,225,233	27,448,739	36,719,798
Depreciation and amortisation	13	685,447,829	683,436,504	345,091,016	336,708,174
Post retirement benefits costs	6	24,834,703	31,641,431	12,311,775	15,439,107
Curtailment costs	6	128,216,954	858,784	127,573,061	6,806
Losses (gains) on disposal of fixed assets, net		(1,110,090)	2,106,944	(745,033)	1,241,009
Net other gains	7	(80,596,223)	(17,193,693)	(59,451,658)	(26,590,590)
		<b>2,832,399,031</b>	<b>2,904,493,769</b>	<b>1,474,045,213</b>	<b>1,386,464,798</b>
<b>Income before financial results and taxes</b>	5	<b>260,013,366</b>	<b>440,202,336</b>	<b>65,775,600</b>	<b>242,546,024</b>
<b>FINANCIAL LOSSES AND (GAINS)</b>					
Net interest expenses	8	292,641,115	235,957,866	146,966,867	128,335,603
Equity in earnings of associated companies, net	5	(375,919,695)	(95,589,309)	(335,857,358)	(49,344,969)
Net other financial losses	9	41,574,243	47,149,654	24,013,122	11,910,899
		<b>(41,704,337)</b>	<b>187,518,211</b>	<b>(164,877,369)</b>	<b>90,901,533</b>
<b>Income before taxes</b>		<b>301,717,703</b>	<b>252,684,125</b>	<b>230,652,969</b>	<b>151,644,491</b>
Income tax losses (gains)	10	(4,638,314)	87,940,457	(36,930,625)	66,716,764
<b>NET INCOME</b>		<b>306,356,017</b>	<b>164,743,668</b>	<b>267,583,594</b>	<b>84,927,727</b>
Attributable to non-controlling interests		22,354,472	41,636,861	10,328,701	17,222,168
<b>Attributable to equity holders of the parent</b>	11	<b>284,001,545</b>	<b>123,106,807</b>	<b>257,254,893</b>	<b>67,705,559</b>
<b>Earnings per share</b>					
Basic	11	0.33	0.14	0.30	0.08
Diluted	11	0.32	0.14	0.28	0.08

The accompanying notes form an integral part of these financial statements.



## PORTUGAL TELECOM, SGPS, S.A.

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX AND THREE MONTH PERIODS ENDED 30 JUNE 2013 AND 2012

Euro

	Notes	1H13	1H12 Restated (Note 3)	2Q13	Unaudited 2Q12 Restated (Note 3)
<b>Income (expenses) recognised directly in shareholders equity</b>					
<b>Items that may be reclassified subsequently to the income statement</b>					
Foreign currency translation adjustments					
Translation of foreign operations (i)		(237,286,513)	(243,477,009)	(408,876,398)	(204,539,915)
Transfers to profit and loss (ii)		(3,129,234)		(3,129,234)	
Hedge accounting of financial instruments					
Change in fair value		(5,069,284)	1,576,558	(3,342,521)	(5,458,354)
Transfers to profit and loss		281,121	4,616,288	281,121	578,288
Tax effect		988,192	(1,787,184)	1,115,392	1,670,678
<b>Items that will not be reclassified to the income statement</b>					
Post retirement benefits					
Net actuarial gains (losses)	6	(24,859,327)	(13,495,419)	(20,602,303)	8,231,931
Tax effect		6,203,517	3,373,855	5,139,261	(2,057,983)
Other gains (expenses) recognised directly in shareholders equity, net (iii)		(9,968,583)	(1,483,294)	2,391,168	(5,181,305)
		<b>(272,840,111)</b>	<b>(250,676,205)</b>	<b>(427,023,514)</b>	<b>(206,756,660)</b>
<b>Income recognised in the income statement</b>		<b>306,356,017</b>	<b>164,743,668</b>	<b>267,583,594</b>	<b>84,927,727</b>
<b>Total income recognised</b>		<b>33,515,906</b>	<b>(85,932,537)</b>	<b>(159,439,920)</b>	<b>(121,828,933)</b>
Attributable to non-controlling interests		(5,633,557)	3,957,035	(26,542,093)	(16,192,691)
<b>Attributable to equity holders of the parent</b>		<b>39,149,463</b>	<b>(89,889,572)</b>	<b>(132,897,827)</b>	<b>(105,636,242)</b>

(i) Losses recorded in the six and three month periods ended 30 June 2013 and 2012 relate mainly to the impact of the depreciation of the Brazilian Real against the Euro on Portugal Telecom's investments in Oi and Contax.

(ii) In the six month period ended 30 June 2013, this caption corresponds to the cumulative amount of foreign currency translation adjustments relating to the investment in CTM that was reclassified to profit and loss (Note 12.b) upon the completion of the disposal of this investment in June 2013.

(iii) In the six month periods ended 30 June 2013 and 2012, this caption includes costs of Euro 5 million and Euro 6 million, respectively, relating to the tax effect on dividends received by Portugal Telecom under equity swap contracts over own shares and dividends received by Oi regarding its investment in Portugal Telecom.

The accompanying notes form an integral part of these financial statements.



## PORTUGAL TELECOM, SGPS, S.A.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2012 AND 2013

Euro

	Share capital	Treasury shares	Legal reserve	Reserve for treasury shares	Revaluation reserve	Other reserves and accumulated earnings	Equity excluding non-controlling interests	Non-controlling interests	Total equity
<b>Balance as at 1 January 2012 (restated)</b>	<b>26,895,375</b>	<b>(326,382,864)</b>	<b>6,773,139</b>	<b>6,970,320</b>	<b>556,543,594</b>	<b>2,569,843,252</b>	<b>2,840,642,816</b>	<b>914,102,973</b>	<b>3,754,745,789</b>
Dividends (Note 11)						(371,937,439)	(371,937,439)	(65,562,557)	(437,499,996)
Acquisitions, disposals and share capital increases/decreases								(12,825,000)	(12,825,000)
Corporate restructuring at Oi Portugal Telecom s shares acquired by Oi (Note 15.h)		12,060,381				49,235,831	61,296,212	(271,876,616)	(210,580,404)
Realization of revaluation reserve		(23,198,433)					(23,198,433)		(23,198,433)
Income (expenses) recognized directly in equity					(15,956,831)	15,956,831			
Income recognized in the income statement (restated)									
						123,106,807	123,106,807	41,636,861	164,743,668
<b>Balance as at 30 June 2012 (restated)</b>	<b>26,895,375</b>	<b>(337,520,916)</b>	<b>6,773,139</b>	<b>6,970,320</b>	<b>540,586,763</b>	<b>2,173,208,903</b>	<b>2,416,913,584</b>	<b>567,795,835</b>	<b>2,984,709,419</b>

The accompanying notes form an integral part of these financial statements.

	Share capital	Treasury shares	Legal reserve	Reserve for treasury shares	Revaluation reserve	Other reserves and accumulated earnings	Equity excluding non-controlling interests	Non-controlling interests	Total equity
<b>Balance as at 31 December 2012 (restated)</b>	<b>26,895,375</b>	<b>(337,520,916)</b>	<b>6,773,139</b>	<b>6,970,320</b>	<b>524,724,045</b>	<b>2,076,740,631</b>	<b>2,304,582,594</b>	<b>560,677,750</b>	<b>2,865,260,344</b>
Dividends (Note 11)						(277,884,293)	(277,884,293)	(23,915,304)	(301,799,597)
Acquisitions, disposals and share capital increases/decreases								(2,637,901)	(2,637,901)
Corporate restructuring at Contax (Note 1)						13,260,000	13,260,000	(13,260,000)	

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Realization of revaluation reserve				(15,875,657)	15,875,657				
Income (expenses) recognized directly in equity				(244,852,082)	(244,852,082)	(27,988,029)	(272,840,111)		
Income recognized in the income statement				284,001,545	284,001,545	22,354,472	306,356,017		
<b>Balance as at 30 June 2013</b>	<b>26,895,375</b>	<b>(337,520,916)</b>	<b>6,773,139</b>	<b>6,970,320</b>	<b>508,848,388</b>	<b>1,867,141,458</b>	<b>2,079,107,764</b>	<b>515,230,988</b>	<b>2,594,338,752</b>

The accompanying notes form an integral part of these financial statements.

PORTUGAL TELECOM, SGPS, S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2013 AND 31 DECEMBER AND 1 JANUARY 2012

Euro

	Notes	30 Jun 2013	31 Dec 2012 Restated (Note 3)	1 Jan 2012 Restated (Note 3)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		2,024,261,447		