Feste won't take Maria seriously when she tells him he's in trouble. He continues to joke with her. He hints at her relationship with Sir Toby.

Olivia orders Feste to leave but he challenges her by offering to prove she is a fool. He does so, but is treated with contempt by Malvolio. Olivia criticises Malvolio's sour attitude, urging greater charity and generosity of spirit.

Maria tells of a visitor. Olivia sends Malvolio to get rid of the visitor. Sir Toby, who is drunk, muddles his words. Malvolio returns to explain that the visitor insists on speaking to Olivia. Malvolio haughtily describes Viola's appearance.

Olivia commands Maria to veil her. Viola enters (disguised as Cesario) and tries to find out which woman is Olivia. After some verbal fencing, Viola says her message is for Olivia alone. Maria is dismissed.

Olivia questions Viola, who asks to see her face. Olivia unveils. Viola accuses Olivia of keeping her beauty to herself by not having children. Olivia replies mockingly. Viola explains that if she were the one who loved Olivia, every action would express her love and move Olivia to pity her.

Viola rejects payment. She leaves, wishing that Olivia, like Orsino, may suffer from rejected love.

Olivia fears she is falling in love with Viola/Cesario. She sends Malvolio on a false errand to ensure that Viola returns.