May 30, 2007

The BANK of NEW YORK

A SECURITIES SERVICING

DEPOSITARY RECEIPTS

Corporate Action

ATTENTION: International Research, Sales, Trading and Operations Staff

Par Value Change

Name:	Portugal Telecom, SGPS, S.A
Country:	Portugal
Symbol:	PT
CUSIP Number:	737273102
Exchange:	NYSE
Ratio:	1 ADR : 1 ORD

On May 22, 2007, Portugal Telecom executed a public deed to effect a share capital increase in the amount of €79,019,955 to €474,119,730 through the incorporation of legal reserves. The share capital increase was undertaken through the increase in par value of the Company's ordinary shares from €0.35 per share to €0.42 per share. On May 22, 2007, the Company executed a public deed to effect a share capital reduction in the amount of €440,254,035 to €33,865,695 through the creation of free reserves in the amount of the reduction. The share capital reduction was undertaken through a reduction in par value of the Company's ordinary shares from €0.42 per share to €0.03 per share. The share capital increase and reduction were approved by the shareholders of the Company on April 27, 2007 and became effective on May 22, 2007.

As such, effective May 22, 2007 the Company changed its par value of ordinary shares to €0.03 per share.

There will be no change of CUSIP, and the ADR certificates will be overstamped to reflect the new par value. No action will be required on the part of ADR holders.

To learn more about ADRs and issuer programs, please call our marketing desks:

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