October 19, 2007

The BANK of NEW YORK

A SECURITIES SERVICING
DEPOSITARY RECEIPTS

Corporate Action

ATTENTION: International Research, Sales, Trading and Operations Staff

Spin-off Notice

Name:	Portugal Telecom / PT Multimedia
Country:	Portugal
Symbol:	PT / PTMUF
CUSIP Number:	737273102 / 69366K207
Exchange:	NYSE / OTC
Ratio:	1 ADR : 1 ORD

Portugal Telecom ("PT") announced the spin-off of its holdings in PT Multimedia ("PTMUF"). Pursuant to the spin-off, for every one (1) ADS held on the record date, PT ADR holder will receive 0.176067 PTMUF ADSs net of applicable Portuguese withholding tax - Under Portuguese tax law, the spin-off is a taxable transaction. In addition, the spin-off will also generally be treated as a taxable dividend to US holders.

The number of shares resulting from the application of the spin-off ratio will be rounded down, after calculation of the applicable withholding tax, to the nearest whole share and no fractional shares will be issued and cash in lieu of fractional shares will be provided.

Please note that PTMUF ordinary shares are traded on the Euronext Lisbon under the symbol "PTC", and PTMUF ADSs will be traded on the over-the-counter ("OTC") market.
Below please find further details:

PT ADR Record Date - November 1, 2007
PT ADR Payable Date - November 13, 2007
Gross spin-off rate - 0.176067 PTMUF ADS for every 1 PT ADS (Before tax)
Net spin-off rate - TBD on or about November 6, 2007

* Under Portuguese law, dividends paid by Portuguese companies are subject to withholding tax at a 20% rate. However, under the US - Portugal income tax treaty, the withholding tax rate on dividends distributed to US tax residents may be reduced as a general rule to 15% upon presentation of applicable certification.

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

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