November 16, 2007

The BANK of NEW YORK

A SECURITIES SERVICING
DEPOSITARY RECEIPTS

Corporate Action

ATTENTION: International Research, Sales, Trading and Operations Staff

Portugal Telecom / PT Multimedia Spin-off - Net Spin-off Rate

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

As noted in our previous announcement dated October 18, 2007, Portugal Telecom has spun-off shares of PT Multimedia. Pursuant to the spin-off, for every one (1) ADS held on the record date, PT ADR holder will receive 0.176067 PTM ADS 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 Bank of New York's custodian has received credit of the ordinary shares of PTM. After deduction of 20% withholding tax, following are the final details of the distribution rate of PTM ADSs to PT ADR holders:

PT ADR Record Date - November 1, 2007
PT ADR Payable Date - November 13, 2007
Gross spin-off rate- 0.176067 PTM ADS for every 1 PT ADS. (Before tax)
Net spin-off rate - 0.1408536 PTM ADS for every 1 PT ADS held. (After 20% withholding tax).

Cash-in-lieu Rate for fractional ADSs - $13.25 per PTM ADS.
* 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 my be reduced as a general rule to 15% upon presentation of applicable certifications. (For further information please refer to PT's Information Statement).

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

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