



PORTUGAL TELECOM, SGPS S.A.

Public Company
Registered Office: Avenida Fontes Pereira de Melo, 40, Lisboa
Share Capital: 395,099,775 Euros
Registered with the Commercial Registry of Lisbon and
Corporation no. 503 215 058

NOTICE

In accordance with the law and the Articles of Association, I hereby call a General Meeting of the Shareholders of Portugal Telecom, SGPS S.A. at the Company's registered office, at its Fórum Telecom premises, located at Avenida Fontes Pereira de Melo, no. 40, in Lisbon, on 27 April 2007, at 2:00 (two) p.m., with the following agenda:

AGENDA

- 1:** To resolve on the management report, balance sheet and accounts for the year 2006;
- 2:** To resolve on the consolidated management report, balance sheet and accounts for the year 2006;
- 3:** To resolve on the proposal for application of profits;
- 4:** To resolve on a general appraisal of the company's management and supervision;
- 5:** To resolve on the free allotment of all the ordinary shares representing the share capital of PT Multimédia – Serviços de Telecomunicações e Multimédia, SGPS S.A. ("PT Multimédia"), held by the Company to its shareholders, where each shareholder shall receive a number of shares on the share capital of PT Multimédia equivalent to the number of shares held on the share capital of the Company at the time of the allotment multiplied by a 0.16 ratio, rounded down, which is equivalent to 4 PT Multimédia shares for each 25 Company shares;
- 6:** To resolve on the acquisition and disposal of own shares, including their acquisition in connection with the share buyback programme;
- 7:** To resolve on a reduction in share capital of up to 65,191,463.05 Euros for the purpose of releasing excess capital in connection with a share buyback programme, by means of cancellation of up to 186,261,323 shares representing up to 16.5% of the share capital to be acquired as a result of the implementation of this resolution, as well as on related reserves, and on the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association;
- 8:** To resolve on a share capital increase to 474,119,730 Euros, by means of incorporation of legal reserves in the amount of 79,019,955 Euros, through an increase in the par value of all shares

representing the Company's share capital by an amount equal to 7 Euro cents, whereby the par value of each share will be 42 Euro cents, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association;

- 9:** To resolve on a share capital reduction to 33,865,695 Euros, to be carried out by means of a reduction in the par value of all shares representing the share capital, whereby each share will have a par value of 3 Euro cents, with the corresponding amendment to paragraphs 1 and 2 of article 4 of the Articles of Association. The purpose of the capital reduction will be the release of excess capital;
- 10:** To resolve, pursuant to paragraph 4 of article 8 of the Articles of Association, on the parameters applicable in the event of any issuance of bonds convertible into shares that may be resolved upon by the Board of Directors;
- 11:** To resolve on the suppression of the pre-emptive right of shareholders in the subscription of any issuance of convertible bonds as referred to under item 10 hereof as may be resolved upon by the Board of Directors;
- 12:** To resolve on the issuance of bonds and other securities, of whatever nature, by the Board of Directors, and namely on the fixing of the value of such securities in accordance with paragraph 3 of article 8 and paragraph 1, e) of article 15 of the Articles of Association;
- 13:** To resolve on the acquisition and disposal of own bonds and other own securities.

Article 13 of the Articles of Association of Portugal Telecom, SGPS S.A., on the participation in and exercise of voting rights at a General Meeting of Shareholders, is set forth below.

"Article 13

Participation and Voting Rights

- 1. Only shareholders with voting rights shall be entitled to attend a General Meeting of Shareholders.*
- 2. Shareholders intending to participate in a General Meeting of Shareholders must provide evidence, no later than five working days prior to the relevant meeting, of the deposit of their shares in a book-entry securities account, as well as submit, within the same period, the statement referred to in paragraph twelve hereof.*
- 3. Holders of shares with certificates, where legally permitted, who intend to participate in a General Meeting of Shareholders must either have their shares registered in their name on the Company's share registry, no later than five working days prior to the date scheduled for the meeting, or provide evidence, by the same date, of the deposit thereof with a financial intermediary that legally replaces such register, as well as submit, within the same period, the statement referred to in paragraph twelve hereof.*

4. *For the purposes of the provisions of paragraphs two and three above, the shares must remain inscribed or registered in the name of the Shareholder at least until the time of adjournment of the General Meeting of Shareholders.*
5. *To each 500 shares shall correspond one vote, and Shareholders having less than such number of shares may form a group so that, jointly and arranging to be represented by one of the group's members, they make up the number of shares required to exercise voting rights.*
6. *The exercise of voting rights by correspondence or electronic means may cover all matters included in the notice, under the terms and conditions therein established, and the vote by electronic means may be subject to the verification by the Chairman of the General Meeting of Shareholders to the satisfaction of conditions established by him for the security and reliability of the same.*
7. *Votes cast by a holder of ordinary shares, on his own account or through a representative, in his own name or as a representative of another shareholder, that exceed ten per cent of the company's total voting stock shall not be counted.*
8. *For purposes of this article, shares shall be deemed to belong to the Shareholder if held by persons in the situations contemplated by article 20 of the Portuguese Securities Code, and the limit for each person covered shall be proportional to the number of votes cast by such person.*
9. *The limit set out in paragraph seven above shall apply to all resolutions, even those requiring a qualified majority.*
10. *In the case of joint ownership of shares, only the common representative, or a representative of the latter, may participate in a General Meeting of Shareholders.*
11. *The limitations set forth in the foregoing paragraphs shall apply to any usufructuaries and pledgees of shares.*
12. *For purposes of the provisions of paragraph eight above, Shareholders must submit a statement attesting they are not in the situation provided for therein.*
13. *In the context of ADR (American Depositary Receipt) or GDR (global Depositary Receipt) representing shares of the Company, owners of ADRs or GDRs shall be deemed to be shareholders, in accordance with the following paragraph, and the entity in whose name the underlying shares are registered shall be deemed to be a mere representative.*
14. *By virtue of the foregoing paragraph:*
 - a) *The provisions of article three hundred eighty-five of the Portuguese Companies Code shall apply to the entity in whose name the shares serving as a basis for the issue of ADR or GDR programmes are inscribed as a representative;*
 - b) *The limitation on the counting of votes as established under the law or the Articles of Association shall refer to votes cast on behalf of each ADR or GDR owner, as to whom the*

provisions of paragraph eight shall be considered, and each such owner shall be subject to the provisions of article twelve.

- 15. The limitation on the counting of votes cast by an entity on behalf of another shall not apply to entities in whose name shares of the Company serving as a basis for the ADR or GDR programme are registered.*
- 16. For the purposes of participation in and exercise of voting rights at a General Meeting of Shareholders, the owners of ADRs or GDRs must comply with the provisions of this article."*

Representation of Shareholders

Shareholders may arrange to be represented at a General Meeting pursuant to the provisions of article 380 of the Portuguese Companies Code, and as an instrument of representation a signed letter addressed to the Chairman of the General Meeting of Shareholders will be sufficient.

The letters of representation of shareholders as referred to in the foregoing paragraph, as well as the letters of shareholders who are corporations conveying the name of the person who will represent them and the instruments of shareholder groupings, shall be addressed to the Chairman of the General Meeting of Shareholder (*) no later than 5:00 p.m. on 23 April 2007.

Declaration of the financial intermediary

Shareholders, if they wish, may delegate to the Company the request for issuance of the declaration of the financial intermediary entrusted with the registration of their shares, and for such purpose they shall grant the required powers by means of a document addressed to the Chairman of the General Meeting of Shareholders (*), to be received no later than 5:00 p.m. on 5 April 2007.

Shareholders may access the form that will be available for such purpose, beginning 9:00 a.m. on 29 March 2007, on the Internet site www.telecom.pt.

Voting by correspondence

Shareholders with voting rights as referred to above may, in accordance with article 22 of the Portuguese Securities Code, exercise such rights by correspondence, provided that, no later than 5:00 p.m. on 5 April 2007, the Chairman of the General Meeting of Shareholders (*) receives a communication, with a legally acknowledged signature (or, in the case of individuals, with a simple signature accompanied by a photocopy of the relevant identity card), which communication shall

set out the address to which voting papers and other documentation should be sent. In reply, the Company will send out the relevant voting papers and other documentation, and such shareholder must send to the Chairman of the General Meeting of Shareholders (*), such that the Chairman receives it no later than 5:00 p.m. on 19 April 2007, an envelope containing the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration as referred to in paragraph 12 of article 13 of the Articles of Association, and another closed envelope containing the duly completed voting papers.

As an alternative, shareholders may also download the voting papers from the Internet site www.telecom.pt and send the same, addressed to the Chairman of the General Meeting of Shareholders (*), duly completed and in a closed envelope, such that they are received, together with an envelope containing the photocopy of the identity card (or, in the case of shareholders who are corporations, a legally acknowledged signature), the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration as referred to in paragraph 12 of article 13 of the Articles of Association, no later than 5:00 p.m. on 19 April 2007.

Voting by electronic means

Shareholders with voting rights may also vote through the Internet site www.telecom.pt, in accordance with the requirements established thereon, provided that, no later than 5:00 p.m. on 11 April 2007, the Chairman of the General Meeting of Shareholders (*) receives a communication, prepared in accordance with the form made available on that same Internet site, which communication must contain a legally acknowledged signature (or, in the case of individuals, a simple signature accompanied by a photocopy of the relevant identity card), and set out the mailing address to which the shareholder wishes that the password to be made available by the Company to be sent.

Such shareholders may exercise their voting rights between midnight (0 hours) on 11 April 2007 and 5:00 p.m. on 23 April 2007.

Only the votes of shareholders as to whom the declaration of the financial intermediary entrusted with the registration of the relevant shares and the declaration referred to in paragraph 12 of article 13 of the Company's Articles of Association have been received no later than 5:00 p.m. on 19 April 2007 will be considered.

Counting of votes

Votes exercised both by correspondence and by electronic means shall be considered at the time of the counting of votes, by adding the same to those cast in the course of the General Meeting of Shareholders.

The presence at the General Meeting of a shareholder, or his representative, having exercised his voting rights either by correspondence or by electronic means will cause the revocation of the vote issued in such form.

Votes cast either by correspondence or by electronic means shall be considered as "votes against" in respect of proposals of resolution that are submitted after such votes are cast.

The proposals to be submitted by the Board of Directors to the General Meeting, the reports that must be attached to the same according to the law and all other preparatory information, including, since the date hereof, the full text of the proposed amendments to the Articles of Association, shall be made available to the Shareholders, within the period provided by law, at the Company's headquarters and on the Internet site www.telecom.pt.

(*) Chairman of the General Meeting of Shareholders:
Mailing Address: Avenida Fontes Pereira de Melo, nº 40-10º piso, 1069-300 Lisboa
Telephone: +351 800.207.369
Fax: +351 500.18.90
E-mail: assembleia-ptsgps@telecom.pt

Lisbon, 21 March 2007.

The Chairman of the General Meeting of Shareholders

António Manuel da Rocha e Menezes Cordeiro