

RELEASE



Portugal Telecom informs on Shareholders General Meeting

Lisbon, Portugal, 19 April 2006 – Portugal Telecom, SGPS, S.A.'s Board of Directors informs its shareholders that:

1. The Board of Directors disagrees with the understanding issued by the Portuguese Securities Commission (Comissão do Mercado de Valores Mobiliários, "CMVM") in response to Sonaecom petition regarding the Annual General Meeting of shareholders to be held on April 21, 2006. This position is seconded by law professors. Shareholders themselves, and not the Board of Directors, are exclusively competent to resolve on the matters included in the proposals submitted by the Board of Directors to the general meeting. Therefore, it is not understandable how such may be considered defensive measures of the Board of Directors;
2. It should be noted that CMVM's understanding is non-binding, considering that only a court of law may determine the validity or invalidity of shareholders' resolutions;
3. Notwithstanding, the Board of Directors also considers that the legal discussion on matters in no way benefits the company and its shareholders, considering that, as clearly and repeatedly clarified by the Board of Directors, it is not nor was it ever the Board of Directors' proposal to execute such actions during the tender offer process;
4. In this light, the Board of Directors has decided to withdraw the proposals timely submitted to the shareholders on items 7, 8, 12, 13 and 14 of the agenda of the general meeting of shareholders to be held on April 21, 2006. These proposals are related to the purchase of own shares, share buyback programme and the issue of bonds, including convertible bonds;
5. The Board of Directors also decided not to submit these matters to an extraordinary general meeting specially convened for such purposes, pursuant to no. 3 of article 182.º of the Portuguese Securities Code (Código dos Valores Mobiliários), not only because this would not necessarily be the appropriate framework to vote on such matters, thereby creating a serious precedent for the company and for the market, but also because, once again, it was and is not the intention of the Board of Directors to execute such measures during the tender offer process;

6. In this light, the Board of Directors emphasises the necessity to convene a general meeting of shareholders to resolve on such matters.

This information is also available on PT's IR website <http://ir.telecom.pt>.

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Investors are urged to read the Company's Solicitation/Recommendation Statement on Schedule 14D-9 when it is filed by the Company with the U.S. Securities and Exchange Commission (the "SEC"), as it will contain important information. The Solicitation/Recommendation Statement and other public filings made from time to time by the Company with the SEC are available without charge from the SEC's website at www.sec.gov and at the Company's principal executive offices in Lisbon, Portugal.

PT is listed on the Euronext and New York Stock Exchanges. Information may be accessed on the Reuters under the symbols PTC.LS and PT and on Bloomberg under the symbol PTC PL.
