

**RELEASE**



## **Portugal Telecom announces the project of decision of the Competition Authority to initiate an in-depth investigation**

**Lisbon, Portugal, 17 May 2006** – Portugal Telecom, SGPS, S.A. announces that the Competition Authority has notified PT and PT Multimédia – Serviços de Telecomunicações e Multimédia, SGPS, S.A. of its project of decision to initiate an in-depth investigation under the concentration notification procedure initiated by Sonaecom, SGPS, S.A. further to the public tender offers in progress, as it considers that such transaction, based on the information analysed, may lead to the creation or reinforcement of a dominant position from which significant obstacles may result to an effective competition within the national market.

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

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The attached communication has been made public by Portugal Telecom, SGPS, S.A. (the "Company"). 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](http://www.sec.gov) and at the Company's principal executive offices in Lisbon, Portugal.

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Portugal Telecom 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.

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