

PORTUGAL TELECOM SGPS SA

Form 424B3

September 25, 2006

The Bank of New York  
101 Barclay Street, 22nd Floor  
New York, NY 10286

Securities & Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Attn.: Document Control

RE: American Depositary Shares evidenced  
by American Depositary Receipts, each  
representing one-fifth of an Ordinary Share of  
Portugal Telecom, SGPS, S.A.  
(Form F-6 File No 333-81394)

Ladies and Gentlemen:

Pursuant to Rule 424(b)(3) under the Securities  
Act of 1933, as amended, on behalf of The Bank  
of New York, as Depositary for securities  
against which American Depositary Receipts are  
to be issued, we attach a copy of the new  
prospectus (Prospectus) reflecting the par value  
change of Portugal Telecom, SGPS, S.A., from  
one Euro1.30 each to Euro0.35 each, effective  
September 18, 2006.

As required by Rule 424(e), the upper right hand  
corner of the Prospectus cover page has a  
reference to Rule 424(b)(3) and to the file  
number of the registration statement to which  
the Prospectus relates.

Pursuant to Section III. B. of the General  
Instructions to the Form F-6 Registration  
Statement, the Prospectus consists of the ADR  
certificate with revised par value of Euro0.35 for  
Portugal Telecom, SGPS, S.A.. The Prospectus  
has been revised to reflect the new par value by  
addition of the following notation:  
Effective September 18, 2006, the par  
value is Euro0.35 per Ordinary Share.

Please contact me with any questions or  
comments at 212 815-4244.