

PORTUGAL TELECOM SGPS SA  
Form SC 14D9/A  
February 01, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**SCHEDULE 14D-9**

(Amendment No. 3)

**Solicitation/Recommendation Statement Under  
Section 14(d)(4) of the Securities Exchange Act of 1934**

**PORTUGAL TELECOM, SGPS, S.A.**

(Name of Subject Company)

**PORTUGAL TELECOM, SGPS, S.A.**

(Name of Person(s) Filing Statement)

**Ordinary shares, nominal value of 0.35 each**

**American Depositary Shares, each representing one ordinary share,  
nominal value 0.35 per share**

(Title of Class of Securities)

**Ordinary Shares (ISIN: PTPTC0AM0009)  
American Depositary Shares (CUSIP: 737273102)**

(CUSIP Number of Class of Securities)

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**Nuno Prego**

**Investor Relations Director  
Portugal Telecom, SGPS, S.A.**

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**Av. Fontes Pereira de Melo, 40  
1069-300 Lisboa Codex  
Portugal  
+351 21 500 1701**

(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications on Behalf of the Person(s) Filing Statement)

With copies to:

**Alan M. Klein  
S. Todd Crider  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
(212) 455-2000**

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

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**INTRODUCTION**

This Amendment No. 3 amends and supplements the Solicitation/Recommendation Statement on Schedule 14D-9 filed by Portugal Telecom, SGPS, S.A. ( PT or the Company ) with the Securities and Exchange Commission on January 18, 2007 (as amended, the Statement ) relating to an unsolicited cash tender offer in the United States for all of the outstanding shares, nominal value 0.35 per share (the Shares ), of Portugal Telecom, SGPS, S.A. ( PT or the Company ), held by U.S. holders (defined as security holders resident in the United States pursuant to Rule 14d-1(d) under the Securities Exchange Act of 1934) and all outstanding American Depositary Shares ( ADSs ) representing ordinary shares of the Company. The offer in the United States (the U.S. Offer ) was made by Sonae, SGPS, S.A., a *sociedade anónima* organized under the laws of Portugal ( Sonae ), Sonaecom, SGPS, S.A. ( Sonaecom ), a *sociedade anónima* organized under the laws of Portugal, and Sonaecom, B.V., a private limited company organized under the laws of The Netherlands and a wholly owned subsidiary of Sonaecom ( Sonaecom, B.V. ). Simultaneously with the U.S. Offer, Sonaecom and Sonaecom, B.V. are offering in Portugal to purchase for cash all of the Shares, excluding Shares held by U.S. holders, and all of the class A shares, nominal value 0.35 per share, of the Company, at the same price as offered for the Shares in the U.S. Offer (together with the U.S. Offer, the Offer ).

This Statement contains forward-looking statements based on management's current expectations or beliefs. These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forwarding-looking statements. Forward-looking statements may be identified by words such as believes, expects, anticipates, plans, projects, intends, should, seeks, estimates, future or similar expressions. These statements reflect PT's current expectations. In light of the many risks and uncertainties surrounding the offer, you should understand that PT cannot assure you that the forward-looking statements contained in this Statement will be realized. You are cautioned not to put undue reliance on any forward-looking information.

**Item 9. Exhibits.**

Item 9 is supplemented by adding the following thereto:

Exhibit No.	Description
(a)(5)(xxxvii)	Proposal of the Board of Directors Regarding Item 1 on the Agenda for the General Meeting of Shareholders, dated January 24, 2007 and issued on January 31, 2007.
(a)(5)(xxxviii)	Proposal of the Board of Directors Regarding Item 2 on the Agenda for the General Meeting of Shareholders, dated January 24, 2007 and issued on January 31, 2007.
(a)(5)(xxxix)	Curriculum vitae of Daniel Proença de Carvalho (relating to Exhibit (a)(5)(xxxvii))
(a)(5)(xl)	Curriculum vitae of Francisco Manuel Leal Barona (relating to Exhibit (a)(5)(xxxvii))
(a)(5)(xli)	Curriculum vitae of Nuno Rocha dos Santos de Almeida e Vasconcellos (relating to Exhibit (a)(5)(xxxviii))
(a)(5)(xlii)	Interview of Henrique Granadeiro with EXPRESSO newspaper dated January 20, 2007.

**SIGNATURE**

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 1, 2007

PORTUGAL TELECOM, SGPS, S.A.

By: /s/ Henrique Manuel Fusco Granadeiro  
Name: Henrique Manuel Fusco Granadeiro  
Title: Chief Executive Officer

By: /s/ Luís Miguel da Fonseca Pacheco de Melo  
Name: Luís Miguel da Fonseca Pacheco de Melo  
Title: Chief Financial Officer

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**INDEX TO EXHIBITS**

Exhibit No.	Description
(a)(2)	Recommendation Statement, dated January 19, 2007, to be published in the United States.*
(a)(5)(i)	Press Release of the Company, dated February 7, 2006, entitled "Portugal Telecom informs on an unsolicited offer" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 8, 2006).*
(a)(5)(ii)	Press Release of the Company, dated February 7, 2006, entitled "Board of Directors informs on public tender offer" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 8, 2006).*
(a)(5)(iii)	Press Release of PTM, dated February 8, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 8, 2006).*
(a)(5)(iv)	Press Release of the Company, dated February 14, 2006, entitled "Portugal Telecom Informs About Recent News" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 14, 2006).*
(a)(5)(v)	Press Release of the Company, dated February 17, 2006, entitled "Portugal Telecom Provides Comments on Recent Statements of Portuguese Competition Authority" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 17, 2006).*
(a)(5)(vi)	Press Release of the Company, dated February 20, 2006, entitled "Portugal Telecom Informs about Recent News" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on February 21, 2006).*
(a)(5)(vii)	Letter to Shareholders of the Company and Report of the Board of Directors of the Company, dated March 6, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on March 7, 2006).*
(a)(5)(viii)	Letter to Shareholders of PTM and Report of the Board of Directors of PTM, dated March 6, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on March 7, 2006).*
(a)(5)(ix)	Transcript of earnings call held by the Company on March 7, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on March 9, 2006).*
(a)(5)(x)	Road Show presentation of the Company (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on March 13, 2006).*
(a)(5)(xi)	Press Release of the Company, dated March 31, 2006, entitled "Portugal Telecom Clarifies the Contents of Disclaimers" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on March 31, 2006).*
(a)(5)(xii)	Interview with Miguel Horta e Costa, Chief Executive Officer of the Company published in the newspaper <i>Diário Económico</i> on March 27, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 4, 2006).*
(a)(5)(xiii)	Communication issued by Nuno Prego, Investor Relations Director of the Company on April 11, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 12, 2006).*
(a)(5)(xiv)	Interview with Zeinal Bava, Chief Financial Officer of the Company, published by the newspaper <i>Jornal de Negócios</i> on March 10, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 13, 2006).*
(a)(5)(xv)	Press Release of the Company, dated April 19, 2006, entitled "Portugal Telecom informs on Shareholders General Meeting" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 20, 2006).*
(a)(5)(xvi)	Press Release of PTM, dated April 19, 2006, entitled "PT Multimedia informs on Shareholders General Meeting" (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 20, 2006).*
(a)(5)(xvii)	Press Release of PTM, dated April 19, 2006, entitled "PT Multimedia Annual General Shareholders' meeting approves a cash dividend of Euro 0.275 per share and

Exhibit No.	Description
	the increase followed by the reduction of the Company's share capital (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 20, 2006).*
(a)(5)(xxviii)	Press Release of the Company, dated April 21, 2006, entitled Portugal Telecom Annual General Shareholders Meeting (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on April 24, 2006).*
(a)(5)(xix)	Press Release of the Company, dated May 17, 2006, entitled Portugal Telecom announces the decision of the Competition Authority to initiate an in-depth investigation (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on May 17, 2006).*
(a)(5)(xx)	First Quarter 2006 Results Conference Call Transcript of the Company, dated May 18, 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on May 24, 2006).*
(a)(5)(xxi)	Press Release of the Company, dated June 2, 2006, entitled Portugal Telecom informs on the put option in Vivo and the call option in Meditel (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on June 5, 2006).*
(a)(5)(xxii)	Presentation of the Company, dated June 6, 2006, given at the Merrill Lynch Conference in London, and at additional conferences in June 2006 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on June 8, 2006).*
(a)(5)(xxiii)	Press Release of the Company, dated August 3, 2006, entitled Portugal Telecom approves proposal to spin off PT Multimedia, to increase the proposed shareholder remuneration package to Euro 3.5 billion and to contribute Euro 1.0 billion into the pension funds (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on August 3, 2006).*
(a)(5)(xxiv)	Transcript of Conference Call of the Company held on August 3, 2006, regarding the announced spin-off of PTM (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on August 7, 2006).*
(a)(5)(xxv)	Transcript of earnings conference call of the Company, held on September 14, 2006. (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on September 26, 2006).*
(a)(5)(xxvi)	Press release of the Company, dated September 28, 2006, entitled Project of decision from the Competition Authority. (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on September 28, 2006).*
(a)(5)(xxvii)	Presentation of the Company, dated October 2006, entitled Portugal Telecom Post Retirement Benefits 1H06. *
(a)(5)(xxviii)	Third Quarter 2006 Earnings Release Conference Call Transcript of the Company, dated November 9, 2006 (and posted on the website of the Company on or about December 4, 2006).*
(a)(5)(xxix)	Press release of the Company, dated December 22, 2006, entitled Decision from the Competition Authority (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on December 26, 2006).*
(a)(5)(xxx)	Press release of the Company, dated December 28, 2006, entitled Transfer of holdings to PT Portugal (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on December 29, 2006).*
(a)(5)(xxxii)	Letter to Shareholders of the Company and Report of the Board of Directors of the Company, dated January 12, 2007 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on January 12, 2007).*
(a)(5)(xxxiii)	Letter to Shareholders of PTM and Report of the Board of Directors of PTM, dated January 12, 2007 (incorporated by reference to the Company's Schedule 14D-9C filed with the SEC on January 12, 2007).*
(a)(5)(xxxiv)	Transcript of conference call held by the Company on January 12, 2007.*
(a)(5)(xxxv)	Notice of General Meeting of the Shareholders of the Company, dated January 25, 2007 and issued on January 26, 2007.*
(a)(5)(xxxvi)	Proposal of the Board of Directors Regarding Item 3 on the Agenda for the General

<b>Exhibit No.</b>	<b>Description</b>
	Meeting of Shareholders, dated January 24, 2007 and issued on January 26, 2007.*
(a)(5)(xxxvi)	Proposal of the Board of Directors Regarding Item 4 on the Agenda for the General Meeting of Shareholders, dated January 24, 2007 and issued on January 26, 2007.*
(a)(5)(xxxvii)	Proposal of the Board of Directors Regarding Item 1 on the Agenda for the General Meeting of Shareholders, dated January 24, 2007 and issued on January 31, 2007.
(a)(5)(xxxviii)	Proposal of the Board of Directors Regarding Item 2 on the Agenda for the General Meeting of Shareholders, dated January 24, 2007 and issued on January 31, 2007.
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(a)(5)(xli)	Curriculum vitae of Nuno Rocha dos Santos de Almeida e Vasconcellos (relating to Exhibit (a)(5)(xxxviii))
(a)(5)(xlii)	Interview of Henrique Granadeiro with <i>EXPRESSO</i> newspaper dated January 20, 2007.
(e)	Form of Management Agreement.*

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\* Previously filed