

PORTUGAL TELECOM SGPS SA
Form 6-K
March 13, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of March, 2006

Commission File Number 1-13758

PORTUGAL TELECOM, SGPS, S.A.

(Exact name of registrant as specified in its charter)

Av. Fontes Pereira de Melo, 40

1069 - 300 Lisboa, Portugal

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

ANNOUNCEMENT

Portugal Telecom, SGPS, S.A.
 Open Company
 Registered Offices: Avenida Fontes Pereira de Melo, 40, Lisbon
 Share Capital: Euro 1,128,856,500
 Registered in the Conservatory of the Commercial Registry of Lisbon under no. 03602/940706
 Collective Person no. 503 215 058

Qualified Holding

Pursuant to the terms and for the purposes of article 17 of the Portuguese Securities Code, we hereby announce that The Capital Group Companies, Inc. (CGC), a US-based holding company for several subsidiary companies engaged in the investment management business, decreased its holdings in Portugal Telecom, SGPS, S.A. (PT) to below 2% of PT's voting rights. As of 8 March 2006, CGC holds through its funds/clients 1.96% of PT's share capital and 1.82% of PT's voting rights.

CGC holdings in PT, calculated in accordance with the terms of article 20 of the Portuguese Securities Code are set out in the following table:

| Institutions | No. of Shares | % of Share Capital |
|---|-------------------|--------------------|
| Capital Research and Management Company | 15,795,000 | 1.40% |
| Capital Guardian Trust Company | 1,516,350 | 0.13% |
| Capital International, Inc. | 672,610 | 0.06% |
| Capital International Limited | 3,409,110 | 0.30% |
| Capital International S.A. | 681,130 | 0.06% |
| Total | 22,074,200 | 1.96% |

Voting Rights:

| Institutions | No. of Shares | % of Voting Rights |
|---|-------------------|--------------------|
| Capital Research and Management Company | 15,795,000 | 1.40% |
| Capital Guardian Trust Company | 1,383,525 | 0.12% |
| Capital International, Inc. | 535,227 | 0.05% |
| Capital International Limited | 2,240,845 | 0.20% |
| Capital International S.A. | 634,229 | 0.06% |
| Total | 20,588,826 | 1.82% |

Lisbon, 10 March 2006

