

PORTUGAL TELECOM SGPS SA
Form 6-K
May 17, 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 May, 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

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>.

Contact: Nuno Prego, Investor Relations Director
nuno.prego@telecom.pt

Portugal Telecom
Tel: +351 21 500 1701
Fax: +351 21 500 0800

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 and at the Company's principal executive offices in Lisbon, Portugal.

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.
