

PORTUGAL TELECOM SGPS SA
Form 6-K
December 21, 2005

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 December, 2005

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

**Share Capital Reduction from Euro 1,166,485,050 to
Euro 1,128,856,500
pursuant to the Share Buyback Programme**

Lisbon, Portugal, 21 December 2005 - Pursuant to article 248 of the Portuguese Securities Code and to article 2, number 1, subparagraph g) of the CMVM's (Portuguese Securities Market Commission) Regulation No. 04/2004, Portugal Telecom announces that:

1. Under the resolution of the General Meeting of 29 April 2005, and for the purposes of the execution of the share buyback programme and the corresponding share capital reduction of up to Euro 116,648,505, PT acquired until 23 December 2005, inclusively (date defined in the above mentioned resolution), a total of 37,628,550 treasury shares, corresponding to 3.23% of its current share capital.
2. Pursuant to the same resolution, PT executed today the notarial deed for the reduction of its share capital, which is pending registration with the commercial registry, in the amount of Euro 37,628,550, through the cancellation of 37,628,550 treasury shares, thus completing the 10% share buyback announced in September 2003. As a result, PT's share capital will correspond to Euro 1,128,856,500.

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

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Portugal Telecom is listed on the Euronext and New York Stock Exchanges. Information may be accessed on Reuters under the symbols PTCO.IN and PT and on Bloomberg under the symbol PTC PL.

