

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.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 21, 2005

PORTUGAL TELECOM, SGPS, S.A.

By: /s/ Nuno Prego

Nuno Prego
Investor Relations Director

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.
