

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

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**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**

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**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

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**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%
<b>Total</b>	<b>22,074,200</b>	<b>1.96%</b>

**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%
<b>Total</b>	<b>20,588,826</b>	<b>1.82%</b>

Lisbon, 10 March 2006

