

PORTUGAL TELECOM SGPS SA  
Form 6-K  
May 14, 2007

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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 May, 2007**

**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.  
Public Company  
Registered Offices: Avenida Fontes Pereira de Melo, 40, Lisbon  
Share Capital: Euro 395,099,775  
Registered in the Commercial Registry Office of Lisbon and  
Corporation no. 503 215 058

Qualified Holding

Pursuant to the terms and for the purposes of article 17 of the Portuguese Securities Code, we hereby inform that Merrill Lynch International, with head office at Merrill Lynch International, Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ, notified Portugal Telecom, SGPS, S.A. ( PT ) that, as a result of the acquisition of 3,111,174 PT ordinary shares, through an over-the-counter transaction, made on 8 May 2007, a total of 24,804,526 PT ordinary shares, equivalent to 2.2% of the share capital and voting rights in PT, is now attributed to such entity.

Merrill Lynch International has also informed that it is under the direct control of ML UK Capital Holdings Ltd which is under the direct control of Merrill Lynch Holdings Ltd. This latter company is under the direct control of Merrill Lynch Europe Intermediate Holdings which is under the direct control of Merrill Lynch Europe PLC. Merrill Lynch Europe PLC is under the direct control of Merrill Lynch International Holdings Inc., which is under the direct control of Merrill Lynch International Incorporated and this company is under the direct control of Merrill Lynch & Co, Inc.

Lisbon, 14 May 2007

**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: May 14, 2007

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.

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