

PORTUGAL TELECOM SGPS SA
Form 6-K
April 27, 2004

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 April, 2004

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
New Fixed Telephone Service Prices**

Lisbon, Portugal, 26 April 2004 Portugal Telecom, SGPS, S.A. (PT) (NYSE: PT; Euronext: PTCO.IN) announces that the Portuguese telecommunications regulator (Anacom) and Directorate General for Enterprise (Direcção Geral de Empresas) have approved the 2004 fixed telephone service prices proposed by PT Comunicações.

These prices were set within the Universal Service Convention complying with a price cap of CPI-2.75%, in terms of average annual change and assuming an inflation range of 1.5% to 2.5% as per the Portuguese State Budget for 2004.

The new prices will become effective as of 2 May 2004, as set out below:

| 2004 | | | |
|-------------------------|--------------|-----------------|-----------------|
| Installation Fee | 71.83 | | |
| Monthly Fee | 12.66 | | |
| Calls | Local | Regional | National |
| Set up Price | 0.070 | 0.070 | 0.070 |
| Time Credit (seconds) | 60 | 30 | 15 |
| Price per minute | | | |
| Peak ⁽¹⁾ | 0.030 | 0.040 | 0.050 |
| Off Peak ⁽²⁾ | 0.010 | 0.020 | 0.030 |

Note: all prices in Euros exclude VAT.

(1) Peak: working days from 9.00 a.m. to 9.00 p.m..

(2) Off Peak: working days from 9.00 p.m. to 9.00 a.m. and non working days.

The nominal change in prices will be the following:

| Nominal Changes | 2 May 2004 | FY 2004 Average |
|------------------------|-------------------|------------------------|
| Installation | 0.0 | 0.0 |
| Monthly Rental | 2.9 | 2.5 |
| Traffic | | |
| Local | 3.0 | 2.1 |
| Regional | -16.8% | -12.6% |
| National | -24.0% | -18.0% |
| Total Basket | -1.20% | -0.76% |

These changes in prices represent a further rebalancing of fixed telephony prices, thus reinforcing PT's competitive position in the domestic market.

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

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Portugal Telecom

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