

PORTUGAL TELECOM SGPS SA  
Form 6-K  
May 22, 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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RELEASE

Portugal Telecom, SGPS, S.A.

Portugal Telecom, SGPS, S.A.

Public Company

Registered Offices: Avenida Fontes Pereira de Melo, 40, Lisboa

Share Capital: Euros 33,865,695

Registered in the Commercial Registry Office of Lisbon

and Corporation no. 503 215 058

### Increase and Reduction of the Share Capital

Lisbon, 22 May 2007 Portugal Telecom, SGPS, S.A. ( PT ) announced, under the terms and for the purposes set forth in paragraph g) of number 1 of article 2 of CMVM Regulation no 4/2004, that:

1. As resolved in the General Meeting held on 27 April 2007, PT has requested to register before the Commercial Registry of Lisbon:

a) its share capital increase, in the amount of Euro 79,019,955 Euros through the incorporation of legal reserve, and

b) its share capital reduction, in the amount of Euro 440,254,035, for the release of excess capital through the creation of free reserves in the same amount,

with the resulting share capital amounting to Euro 33,865,695.

2. As a result of the registration of the referred operations, the par value of all shares representing the share capital of PT is of 3 Euro cents.

3. These operations have already been registered with the Commercial Registry of Lisbon.

4. The above mentioned operations and consequently the alteration of the nominal value of all of the shares representing PT s share capital will be concluded before the Central de Valores Mobiliários (the stock exchange s clearinghouse) on 29 May 2007. The trading of PT shares on the stock exchange with the new nominal value will take place as from 24 May 2007.

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

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Portugal Telecom

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PT is listed on the Euronext and New York Stock Exchanges. Information may be accessed on the Reuters under the symbols PTC.LS 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: May 22, 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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