

PORTUGAL TELECOM SGPS SA
Form 6-K
December 29, 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 December, 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

**Share Capital Reduction from Euro 1,254,285,000 to
Euro 1,166,485,050
under the Share Buyback Programme**

Lisbon, Portugal, 29 December 2004 - Portugal Telecom, SGPS, S.A. (PT), 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, announces that:

1. According to the resolution of the General Meeting of 2 April 2004, and for the purposes of the implementation of a share buyback programme and the corresponding share capital reduction up to Euro 125,428,500, PT acquired until 24 December 2004, inclusively (date defined at the above mentioned resolution), a total of 87,799,950 treasury shares, corresponding to 7.0% of its share capital.
2. Pursuant to the same resolution, PT executed yesterday the notarial deed for the reduction of its share capital in the amount of Euro 87,799,950, through the cancellation of 87,799,950 treasury shares. As a result, PT's share capital will correspond to Euro 1,166,485,050, and is pending registration with the Commercial Registry.

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.
