

PORTUGAL TELECOM SGPS SA  
Form 6-K  
June 02, 2006

---

**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 June, 2006**

**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 informs on the put option in Vivo  
and the call option in Meditel**

Lisbon, Portugal, 2 June 2006 Following conversations held with the CMVM (Portuguese Securities and Exchange Commission) and news recently published in the media, Portugal Telecom would like to further clarify the market in relation to some additional aspects regarding the partnerships developed with the Telefónica Group through Brasilcel NV's joint venture (operating under the trademark Vivo) and Medi Telecom, S.A. (Meditel), the second largest mobile operator in Morocco.

Vivo

Pursuant to the shareholders agreement entered into between Telefónica Móviles, S.A. (Telefónica Móviles), Portugal Telecom, SGPS, S.A. (Portugal Telecom), PT Móveis, SGPS, S.A. (PT Móveis) and Brasilcel N.V. (Brasilcel) on 17 October 2002, Telefónica Móviles shall have the right to put all of Brasilcel's shares held by it to the Portugal Telecom Group, which shall buy such shares, if there is a change of control in Portugal Telecom, PT Móveis or any of their affiliates which directly or indirectly has an interest in Brasilcel.

Likewise, Portugal Telecom Group shall have the right to put all of Brasilcel's shares held by it to Telefónica Móviles, which shall buy such shares, if there is a change of control in Telefónica, S.A., Telefónica Móviles or any of Telefónica Moviles' affiliates which directly or indirectly has an interest in Brasilcel.

For this purpose, a change of control shall be deemed to have occurred in Portugal Telecom:

1. If a percentage of 15% or more in the total voting rights in Portugal Telecom is reached by another telecom operator which is not acting in concert with Telefónica Móviles;
2. If there is a change in the majority of the board members of Portugal Telecom as a consequence of a corporate transaction executed by Portugal Telecom, by virtue of which a number of shares is issued such that the voting share capital of such company is at least doubled at the time of the approval of such transaction.

The same regime is correspondingly applicable to a change of control in Telefónica.

The price shall be determined by an independent valuation, pursuant to the above mentioned agreements, to be conducted by investment banks, selected through the procedure established in those agreements. The payment shall be made, at the option of the group exercising the put, either in cash or in shares of the companies carrying out the mobile telecom business in Brazil that were transferred to Brasilcel by the party exercising the put, combined with a cash settlement of the differences that may occur.

Brasilcel's shareholders agreement was attached to the Form 20-F annual report for the year of 2005 filed by Portugal Telecom on 21 April 2006.

#### Meditel

On 16 April 1999, a shareholders agreement ( Agreement ) was entered into between the companies of Banque Marocaine du Commerce Exterieur group (Banque Marocaine du Commerce Exterieur, Royale Marocaine d Assurances and Al Wataniya), Holdco, S.A., Telefónica Intercontinental, S.A. ( TCSI ) and Portugal Telecom International, SGPS, S.A. ( PTI ).

Pursuant to the Agreement, in the case of a change of control in any party, the remaining parties shall have a call option under which terms they may request that the shares held by the party affected by the change of control are sold to the other parties according to its fair market value minus 10%. If such a request is presented by more than one party, the acquisition of the shares held by the party affected by the change of control shall be made pro-rata

For this purpose, a change of control shall mean:

- (a) A direct or indirect acquisition of a controlling interest (an interest which provides the power to, directly or indirectly, direct or cause the direction of the management and policies of another entity, whether by voting rights, any agreements or otherwise) in a party by any third party or group of connected third parties not having control of that party at the date of the Agreement;
- (b) An acquisition, by a direct or indirect competitor of PTI or TCSI, of a controlling interest in Portugal Telecom or Telefónica (under the terms described in (a) above), respectively.

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

Contact: Nuno Prego, Investor Relations Director  
nuno.prego@telecom.pt

Portugal Telecom  
Tel: +351 21 500 1701  
Fax: +351 21 500 0800

Investors are urged to read the Company's Solicitation/Recommendation Statement on Schedule 14D-9 when it is filed by the Company with the U.S. Securities and Exchange Commission (the SEC ), as it will contain important information. The Solicitation/Recommendation Statement and other public filings made from time to time by the Company with the SEC are available without charge from the SEC's website at [www.sec.gov](http://www.sec.gov) and at the Company's principal executive offices in Lisbon, Portugal.

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: June 2, 2006

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.

---