PORTUGAL TELECOM SGPS SA Form 6-K August 09, 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 August, 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 ____X 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 ___X____

ANNOUNCEMENT

Portugal Telecom, SGPS, S.A. Open Company Registered Offices: Avenida Fontes Pereira de Melo, 40, Lisbon Share Capital: Euro 1,467,513,450 Registered in the Conservatory of the Commercial Registry of Lisbon and Collective Person under no. 503 215 058

Qualified Holding

Pursuant to the terms and for the purposes of article 17 of the Portuguese Securities Code (CVM), we hereby announce that following the acquisition of 4,622,428 shares of Portugal Telecom, SGPS, S.A. (PT) by Paulson & Co. Inc., a company incorporated under the laws of Delaware, with offices in London and head office at 590 Madison Avenue, New York, New York 10022 (USA), on 4 August 2006, a total of 26,385,303 PT shares, representing 2.34% of PT s share capital and voting rights, are currently attributed to such entity.

Additionally, we inform that the total of 26,385,303 PT shares attributed to Paulson & Co. Inc., pursuant to the terms of article 20, no. 1, f) of CVM, are held on behalf of onshore and offshore funds and separately managed accounts to which Paulson & Co. Inc. furnishes investment advice.

Lisbon, 9 August 2006

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: August 9, 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.