

PORTUGAL TELECOM SGPS SA
Form 6-K
April 05, 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

ANNOUNCEMENT

PORTUGAL TELECOM, SGPS, S.A.

Public Company

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

Share Capital: Euro 1,254,285,000

Registered in the Conservatory of the Commercial Registry of Lisbon under no. 03602/940706

Collective Person no. 503 215 058

Purchase of own shares for the execution of the *share buy back* programme with share capital reduction

Lisbon, Portugal, April 2, 2004 In accordance with article 248 of the Portuguese Securities Code, Portugal Telecom, SGPS, S.A. (PT) (NYSE: PT; Euronext: PTCO.IN) informs the following:

1. Shareholders approved, at the Annual General Shareholders Meeting held today, the reduction of the share capital in the amount of up to 125,428,500 euros, through the cancellation of 125,428,500 shares, to be fully executed through the cancellation of own shares to be purchased by the company.
2. The purchase of own shares to be carried out by PT for the execution of the share capital reduction resolution will be made pursuant to the following main features:
 - a. **Purpose:** the purchase of own shares targets the execution of the resolution of share capital reduction approved at the annual general meeting of shareholders held today, and is included in the specific purpose of implementing the share buy back program and related capital release;
 - b. **Maximum number of shares to be purchased and cancelled:** 125,428,500 ordinary shares (eventually reduced to 125,428,450 ordinary shares if a sale of class A shares occurs);
 - c. **Period established for the purchase:** December 24, 2004;
 - d. **Form of purchase:** the purchases will be carried out exclusively in the stock market (except if the public entity holders of class A shares decide to sell their interests, in accordance with the legal provisions that apply to such sale);
 - e. **Purchase price:** the purchase price will be determined by the purchaser in accordance to its free appreciation of the market conditions from time to time, as long as the restrictions approved by the general meeting are respected (in accordance to which the price must be within a margin of a minimum and maximum limit of fifteen percent regarding, respectively, the lowest and average market price registered in the 5 stock exchange sessions held immediately before the date of purchase of the shares or the date of constitution of the right to acquire or to be allotted the same);
 - f. **Frequency and quantity parameters:** regarding the own shares purchase, it is foreseen that PT's board of directors will transmit, in particular, to the financial intermediates that will execute the purchase orders the following instructions:
 - i. A total number of orders within the period referred to in c. for the purpose of accomplishing the purchase of 125,428,500 own ordinary shares;
 - ii. Placement of, at least, one order each week, although on average, a higher frequency of three to five placement orders in stock exchange sessions during each week is foreseen;
 - iii. A total number of orders, in each week, not falling below 10% of the average daily volume of transactions achieved in execution of the share repurchase programme in the previous five stock exchange sessions, the maximum number of order placed each week being planned in such a manner as not to lay excessive pressure on the price and market conditions, while levelling the purchases in a balanced way throughout the acquisition period, having regard to the volume of transactions performed in execution of the share repurchase program in the five previous stock exchange sessions;

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3. Furthermore, in accordance with the CMVM recommendations on this matter, it is foreseeable that:
 - a. Purchase orders will not be placed during sensitive negotiation periods such as the opening and closing of stock market sessions;
 - b. Purchase orders will not be placed during times of market disruption or at times where the normal formation of share prices may be affected;
 - c. Purchase orders will not be placed during periods close to the announcement of material events or disclosure of results.
4. PT also informs that, in accordance with the share capital reduction resolution taken by the general meeting of shareholders, the amount of the reduction will correspond to the actual number of shares sold by the shareholders and purchased and cancelled by the company until the period referred to in section 2 c) of the present information (December 24, 2004), which means that it may fall below the maximum limit approved of 125,428,500 shares.
5. Finally, PT informs that, without prejudice to the autonomy of the above referred execution program, the general meeting of shareholders has also, independently, authorised, as it is deemed convenient, in particular to speed up or complete the capital reduction, the additional inclusion of shares that may come to be purchased in the context of any executed derivatives contracts, so long as certain conditions are respected, such as primary purchase on the stock exchange.

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 the Reuters under the symbols PT and PTCO.IN and on Bloomberg under the symbol PTC PL.
