



CORPORATE GOVERNANCE REPORT 2006

Table of Contents

1. Declaration of compliance
2. Governing bodies composition
3. Changes in governing bodies
4. Group remuneration policy
 - 4.1. Description of components
 - 4.2. Medium term incentive plan
 - 4.3. Directors' remuneration
5. Fees of statutory external auditor
6. Share price trend
7. Investor relations
8. Corporate regulations and guidelines
 - 8.1. Share dealing regulation
 - 8.2. Codes of conduct
 - 8.3. Internal risk management policies
9. Relevant transactions with related parties

APPENDIX

1. Qualifications of the Board of Directors
2. Other offices held by members of the Board of Directors
3. Article 447, 448 and qualified holdings

CORPORATE GOVERNANCE REPORT

1. Declaration of compliance

As at 31 December 2006, Sonaecom was compliant with all the CMVM Recommendations on Corporate Governance with the exception of the second part of Recommendation IV-8, which is not complied with for the reasons explained below.

CMVM's Recommendations on Corporate Governance

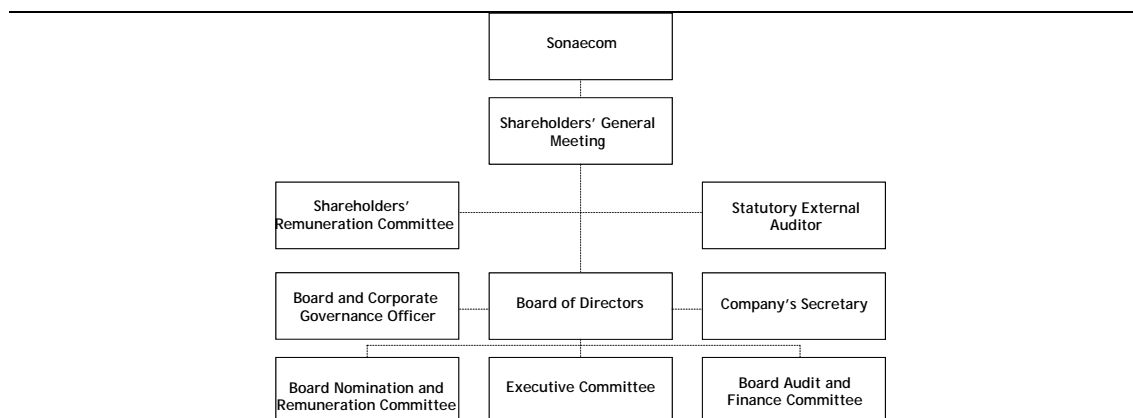
CMVM recommendations	Compliance
I - Disclosure of information	
1. The Company must ensure that permanent contact is maintained with the market, that the principle of equality among shareholders is upheld and that all investors have the same access to information. For these purposes, the Company should create an Investor Relations Department.	Yes
II - The Exercise of Voting Rights and Representation Rights by Shareholders	
2. The ability to exercise voting rights, whether directly, by post or by proxy, should not be restricted. For this purpose, the following examples are considered to restrict the ability to exercise voting rights: a) The requirement of a period of more than 5 working days between the deposit or blocking of shares and participation at a Shareholders' General Meeting; b) any statutory restriction on postal voting; c) a requirement that postal votes must be received more than 5 days in advance; d) failure to make available voting forms for shareholders wishing to submit their vote by post.	Yes
III - Corporate Rules	
3. The Company must establish an adequate internal control system, capable of detecting risks linked to its activity, to safeguarding its assets and to enhance the transparency of its corporate governance practices.	Yes
4. Measures adopted to restrict takeover bids should respect the interests of the Company and its shareholders. Measures considered contrary to these interests include defensive clauses intended to automatically reduce the value of the Company's assets in the event of a transfer of control, or changes to the composition of the Board which prove detrimental to the free transfer of shares and the free assessment by shareholders of the performance of members of the Board.	Yes
IV - Board of Directors	
5. The Board should be composed of a number of members who provide effective guidance for the management of the Company and to the persons responsible for that management.	Yes
5a. The Board of Directors should include a sufficient number of Non-Executive Directors, whose role is to continuously monitor and evaluate the Company's management by its Executive Board Members. Members of other corporate governance bodies may exercise complementary roles or, at the very most, replace Board Members, if their supervisory powers are equivalent and they are actually exercised.	Yes
6. The Non-Executive Members of the Board of Directors must include a sufficient number of Independent Members. When there is only one Non-Executive Director, he or she should also be independent. Independent Members of other corporate governance bodies may exercise complementary roles or, at the very most, replace Board Members, if their supervisory powers are equivalent and they are actually exercised.	Yes
7. The Board of Directors should create Audit Committees, with the power to assess the corporate structure and its governance.	Yes
8. The remuneration of members of the board of directors should be structured in order to allow the alignment of their interests with those of the company, and should be disclosed annually in individual terms.	No
8a. An explanation of the remuneration policy as applied to the Company's corporate governance bodies should be submitted for consideration at the Shareholders' Annual General Meeting.	Yes
9. Members of the Remuneration Committee, or its equivalent, should be independent in relation to the Members of the Board of Directors.	Yes
10. A proposal to obtain the approval of share allocation plans, and/or share call options or other awards based on share price variations, that apply to Members of the Board of Directors and/or to employees, should be submitted to the Shareholders' General Meeting. The proposal should contain all information necessary to allow a fair assessment of the plan. The proposal should be accompanied by the regulations for the plan, or, if these have not yet been drafted, by detail of the general conditions applying.	Yes
10a. The Company should adopt a policy covering the reporting of alleged irregularities occurring within the Company, containing the following information: The procedure to follow internally to report irregular practices, including the persons nominated to receive such information, the manner in which such reports are processed, including maintaining the confidentiality of the information, if so requested. The general guidelines to be followed should be disclosed in the Corporate Governance Report.	Yes

As regards Recommendation IV-8, Sonaecom agrees that the remuneration of its Board of Directors should be disclosed in a transparent manner, allowing for a clear understanding of the values involved and their distribution. However, Sonaecom considers that individual disclosure for the Chairman and the CEO, together with separate averages for the remaining Non-Executive and Executives Directors is sufficient to assess each of the four main components of remuneration of its Board. Disclosure of the individual figures for every member of the Board of Directors is not current general practice in Portugal and Sonaecom believes it is of marginal additional benefit for shareholders and the financial community. This view is consistent with the recommendations published by the Portuguese Institute of Corporate Governance in their "White Book".

2. Governing bodies composition

Sonaecom's corporate governance structure sets out clearly the roles, duties and responsibilities of its different Governing Bodies.

Sonaecom's Governing Bodies



Shareholders' General Meeting

Composition

The Shareholders' General Meetings may only be attended by Shareholders with the right to vote based on shares they own or equivalent subscription rights, which, in the five days prior to the General Meeting, have provided confirmation of ownership to the Company, as required by Portuguese Company Law.

Each group of five hundred shares corresponds to one vote and, accordingly, shareholders have as many votes as the integer number that results from dividing the number of shares owned by five hundred.

Limitations to voting rights

No Shareholders have special voting rights. Sonaecom's Board of Directors is unaware of any special shareholder voting rights and has not implemented any measures which could compromise the success of a public tender offer or the free transaction of shares.

Shareholder representation

Shareholders may attend a Shareholders' General Meeting in person or by representation. Individual Shareholders may be represented by their spouse, ascendant, descendant, a member of Sonaecom's Board of Directors or another Shareholder, by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. Corporate Shareholders may be represented at Sonaecom's Shareholders' General Meetings by a person designated by means of a letter addressed to the Chairman of the Board of the Shareholders' General Meetings. The authenticity of these letters is subject to scrutiny by the Chairman of Sonaecom's Board of the Shareholders' General Meeting.

Postal voting

Postal voting is allowed regarding all proposals for discussion and decision at a Shareholders' General Meeting, according to the terms and conditions set forth in the Company's Articles of Association. Postal voting bulletins must be received at least three days before the Shareholders' General Meeting at the Company's Head Office by means of registered mail and must be addressed to the Chairman of the Board of the Shareholder's General Meeting. The Chairman of the Board of the Shareholders' General Meeting is responsible for verifying that written voting papers comply with all the requirements and for ensuring that confidentiality is kept. Electronic voting is not yet contemplated under Sonaecom's Articles of Association.

Shareholders' General Meetings and quorum

Sonaecom's Shareholders' General Meetings are operated through a Board elected by Shareholders for a four-year mandate, comprised of a Chairman, Vice-Chairman and a Secretary. The current mandate is from 2004 until 2007.

Board of the Shareholders's General Meeting

Luzia Gomes FerreiraChairman
 João Mendonça SilvaVice-Chairman
 Filipa Santos CarvalhoSecretary

Shareholders' General Meetings are convened and conducted by the Chairman or, in his or her absence, by the Vice-Chairman. Shareholders' General Meetings are held in two possible circumstances: (i) in ordinary session, at a date set by law for the Shareholders' Annual General Meeting; (ii) in extraordinary session, whenever the Board of Directors or Statutory External Auditor deem necessary or at the request of Shareholders, representing the legally required minimum percentage of the Company's share capital (currently 5%). During 2006, there were two Shareholders' General Meetings, one held in an ordinary session on 5 April 2006, with 85.5% of share capital represented, and the other held in an extraordinary session on 18 September 2006, with 61.5% of share capital represented.

The proposals for discussion and decision at Sonaecom's Shareholders' General Meetings, as well as other supporting information, are made available to shareholders at the Group's Head Office, and are posted on Sonaecom's website - www.sonae.com - at least 15 calendar days before the respective meeting or at the time the meeting is convened, for proposals in relation to changes in the Articles of Association.

Board of Directors

Composition

Under Sonaecom's Articles of Association, the Board of Directors may consist of an odd number of members - three, five, seven, nine or eleven members, elected at a Shareholder's General Meeting. The Board mandate is of four years, with the possibility of re-election. The current Board mandate covers the period 2004 to 2007. The Board of Directors shall elect its Chairman.

Board of Directors

Belmiro Mendes Azevedo.....Chairman
 António Sampaio e Mello.....Independent Non-Executive
 David Charles Denholm Hobley.....Non-Independent Non-Executive
 Gervais Gilles Pellisser.....Non-Independent Non-Executive
 Jean-François René Pontal.....Independent Non-Executive
 Duarte Paulo Teixeira de Azevedo.....Executive – CEO
 George Christopher Lawrie.....Executive
 Luís Filipe Campos Dias Reis.....Executive
 Maria Cláudia Teixeira de Azevedo.....Executive
 Miguel Nuno Santos Almeida.....Executive

Currently, Sonaecom's Board of Directors is composed of eleven members, including Executive members and Non-Executive members. Two of the Non-Executive Directors are independent, in that they are not associated with any special interest groups related to the Company nor to its reference shareholders, in accordance with the criteria established by CMVM Regulation no. 7/2001 for Independent Directors. David Hobley does not meet the criteria set out in CMVM Regulation no. 7/2001 to be formally classified as an Independent Director in this Report, due to the fact that he serves as an Independent Non-Executive Director within the France Telecom Group that owns a 19.2% stake in Sonaecom. However, Sonaecom regards him, and consider that he acts, as an independent member of the Board of Directors, given that his nomination was based on a proposal presented by Sonae SGPS

not France Telecom and that his independence was previously assessed and accepted by Sonaecom's Board Nomination & Remuneration Committee. On 13 December 2006, Loyola de Palacio del Valle Lersundi, who was a Independent Non-Executive Director appointed on 5 July 2005, died and her place on the Board has still not yet been filled.

According to CMVM Regulation no. 10/2005, there are no circumstances that may affect the Independent Non-Executive Directors' analysis or decision making capabilities and, these Directors as well as the other Non-Executive Directors exercise an important influence over the decision-making process and the development of company strategy and policy. Sonaecom Board of Directors exhibits a clear balance between the number of Non-Executive Directors, nominated by reference shareholders, and the number of Independent Non-Executive Directors.

Role

The Board of Directors is responsible for assuring the management of the company's business, monitoring risks, managing conflicts of interests and developing the organization's goals and strategy. Sonaecom's Articles of Association permit the Board to delegate day to day company business, duties and responsibilities, as considered appropriate, to an Executive Committee (as described in more detail under the Executive Committee section below).

In order to improve the operational efficiency of the Board and to meet best practices in Corporate Governance, Sonaecom's Board has created two Board Committees, a Board Audit and Finance Committee and a Board Nomination and Remuneration Committee.

Qualifications, experience and responsibilities of individual Directors

A description of the qualifications, experience and responsibilities of each member of Sonaecom's Board of Directors, can be found in the Appendix to this Report.

Other offices held by Sonaecom's Directors

Information on other offices held by each of the members of Sonaecom's Board of Directors can be found in the Appendix to this Report.

Board meetings and quorum

Sonaecom's Board of Directors meets at least four times a year, as stipulated by its Articles of Association, and whenever its Chairman or two of its Board members call a meeting. During 2006 there were 11 Board meetings. The quorum for any Board Meeting requires that the majority of Directors are present or represented by proxy and decisions are taken by a majority of votes cast. During 2006, the attendance rate at Sonaecom's Board meetings was 86%.

Sonaecom's Non-Executive Directors also hold separate meetings to discuss their ability to assert their independence within the Board and to make suggestions to improve Board procedures and Corporate Governance in general. During 2006, there were 2 NED meetings and the attendance rate was 82%.

Executive Committee

Composition

Under Sonaecom's Articles of Association, the Executive Committee is selected from the members of the Board of Directors. The Group CEO, COO and CFO and the COO's of the Group's business units comprise the Executive Committee. The Executive Committee meetings are also attended by the other members of the Executive Management Team, including the Advisors to the Board of Directors, who are identified below.

Management Team

Duarte Paulo Teixeira de Azevedo.....	Group CEO
George Christopher Lawrie.....	Group CFO
Luís Filipe Campos Dias Reis.....	Group COO
Maria Cláudia Teixeira de Azevedo.....	COO SSI/Media
Miguel Nuno Santos Almeida.....	COO Mobile
António Lobo Xavier.....	Advisor to the Board/ Legal, Regulation, PR, Fiscal
Pedro Ramalho Carlos.....	Advisor to the Board/COO Fixed

Role

The Executive Committee may deliberate on matters that relate to general management and not on matters that are exclusively of the competence of the Board of Directors. The Executive Committee is conferred the powers and responsibility to manage and execute Sonaecom's day to day operations except:

- (i) to appoint the Chairman of the Board;
- (ii) to co-opt a substitute to replace a member of the Board;
- (iii) to convene Shareholders' General Meetings;
- (iv) to approve the Annual Report and Accounts;
- (v) to grant any pledge, guarantees or charges over Sonaecom's assets, if those are in excess of an accumulated value of 500,000 euros in any financial year;
- (vi) to decide to change the registered office or to approve any share capital increases;
- (vii) to decide on mergers, de-mergers, modifications to the corporate format and any other projects relating to association with other legal entities to form new companies;
- (viii) to approve Sonaecom Group's Business Plan and Annual Budget;
- (ix) to define the key features of personnel compensation policies, including stock incentive plans and variable compensation plans applicable to Executives (above Level XIV), in areas that do not require decisions from the Shareholders' Remuneration Committee ("Comissão de Vencimentos") or deliberations at Shareholder's General Meetings;
- (x) to define or change major accounting policies of any company included in the consolidation perimeter of the Group;
- (xi) to approve Sonaecom's quarterly Accounts and half year Report and Accounts;
- (xii) to sell, acquire directly or by long term lease or transact, in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 1,000,000 euros, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xiii) to purchase or subscribe for new shares in the share capital of any subsidiary companies where the accumulated amount exceeds 5,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xiv) to invest in any other companies or in other financial assets when the accumulated value is in excess of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xv) to make any other financial investments which exceeds the accumulated amount of 1,000,000 euros in any financial year, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board;
- (xvi) to dispose of assets or make other divestments, if such transaction has a significant effect on Sonaecom's operating results (defined as equal or greater than 5%) or affects the jobs of more than 100 employees, unless covered by the Group's Annual Budget or Business Plan duly approved by the Board.

To ensure that the Board of Directors is kept well informed by the Executive Committee, all significant decisions taken by the Executive Committee are systematically extracted from the minutes of their meetings and are reported, in writing, to the Board of Directors.

Executive Committee meetings and quorum

Sonaecom's Executive Committee currently meets at least twice every month and, whenever the CEO or a majority of its members calls a meeting. There were 24 meetings of the Executive Committee in 2006 and the attendance rate was 96.4%. The quorum for the Executive Committee meeting requires that a majority of members are present or represented by proxy. Decisions require unanimous approval otherwise the Executive Committee must submit the matter under consideration to the Board of Directors for decision.

Board Audit and Finance Committee

Composition

Sonaecom's Board Audit and Finance Committee ("BAFC") consists of three members who are appointed by and from among the members of the Board. The fourth member is the Board and Corporate Governance Officer. The Committee currently includes three Non-Executive Directors, two of whom are independent, and is chaired by an Independent Non-Executive Director.

Board Audit and Finance Committee

Jean-François René Pontal.....	Chairman - Independent Non-Executive Director
António Sampaio e Mello.....	Independent Non-Executive Director
David Charles Denholm Hobley.....	Non-Independent Non-Executive Director
David Graham Shenton Bain.....	Board and Corporate Governance Officer

Role

The BAFC operates under Terms of Reference approved by the Board and is responsible for monitoring and supervising Sonaecom's financial reporting processes, reviewing accounting policies and for evaluating risk associated with its activities on behalf of the Board, and additionally for overseeing Corporate Governance within the Company. The BAFC also meets directly with the Group's Statutory External Auditors and the Internal Audit Team. In particular, the duties of the BAFC are:

- (i) to review the Company's annual and interim financial statements and reports to the market, and reporting its findings to the Board, before these documents are approved or signed by the Board;
- (ii) to advise the Board on its reports to shareholders and financial markets to be included in the Company's Annual and Half-year Accounts and in the Quarterly Earnings Announcements;
- (iii) to advise the Board on the adequacy and appropriateness of internal information provided by the Executive Committee, including systems and standards on internal business controls applied by the Executive Committee;
- (iv) to advise the Board on the appointment of, the assignments to and the remuneration of the Statutory External Auditor and also on the appointment of the Internal Audit Manager;
- (v) to review the scope of the Internal Audit Function and its relation to the scope of the Statutory External Audit and discuss with the Statutory External Auditor and Internal Auditor Manager their intermediate and year-end reports, as well as their reports on internal control, and advise the Board thereon.

Sonaecom's BAFC reports in writing on a regular basis to the Board of Directors concerning the work accomplished, results obtained and concerns identified, thus ensuring the effectiveness of their work.

BAFC meetings and quorum

The BAFC meets at least five times a year and whenever the Chairman, the Board of Directors, the Executive Committee or, exceptionally, the Statutory External Auditor believe a meeting is necessary. Between meetings, the BAFC follows projects and monitors activity by regular conference calls. During 2006, the Committee met 5 times with an attendance rate of 100% and also held 4 conference calls.

Board Nomination and Remuneration Committee

Composition

Sonaecom's Board Nomination and Remuneration Committee ("BNRC") normally consists of four members and includes the Chairman of the Board of Directors, the CEO, and two Independent Non-Executive Directors. However, following the death of Loyola de Palacio del Valle Lersundi, the current composition is shown in the table below.

Board Nomination and Remuneration Committee

Belmiro Mendes Azevedo.....	Chairman - Non-Independent Non-Executive
Jean-François René Pontal.....	Independent Non-Executive
Duarte Paulo Teixeira de Azevedo.....	Executive – CEO

Role

The BNRC operates under Terms of Reference, approved by Sonaecom's Board, and is responsible for identifying candidates for appointment to the Board of Directors or Senior Management positions within the Group and for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors. The BNRC reports in writing to the Board, whenever necessary, and liaises with Sonaecom's Shareholders' Remuneration Committee ("Comissão de Vencimentos") to obtain their approval, on behalf of Shareholders, for the remuneration and other compensation of the Board of Directors and other Statutory Governing Bodies. The BNRC may receive assistance from external entities, which are required to ensure absolute confidentiality in relation to all the information obtained.

BNRC meetings

The BNRC meets at least twice a year and, whenever the Chairman or the Board of Directors deem necessary. There were four formal BNRC meetings during 2006 and the attendance record was 100%.

Board and Corporate Governance Officer

Composition

Sonaecom's Board and Corporate Governance Officer ("BCGO") is David Graham Shenton Bain.

Role

The BCGO officer reports to the Board of Sonaecom as a whole, through the Chairman, and also, when appropriate, through the senior independent Non-Executive Director.

In particular, the main duties of the BCGO are:

- (i) Ensuring the smooth running of the Board and Board Committees;
- (ii) Participating in Board Meetings and relevant Board Committee Meetings and, when appointed, serving as a member;
- (iii) Facilitating the acquisition of information by all Board and Committee members;
- (iv) Supporting the Board in defining its role, objectives and operating procedures; Taking a leading role in organising Board evaluations and assessments;
- (v) Keeping under close review all Legislative, Regulatory and Corporate Governance issues; Supporting and challenging the Board to achieve the highest standards in Corporate Governance;
- (vi) Ensuring that the concept of stakeholders and the need to protect minority interests are in the Board's mind when important business decisions are being taken;
- (vii) Helping to ensure that the procedure to nominate and appoint Directors is properly carried out and assist in the induction of new Directors;
- (viii) Acting as a primary point of contact and source of advice and guidance for, particularly, Non-Executive Directors as regards the Company and its activities; Facilitating and supporting the Independent Non-Executive Directors in the assertion of their "independence";
- (ix) Helping to ensure compliance with the continuing obligations of the Portuguese Listing Rules;
- (x) Participating in making arrangements for and managing the whole process of Shareholders' Meetings;
- (xi) Participating in the arrangement of insurance cover for Directors and Officers;
- (xii) Participating, on behalf of the Company, in external initiatives to debate and improve Corporate Governance regulations and practices in Portugal.

Statutory External Auditor

Composition

Sonaecom's Statutory External Auditor is Deloitte & Associados, SROC, S. A. represented by Jorge Manuel Araújo de Beja Neves, who may be substituted, if required, by António Marques Dias.

Role

The Statutory External Auditor is responsible for auditing the activities of the Company, for supervising compliance with the law and the Articles of Association and for verifying the accounts and all the financial documents.

Shareholders' Remuneration Committee

Composition

Sonaecom's Shareholders' Remuneration Committee ("Comissão de Vencimentos") comprises Shareholders' appointed at a Shareholders' General Meeting, under a four year mandate, currently 2004 to 2007.

Shareholders' Remuneration Committee

Sonae SGPS, S.A represented by.....José Manuel Trindade Neves Adelino ⁽¹⁾

Sonae Investments, BV, represented by.....Bruno Walter Lehmann⁽²⁾

(1) Professor at a Lisbon Business School

(2) Partner – Egon Zehnder International

Role

The Committee is responsible for approving the remuneration and other compensation of members of Sonaecom's Board of Directors and of its other Statutory Governing Bodies, on behalf of the Shareholders.

The representatives serving on the Shareholders' Remuneration Committee do not hold any office in the Company and are independent of the Board of Directors. Their professional qualifications and experience allow them to carry out their responsibilities effectively and rigorously.

Shareholders Remuneration Committee meetings

This Committee meets at least once a year. There were 3 meetings during 2006 and the attendance record was 100%.

Company Secretary

Composition

Sonaecom's Secretary is Filipa Santos Carvalho who may be substituted, if required, by Vera Lopes Pereira.

Role

The Company Secretary is responsible for:

- (i) Keeping the formal minute books and attendance lists at Shareholders' General Meetings;
- (ii) Forwarding the legal documentation to convene Shareholders' General Meetings;
- (iii) Supervising the preparation of supporting documentation for the Shareholders' General Meetings and meetings of the Board of Directors and preparing the respective formal minutes;
- (iv) Responding to Shareholders' requests for information within the scope of the law;
- (v) Legal registration of any act or resolutions of the Company's Statutory Governing Bodies.

As a consequence of the changes made to Portuguese Company Law in 2006, which must be adopted by 1 July 2007, a proposal to change the Company's Articles of Association will be presented to the Shareholders' General Meeting in 2007. This proposal will include the adoption of what is known as the "Reinforced Latin Model" corporate governance structure, which requires the addition of a Statutory Audit Committee ("Conselho Fiscal") to Sonaecom's current governing bodies.

3. Changes in governing bodies

During 2006, the composition of the Board of Directors of Sonaecom underwent the following changes:

- (i) On 8 March 2006, António Borges and Richard O'Toole resigned as Independent Non-Executive Directors of Sonaecom, following the appointment by PT of Goldman Sachs,

- as one of its advisors for the public tender offer in progress, and to which both directors are professionally connected;
- (ii) On 20 March 2006, David Bain resigned as a Non-Independent Non-Executive Director at Sonaecom, in order to take up the newly created role of Board and Corporate Governance Officer at Sonaecom;
 - (iii) At Sonaecom's Annual General Meeting held on 5 April 2006, Cláudia Azevedo was appointed as an Executive member of the Board of Sonaecom for the remainder of the current Board mandate (2004-2007);
 - (iv) At an Extraordinary Board Meeting held on 5 July 2006, the Board of Sonaecom approved the co-option of Loyola de Palacio del Valle Lersundi and António Sampaio e Mello as Independent Non-Executive Directors of the Company for the remainder of the current Board mandate (2004-2007). At the same date, following the resignation of Michel Combes, the co-option of Gervais Pellissier as a Non-Independent Non-Executive Director of Sonaecom was also approved, for the same term of office;
 - (v) On 13 December 2006, Loyola de Palacio del Valle Lersundi, Sonaecom's Independent Non-Executive Director since 5 July 2006, died. The Board of Sonaecom has not yet coopted anyone to replace her.

4. Group remuneration policy

To energize initiative and sharpen commitment, during 2006 Sonaecom once again carried out its well established annual performance appraisal process for all employees, through which it has measured each individual's activity, performance and contribution to the organization's success, and assessed the variable remuneration and other compensation to be attributed accordingly.

4.1. Description of components

Remuneration components

Sonaecom's remuneration policy for all employees includes two basic components:

- (i) Fixed Remuneration, which is paid as Annual Salary (salaries are paid 14 times per annum in Portugal);
- (ii) Annual Performance Bonus, which is paid in the first quarter of the following year.

In addition, a discretionary third component may be awarded to more senior employees (Sonaecom Group Levels 9 and above), on 10 March of the following year, in the form of deferred compensation, under the Sonaecom Medium Term Incentive Plan¹ ("MTIP").

Sonaecom's MTIP is described in more detail in section 4.2 below.

Fixed remuneration

Annual remuneration and other elements of the compensation package are defined as a function of each employee's level of responsibility and are reviewed annually. Each employee is classified under a "Sonaecom Group Level" grid, designed using Hay's international model for classification of corporate functions to facilitate market comparisons as well as to help to promote internal equity.

During 2006, the "Sonaecom Group Levels" for senior management team were reorganised and simplified and former Levels 15 to 22 are now one of the following: Group Senior Executive, Senior Executive or Executive. The new model, although still linked to Hay's international model, introduces a system of valuation of competencies as an additional and complementary new criterion. Sonaecom expects to implement this new model for all remaining employees during 2007.

¹ In previous years, deferred compensation was delivered under Sonaecom Deferred Performance Bonus Plans ("DPBP"). The plan was renamed as the MTIP for 2006, but the main characteristics of the plan remain unchanged.

Performance bonus

The performance bonus is aimed at rewarding the achievement of certain pre-defined annual objectives, which are linked to both Business and Personal Key Performance Indicators ("KPI's").

The target bonus amount is based on a percentage of the employee's Fixed Remuneration, which ranges between 15% and 70%, depending on the employee's Sonaecom Group Level. Business KPIs (which include economic and financial indicators based on approved budgets, relative share price performance, individual business unit performance as well as the performance of the Group as a whole) drive 70% of the Performance Bonus and are normally objective indicators.

The remaining 30% of the Performance Bonus is based on Personal KPIs, which are a mix of objective and subjective indicators. Performance Bonuses paid relate to the actual performance achieved or assessed and can represent anything from 0% to 160% of the target bonus for Business KPI's and 0% to 120% of the target bonus for Personal KPI's. Combining both components, the maximum range that can apply to any individual is 0% to 148% of the target bonus.

The Business KPI's and their weightings for 2006 were:

Business KPI's and weightings

Indicator - Description	Weight
Turnover	22.5%
EBITDA	22.5%
Free Cash Flow	22.5%
Operational Indicators (1)	22.5%
Relative Share Price Performance	10.0%

(1) Various operational indicators such as Active Users, Direct Services, Paid Circulation

Medium term incentive plan

The MTIP is an equity-based discretionary deferred compensation plan with a three year period between the award date and the date on which the award vests. MTIP awards are made in March each year, in respect of performance during the previous financial year. The size of an award made under the MTIP is linked to an individual's Performance Bonus paid for the same "performance year". Historically, the MTIP awards were made on 31 March of each year, but, for 2006 onwards, the award date has been changed to 10 March or the last working day before that date. The vesting dates for all open plans have also been adjusted to this new timing.

As the MTIP is share based, Sonaecom's Board of Directors decided that the plan should be presented to Shareholders for approval at the Shareholders' Annual General Meeting in 2006, in order to comply with best practice in corporate governance. The MTIP was approved by shareholders at that meeting.

4.2. Medium term incentive plan

Sonaecom's MTIP is aimed at enhancing employees' loyalty, aligning their interests with those of shareholders, and increasing their awareness of the importance of their performance on the overall success of the organization, as reflected by changes in Sonaecom's share price.

MTIP assessment

All Sonaecom employees at Level 9², or higher, are eligible to participate in the MTIP, as long as their joining date is before 31 December of the performance year or their

² Sonaecom Group Levels are attributed according to Hay's international model for the classification of corporate functions. Sonaecom has defined internally that Managers with levels equal to or higher than 14 are "Top Managers"

promotion to Level 9, or higher, occurred at the annual review in the first quarter of the performance year.

The value awarded is determined by applying the following percentages to the Performance Bonuses paid in respect of the last financial year, according to Sonaec Group Levels (see footnote):

Sonaecom Group Level	Percentage of Performance Bonus
Level 9	Up to 60%
Level 10 & 11	Up to 70%
Level 12	Up to 80%
Level 13 & 14	Up to 90%
Executive	Up to 100%
Senior Executive	Up to 100%
Group Senior Executive	Up to 100%

For Sonaecom's most senior employees who are at Executive Level or above, up to 40% of the awards under the MTIP were linked to Sonaec SGPS shares (the "Sonaec SGPS Share Plans"), depending on the employee's Level. This Sonaec SGPS share linkage was introduced to promote cooperation, maximize synergies and promote the exchange of knowledge between the Company and Sonaec SGPS, Sonaecom's main shareholder.

In the past, employees participating in the MTIP were given the alternative of choosing between share options ("Sonaecom Share Options Plans") or shares ("Sonaecom Share Plans"). As from March 2004 (relating to 2003 performance - the "2003 Plan"), all participants have been awarded deferred rights to shares.

For MTIP awards delivered as options, the underlying value of each share option was determined using the 'Black-Scholes Option Pricing Model'. The number of share options awarded was computed by dividing the value of the MTIP amount awarded by the share option value. The share options can be exercised from the vesting date, for a period of 12 months. The exercise price for the options is equal to the average share price in the month prior to the award date.

For the MTIP awards delivered as deferred rights to shares, the number of shares is calculated by dividing the MTIP amount awarded by the average share price in the month prior to the award date. The shares vested, corresponding to the initial number of shares, adjusted for dividends and other changes in issued share capital, are transferred to the beneficiaries on the third anniversary of the award date at zero cost. The Company, subject to approval by the Board Nomination and Remuneration Committee, has the option to pay the cash equivalent to the value of the shares at the same date.

Summary of shares under the MTIP - Sonaecom's share plans

The awards outstanding under the Sonaecom Share Plans in 2006 can be summarised as follows:

and those with levels equal to or higher than Executive Level may be Executive Committee members of Sonaecom Group companies.

Sonaecom Share Plans outstanding during 2006

		Vesting period		Exercise period		At 31 December 2006	
	Share price at award date*	Award date	Vesting date	From	To	Aggregate number of participants	Number of options /shares
Sonaecom Options							
2001 Plan	3.014	31-Mar-02	31-Mar-05	01-Apr-05	31-Mar-06	-	-
2002 Plan	1.694	31-Mar-03	10-Mar-06	13-Mar-06	09-Mar-07	33	510,633
2003 Plan	-	-	-	-	-	-	-
2004 Plan	-	-	-	-	-	-	-
2005 Plan	-	-	-	-	-	-	-
Sonaecom Shares							
2002 Plan	1.694	31-Mar-03	10-Mar-06	-	-	-	-
2003 Plan	3.190	31-Mar-04	09-Mar-07	-	-	349	1,173,959
2004 Plan	3.960	31-Mar-05	10-Mar-08	-	-	372	1,063,163
2005 Plan	4.093	10-Mar-06	09-Mar-09	-	-	402	947,652

* Average share price in the month prior to the award date.

The number of shares awarded, and shares and options unvested, vested, cancelled or lapsed and exercisable options under Sonaecom's MTIP in the year ended 31 December 2006, are shown in the following table:

Sonaecom's options and shares under the MTIP

	Sonaecom options		Sonaecom shares		Total
	Aggregate number of participants	Number of options	Aggregate number of participants	Number of shares	Corresponding shares
Outstanding at 31.12.2005					
Exercisable	38	198,302	-	-	198,302
Unvested	113	1,851,312	962	3,549,140	5,400,452
Total	151	2,049,614	962	3,549,140	5,598,754
Movements in the year					
Awarded	-	-	410	976,226	976,226
Vested	(112)	(1,836,621)	(210)	(1,258,444)	(3,095,065)
Exercisable	112	1,836,621	-	-	1,836,621
Exercised	(117)	(1,524,290)	-	-	(1,524,290)
Cancelled/Lapsed	(1)	(14,691)	(39)	(82,148)	(96,839)
Outstanding at 31.12.2006					
Exercisable	33	510,633	-	-	510,633
Unvested	-	-	1,123	3,184,774	3,184,774
Total	33	510,633	1,123	3,184,774	3,695,407

Summary of shares and options under the MTIP - Sonae SGPS share plans

Awards under the Sonae SGPS Share Plans outstanding during 2006 can be summarised as follows:

Sonae SGPS Share Plans outstanding during 2006

		Vesting period		At 31 December 2006	
	Share price at award date	Award date	Vesting date	Aggregate number of participants	Number of shares
Sonae SGPS Shares					
2002 Plan	0.36	31-Mar-03	10-Mar-06	-	-
2003 Plan	0.93	31-Mar-04	09-Mar-07	12	364,164
2004 Plan	1.17	31-Mar-05	10-Mar-08	13	362,611
2005 Plan	1.34	10-Mar-06	09-Mar-09	13	184,575

The number of awarded, unvested or vested, and cancelled, lapsed or adjusted Sonae SGPS shares under the MTIP in the year ended 31 December 2006, are shown in the following table:

Sonae SGPS shares under the MTIP

	Sonae SGPS shares	
	Aggregate number of participants	Number of shares
Outstanding at 31.12.2005		
Unvested	36	1,511,365
Movements in the year		
Awarded	13	179,825
Vested	(11)	(809,077)
Cancelled/Lapsed/Adjusted *		29,237
Outstanding at 31.12.2006		
Unvested	38	911,350

* The Adjustments are made for dividends paid and for share capital changes.

MTIP hedging agreements

Sonaecom has hedged its MTIP and related obligations, up to and including the 2004 Plan. Sonae SGPS shares have been acquired and are held in treasury, until the related award's vesting date. Sonaecom has entered into agreements with its subsidiaries to recharge the corresponding hedging costs to each one of them.

The effect of these agreements is that Sonaecom's liability, related to the Sonaecom Shares Plans under the MTIP, is capped at a maximum share price of 2.25 euros per share (plus interest that accrues on payments that are deferred), for the 2000 Plan, the 2001 Plan and the 2002 Plan and share prices of 3.14 euros and 3.22 euros (plus interest that accrues on payments that are deferred), for the 2003 and 2004 Plans. Taking into account these hedging arrangements, the total liability as at 31 December 2006 was 8,155,743 euros, which is included under "Other Liabilities" in Sonaecom's accounts.

The 2005 Sonaecom shares plan (MTIP 2005), at 31 December 2006, is not hedged and is treated as an equity-settled plan, as it involves the delivery of Sonaecom's own shares. As such, the liability is accounted for in Reserves, within Shareholders' funds, based on the share price at the award date. At 31 December 2006, the amount included in Sonaecom accounts relating to this plan is 952,390 euros. In March 2007, Sonaecom acquired own shares to cover the MTIP 2005.

The 2005 Sonae SGPS share plan is also not hedged. The plan involves the delivery of Sonae SGPS shares, but, as it is attributed by Sonaecom and not by Sonae SGPS, the plan is treated as a cash-settled plan. As such, the liability is included under "Other Liabilities" and is marked to market using the share price at each balance date. At 31 December 2006, the total amount provided is 77,419 euros.

MTIP accounting impact

The cost of Sonaecom's MTIP is recognised in the accounts over the respective deferral period for each annual plan. As at 31 December 2006, 16.5 million euros had been expensed as a cost (4.6 million euros during 2006 and 11.9 million euros in previous years, including 0.7, 2.3 and 6 millions relating to the awards under the MTIP that vested during 2004, 2005 and 2006, respectively). The remaining 1.8 million euros has not yet been expensed and has been deferred and accounted for as "Other Costs".

4.3. Directors' remuneration

Sonaecom's Directors' compensation policy is aimed at remunerating in a fair, effective and competitive manner, taking into consideration the individual responsibilities and performance of each Director, both at a subsidiary company level and at a Sonaecom Group level.

Sonaecom's Shareholders' Remuneration Committee is responsible for the approval of the remuneration and other compensation of the Board of Directors, including both Executive and Non-Executive Directors. The composition and functioning of the Shareholders' Remuneration Committee is described in section 2 above.

Executive Directors

Remuneration and compensation proposals for Sonaecom's Executive Directors (excluding the CEO) are based on proposals made by the CEO, which are prepared taking into account:

- (i) Market comparables;
- (ii) Other Sonae SGPS comparables;
- (iii) Individual appraisals of each Executive Director.

The Executive Directors remuneration and other compensation include Fixed Remuneration and a Performance Bonus, and they also benefit from compensation under the MTIP, as described in Section 4.1 and 4.2 above.

CEO and Non-Executive Directors

Remuneration and other compensation for the CEO and remuneration for the Non-Executive Directors are based on proposals made by the Sonaecom Chairman. For the CEO, the methodology used is the same as for the Executive Directors. Non-Executive Directors do not receive Performance Bonuses nor do they participate in the Sonaecom MTIP.

For each Non-Executive Director, fixed remuneration assumes an agreed commitment of time during 2006, including the preparation and attendance of at least 5 Board Meetings each year. In addition, External Non-Executive Directors who are members of the Board Committees benefit from an additional 10% of fixed remuneration. In the case of the Chairman of the BAFC the fixed remuneration is further increased by 5%. These additional amounts reflect the increased time commitment and responsibility involved.

On resignation of any member of the Board, it is Group policy to pay whatever compensation that is legally required, or to negotiate, in each situation, a value considered to be fair and appropriate by the parties involved. No additional compensation conditions exist for members of the Board who are treated in the same way as all employees.

Directors' remuneration

The remuneration of Sonaecom's Directors, including fixed remuneration and performance bonuses (both computed on an accruals basis), was as follows during 2006 and 2005:

Directors' Remuneration - Fixed Remuneration and Performance Bonuses

Amounts in euros	2006			2005		
	Fixed Remuneration	Performance Bonus	Total	Fixed Remuneration	Performance Bonus	Total
Individual breakdown						
Chairman (Non-Executive)	50,000	-	50,000	50,000	-	50,000
CEO (Executive)	353,663	332,200	685,863	340,801	199,100	539,901
Average of the remaining 4 Executive Directors (3 in 2005)(1)	201,700	130,475	332,175	211,369	92,063	303,432
Average of the remaining 5 Non-Executive Directors (6 in 2005) (2)	22,027	-	22,027	24,252	-	24,252
Aggregate						
Executive Directors (5 in 2006 and 4 in 2005)	1,160,462	854,100	2,014,562	974,907	475,288	1,450,194
Non-Executive Directors (6 in 2006 and 7 in 2005)	160,136	-	160,136	195,515	-	195,515
	1,320,598	854,100	2,174,698	1,170,422	475,288	1,645,709

(1) Maximum Individual Remuneration in 2006 represented 141% of average and minimum 78% of average; (2) Maximum Individual Remuneration in 2006 represented 141% of average and minimum 0% of average, as one Non-Executive Director was not remunerated.

On 5 April 2006, an additional executive director was appointed to the Board. In presenting the figures above, the respective remuneration was annualised and treated as if the Director had been appointed at the beginning of the year.

Sonaecom's Non-Executive Directors do not receive performance bonuses. The performance bonuses of the Executive Directors in the table above represents the final values for performance during 2006, as real performance has been fully assessed and the resulting bonuses have been approved by the Board Nomination and Remuneration Committee, on behalf of the Board of Directors, and by the Shareholders' Remuneration Committee, on behalf of the Shareholders.

Directors' participation in the MTIP

In addition to the values shown above, Sonaecom Executive Directors have been awarded compensation under the Sonaecom MTIP. Sonaecom's Non-Executive Directors do not participate in the MTIP.

The shares and options awarded to Executive Directors as part of the MTIP that vested, were exercised or remain unvested during 2006, are summarised below.

There are no performance conditions attaching to MTIP awards other than future share price performance, as these awards are based upon an individual's Performance Bonus for which KPIs have already been satisfied.

Directors' Remuneration - Participation in the Sonaecom MTIP

	Unvested				Total
	Plan 2002 (1)	Plan 2003	Plan 2004	Plan 2005	
Award date	31-Mar-03	31-Mar-04	31-Mar-05	10-Mar-06	
Beginning of the exercise period	10-Mar-06	9-Mar-07	10-Mar-08	9-Mar-09	
End of the exercise period	9-Mar-07	8-Mar-08	9-Mar-09	8-Mar-10	
SONAECON SHARES and OPTIONS					
Share price at award date (2)	1.694	3.190	3.960	4.093	
Option value at award date	0.601	-	-	-	
Share price at vesting date	4.02	-	-	-	
Strike price	1.694	-	-	-	
Share price at 31 December 2006 (3)	-	5.02	5.02	5.02	
CEO					
N. of shares at 01.01.2006	71,547	44,577	39,878	-	156,002
N. of shares at 31.12.2006	-	44,577	39,878	29,186	113,641
N. of options exercised	-	-	-	-	-
Average of the remaining Executive Directors					
N. of shares at 01.01.2006	38,959	19,433	17,765	-	76,156
N. of shares at 31.12.2006	-	19,433	17,765	13,806	51,004
N. of options at 01.01.2006	57,426	-	-	-	57,426
N. of options at 31.12.2006	57,426	-	-	-	57,426
N. of options exercised	-	-	-	-	-
Total of the remaining Executive Directors					
N. of shares at 01.01.2006	77,917	77,731	71,059	-	226,707
N. of shares at 31.12.2006	-	77,731	71,059	55,224	204,014
N. of options at 01.01.2006	57,426	-	-	-	57,426
N. of options at 31.12.2006	57,426	-	-	-	57,426
N. of options exercised	-	-	-	-	-
TOTAL					
N. of shares at 01.01.2006	149,464	122,308	110,937	-	382,709
N. of shares at 31.12.2006	-	122,308	110,937	84,410	317,655
N. of options at 01.01.2006	57,426	-	-	-	57,426
N. of options at 31.12.2006	57,426	-	-	-	57,426
N. of options exercised	-	-	-	-	-
SONAE SGPS SHARES					
Share price at award date	0.36	0.93	1.17	1.34	
Share price at vesting date	1.35	-	-	-	
Share price at 31 December 2006 (4)	-	1.51	1.51	1.51	
CEO					
N. of shares at 01.01.2006	314,068	142,639	123,880	-	580,587
N. of shares at 31.12.2006	-	145,320	126,209	60,550	332,079
Average of the remaining Executive Directors					
N. of shares at 01.01.2006	67,621	23,968	26,184	-	117,773
N. of shares at 31.12.2006	-	24,419	26,677	18,413	69,508
Total of the remaining Executive Directors					
N. of shares at 01.01.2006	202,864	95,871	104,736	-	403,471
N. of shares at 31.12.2006	-	97,675	106,706	73,650	278,031
TOTAL					
N. of shares at 01.01.2006	516,932	238,510	228,616	-	984,058
N. of shares at 31.12.2006	-	242,995	232,915	134,200	610,110
VALUES					
CEO					
Value at award date	202,000	277,348	305,581	200,595	-
Value at vesting date	719,578	-	-	-	-
Value at 31 December 2006	-	443,210	390,763	237,944	1,071,917
Average of the remaining Executive Directors					
N. of the remaining executive directors	3	4	4	4	
Value at award date	117,923	84,700	101,560	81,181	-
Value at vesting date	383,195	-	-	-	-
Value at 31 December 2006	-	134,425	129,461	97,109	360,994
Total of the remaining Executive Directors					
Value at award date	218,712	338,800	406,240	324,723	-
Value at vesting date	725,821	-	-	-	-
Value at 31 December 2006	-	537,699	517,842	388,436	1,443,977
TOTAL					
Value at award date	420,713	616,148	711,821	525,318	-
Value at vesting date	1,445,400	-	-	-	-
Value at 31 December 2006	-	980,909	908,605	626,380	2,515,894

(1) Vested on 10 March 2006. For two Executive Directors, cash equivalents were paid, in lieu of the delivery of Sonaecom shares. The Sonaecom SGPS shares were delivered on 10 May 2006, rather than on 10 March 2006; (2) Average share price in the month prior to the award date; (3) On 31 January 2006, the share price hit a low of 3.5 euros per share and a high of 5.38 euros per share on 2 October 2006; (4) On 14 June 2006, the share price hit a low of 1.11 euros per share and a high of 1.52 euros per share on 14 November 2006.

Directors' participation in Sonaecom MTIP - accounting impacts

The total accumulated costs of all MTIP awarded to Executive Directors, up to 31 December 2006, have been or will be expensed, as follows:

Directors' Participation in the Sonaecom MTIP Accounting Impacts

Plan	Deferral period	Value		Annual expense								
		At award date	At 31-Dec-06 (1)	2001	2002	2003	2004	2005	2006	2007	2008	2009
2000	2001 - 2004	281,880	143,600	35,900	47,867	47,867	11,967	-	-	-	-	-
2001	2002 - 2005	384,600	366,435	-	91,609	122,145	122,145	30,536	-	-	-	-
2002	2003 - 2006	420,726	1,041,855	-	-	260,464	347,285	347,285	86,821	-	-	-
2003	2004 - 2007	548,681	688,938	-	-	-	172,235	229,646	229,646	57,412	-	-
2004	2005 - 2008	633,598	639,890	-	-	-	-	159,973	213,297	213,297	53,324	-
2005	2006 - 2009	522,000	510,071	-	-	-	-	-	141,686	170,024	170,024	28,337
		2,791,485	3,390,789	35,900	139,476	430,476	653,631	767,440	671,450	440,732	223,348	28,337

(1) Total liabilities at current market prices (using the Black Scholes option pricing model for options), net of the benefits of hedging operations, except for the 2000, 2001 and 2002 plans, which vested on 31 March 2004, 2005 and 2006 and are valued, at those dates, net of the benefits of hedging.

5. Fees of statutory external auditor

During 2006, Sonaecom Group paid the following fees to the Statutory External Auditor, Deloitte and their network of companies:

Statutory External Auditor Fees

	2006		2005	
Audit	183,524	85%	212,254	62%
Other Compliance & Assurance Services	3,250	1%	5,130	1%
Tax Consultancy Services	17,208	8%	35,517	10%
Other Services	12,965	6%	90,961	26%
Total	216,947	100%	343,862	100%

In accordance with the recommendation made by Sonaecom's BAFC and in line with the Group's expectations, the percentage of non-audit fees decreased from 38% in 2005 to 15% in 2006.

Sonaecom's Risk Management Policy, which is supervised by the BAFC, monitors the non-audit services requested from the Statutory External Auditor and their respective network of companies, in order to ensure that auditor independence is not compromised. Annual fees paid by Sonaecom Group to the Deloitte Group represented less than 1% of their total global fees in Portugal. In addition, an 'Independence Letter' is obtained each year from Deloitte confirming that they meet international guidelines on auditor independence.

6. Share price trend

During 2006, Sonaecom's share price and liquidity was heavily influenced by the Tender Offer for PT, launched on 6 February 2006.

Sonaecom's shares ended the year at a market price of 5.02 euros per share, 37.2% above the prior year closing price of 3.66 euros per share at 31 December 2005, clearly outperforming the Euro Stoxx Telecoms index. On 31 January 2006, the share price hit a low of 3.5 euros per share and a high of 5.38 euros per share was reached on 2 October 2006.

The market capitalization of Sonaecom rose by approximately 69% to 1.86 billion euros compared to the previous year. An average daily trading volume of approximately 582 thousand shares was achieved, an increase of 81.9% compared to 2005.

Events with an impact on Sonaecom's share price in 2006

Sonaecom's share price performance during 2006 reflected the market reaction to the following main events:

- (i) 6 and 7 February: Sonaecom's preliminary announcement of Tender Offer for PT and PTM;
- (ii) 27 February: Sonaecom announced its draft prospectus disclosing the basis for the price offered for PT and the strategy proposed to shareholders;
- (iii) 2 May: Sonaecom announced first quarter results;
- (iv) 24 May: Competition Authority notified Sonaecom of decision to initiate an in-depth investigation in relation to the tender offer by Sonaecom for PT;
- (v) 1 June: Sonaecom announced the sale of Enabler;
- (vi) 4 July: Sonaecom disclosed its strategic business plan for its direct access broadband business at Sonaecom Fixed;
- (vii) 27 July: Sonaecom announced half-year results;
- (viii) 28 July: EDP agreed rolling-up its stake in Optimus into Sonaecom's shares;
- (ix) 14 August: Parpública agreed rolling-up its stake in Optimus into Sonaecom's shares;
- (x) 27 September: Competition Authority released its first preliminary decision regarding the Tender Offer for PT;
- (xi) 30 October: Sonaecom announced third quarter results;
- (xii) 6 December: Competition Authority released its second preliminary decision regarding the Tender Offer for PT;
- (xiii) 22 December: Competition Authority releases final decision;
- (xiv) 29 December: Sonaecom's submission of the final Offer prospectus, next with the Portuguese Securities Exchange Commission (CMVM).

Dividend distribution policy

At the Shareholders' Annual General Meeting, held on 5 April 2006, Sonaecom's shareholders approved the proposal from the Board of Directors to apply net results to legal reserves and retained earnings, with no dividend distribution, reflecting Sonaecom's strategy and the business opportunities available.

7. Investor relations

The Investor Relations department is responsible for managing Sonaecom's relationship with the financial community - current and potential investors, analysts and market authorities - with the goal of enhancing their knowledge and understanding of Sonaecom's Group by providing relevant, timely and reliable information.

The department regularly prepares presentations and communications covering quarterly, half year and annual results, as well as issues announcements to the market whenever necessary, to disclose or clarify any relevant event that could influence Sonaecom's share price.

To further enhance the effective communication with the capital market and guarantee the quality of information provided, the Investor Relations department organizes road shows covering the most important financial centres of Europe and United States, and participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to senior management in one-on-one meetings or conference calls.

Any interested party may access the Investor Relations department through the following contacts:

Patrícia Mendes
 Investor Relations Manager
 Tel: (+351) 93 1002 223
 Fax: (+351) 93 1002 229
 Email: patricia.mendes@sonae.com
 Address: Rua Henrique Pousão, 432 - 7º Piso, 4460-841 Senhora da Hora

Site: www.sonae.com

During 2006, the Investor Relations department participated in 130 one-on-one and group meetings, 20 conference calls and 4 investor and telecommunications conferences, providing analysts and investors with information on Sonaecom's performance and future prospects.

8. Corporate regulations and guidelines

8.1. Share dealing regulation

In October 2004, Sonaecom's Board approved formal guidelines regarding Share Dealing by Sonaecom Directors and "Relevant Employees". The agreed scope of coverage, including the meaning of Directors and Relevant Employees, within the Group, is the following:

- (i) Members of the Board of Directors of Sonaecom SGPS;
- (ii) Members of the Board of Directors of all other Sonaecom Group companies;
- (iii) Group Employees working in areas that tend to have access to Price Sensitive Information (PSI), which includes: Planning & Control, Treasury & Finance, Investor Relations, Legal, Public Relations and Accounting & Administration.

These rules will also apply to "Connected Persons" of Directors and Relevant Employees.

These guidelines, summarised below, are based on practice in the UK for listed companies as set out in "Chapter 16 - Directors" of the UK Listing Rules issued by the UK Listing Authority, with the exception of the notification rules, which are based on the CMVM regulations currently applying in Portugal.

- (i) Directors and Relevant Employees of Sonaecom should not deal for short-term purposes (ie. should not "trade");
- (ii) Directors and Relevant Employees of Sonaecom should always obtain formal clearance (in writing) from a second designated officer to deal in securities of Sonaecom;
- (iii) Dealings in Sonaecom shares will be prohibited under the following circumstances:
 - a. In a "Close Period" being the period before (but not after) an Earnings Announcement, where the close period is defined as 2 months for year-end Earnings Announcements and 1 month for the half-year and other quarters;
 - b. When any matter exists which represents unpublished Price Sensitive Information (PSI);
 - c. Any other period that the Director responsible for clearance believes may result in dealing in breach of these guidelines;
 - d. However, there is an "exceptional personal financial circumstance" clause allowing sales but not purchases.

Clear internal procedures have been established and communicated regarding implementation of these share dealing guidelines. The "designated officer" for Directors is the Chairman of the Board Audit and Finance Committee, Jean-François Pontal, who is an Independent Non-Executive Director.

The CMVM notification rules, changed on March 2006, require notification from: (a) Directors of Sonaecom SGPS; (b) Directors of companies that control Sonaecom SGPS; (c) "Dirigentes" of Sonaecom SGPS, where "Dirigentes" means all people who have a regular access to privileged information and participate in management decisions; (d) companies controlled by any of the above Directors or "Dirigentes"; or (e) persons who act on behalf of any of the Directors or "Dirigentes" or companies above. The notification has to be made to CMVM within 5 working days following the transaction.

The notification must include: (a) the legal form of the acquisition or disposal and the respective date; (b) the number of shares involved and the number of shares held after the transaction; (c) the price and (d) the reason of notification.

8.2. Codes of conduct

Code of ethics

Sonaecom has in place a set of internal guidelines that are designed to guarantee the ethical and responsible behaviour of the organization.

The Code of Ethic deals with topics ranging from integrity, transparency, respect, social responsibility, environmental commitment, health and safety, confidentiality and use of privileged information, to managing conflicts of interests and communicating irregularities. Sonaecom's employees and suppliers, including external consultants, are required to comply with by these guidelines, and to always follow them in the carrying out of their activities.

Under the scope of this Code of Ethics, Sonaecom has created an Ethics Committee, whose responsibility includes ensuring that doubts are clarified and reporting and dealing with alleged violations of the Code.

The full version of the Code of Ethics may be found on Sonaecom's website www.sonae.com.

Whistle blowing policy

Sonaecom has a policy and process for communicating internal irregularities, which sets out procedures to efficiently and fairly respond to alleged irregularities reported, including:

- (i) Anyone wishing to communicate any irregularity believed or known to have been committed by any of Sonaecom's members of staff, must address a letter or an e-mail containing a summary description of the facts to the Ethics Committee. The identity of the whistle blower will be kept anonymous, if explicitly requested;
- (ii) The letter will be analysed by the Ethics Committee and, if the committee finds grounds for the irregularity reported, measures will be taken, as deemed appropriate.

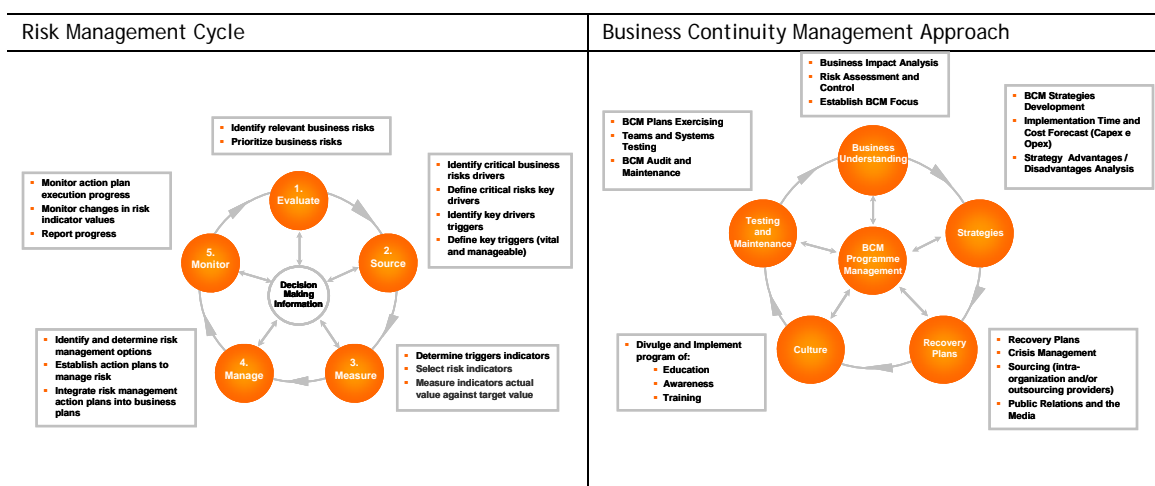
It is the responsibility of Sonaecom's Ethics Committee to review and evaluate the efficiency with which the policy and process for communicating irregularities is applied.

8.3. Internal risk management policies

Sonaecom's management and monitoring of the Group's main risks is achieved through different approaches, including:

- (i) Aligning the risk management cycle with the strategic planning cycle, implemented at all Sonaecom subsidiaries, which allows Sonaecom to prioritize and identify critical risks that might compromise performance and goals and to take actions to manage those risks within defined levels through constant monitoring and by implementing corrective measures;
- (ii) Implementing an internal business continuity management process, in order to reduce the risk of business interruption caused by disasters or technical and operating failures. This project involves 5 main stages: (a) business understanding; (b) devising recovery strategies; (c) developing and implementing recovery plans; (d) deployment a culture of business continuity management and; (e) testing, maintaining and auditing recovery plans;
- (iii) Continuous internal diagnosis and tests in relation to the physical safety of Sonaecom's critical facilities (e.g. data centres, call centres), using business continuity management to assess and manage potential risks;
- (iv) Implementing risk management cycles that allow Sonaecom to mitigate identified critical risks related with processes, areas or entities, at levels required by the management.

The following pictures illustrate the main phases included in Sonaecom's risk management policies that apply to all its portfolio of businesses.



Actions undertaken

Pandemic flu project

The possibility of occurrence, in the short term, of a pandemic flu as a result of mutation of avian flu is of a major concern to Sonaecom. Accordingly, the Group implemented a project envisaging the management of this pandemic flu risk, with the goal of guaranteeing that Sonaecom, its subsidiaries and employees are prepared to deal with this scenario.

The Group aims to minimize any related health problem and assure business continuity with critical services continuing to be offered, and different actions have already been taken:

- A set of good practice guidelines and measures of hygiene and health started to be communicated internally, through the development of a specific intranet page and the distribution of explanatory flyers. Additionally, in collaboration with the National Public Health Centre, Sonaecom offered some specific training sessions in preparation for a pandemic;
- A group of employees, suppliers, agents and other partners was identified as being critical and Sonaecom is working to ensure that it would be available and respond to clients' needs.

Sonaecom has already established the procedures to be adopted by the human resources department, so that a contingency plan is in place to minimise the effects of a major temporary headcount reduction.

Business continuity management

During 2006, Sonaecom has also been very focused on the development and consolidation of the business continuity management process. In this respect, Sonaecom undertook several actions:

- Implementation of a disaster recovery project covering systems supporting critical activities in the mobile business;
- Adoption of recovery plans, at the telecom businesses, under different scenarios and assumptions, for call center activities and activation services of voice and data;
- Physical safety diagnosis of Sonaecom's critical facilities and evaluation of their degree of exposure to risks such as energy failure, temperature oscillations and fire detection and extinction.

Management of Sonaecom's corporate risks

Regarding the management of the Group's corporate risks, the following actions can be highlighted:

- (i) Implementation of a risk management cycle for Sonaecom's telecom units of Wholesale and Interconnection, whereby several procedures have been agreed to be followed in order to mitigate the critical risks identified;
- (ii) Kick-off of a project designed to increase the internal controls over access to confidential information on clients and employees.

On a quarterly basis, Sonaecom's Internal Audit Team reports to the Board Audit and Finance Committee, presenting a summary of all relevant corporate risks findings. A follow up procedure to monitor adoption of effective corrective measures for the main findings identified is implemented on a half yearly basis.

9. Relevant transactions with related parties

No material non-operational transactions were made during the year with related parties (including Sonaecom Officers or Governing Bodies, such as Members of the Board of Directors and the Statutory External Auditor, owners of qualified shareholdings or with controlling or Group companies), with the exception of the agreements signed in 2003, 2004 and 2005 with Sonae Investments BV and Sonae SGPS, relating to the hedging of Sonaecom's MTIP as described above. In the course of the Group's normal treasury management activities, the Company transferred its excess liquidity as treasury applications with Sonae SGPS at Euribor flat, with the exception of the excess liquidity from its bond issue that is earning a higher rate of Euribor plus 20 basis points.

On 16 December 2003, 30 July 2004 and 2 August 2005, Sonaecom signed agreements with Sonae Investments BV and Sonae SGPS to cover the execution and hedging of its MTIP and related obligations. In turn, the Group has entered into mirror agreements with its subsidiaries to pass on the corresponding commitments.

APPENDIX

1. Qualifications of the Board of Directors

Belmiro Mendes de Azevedo

Date of Birth:

17 February 1938

Academic and Professional Qualifications:

Degree in Industrial-orientated Chemical Engineering from the Faculty of Engineering of Porto University; PMD from Harvard Business School; attended Financial Management Programme of Stanford University.

Professional Experience:

Chairman of the Board of Directors and CEO of Sonae SGPS; Member of the European Round Table of Industrialists; Member of the International Advisory Board of Harvard Business School; Member of the Board of Cotec Portugal.

Responsibilities at Sonaecom:

Non-Executive Director and Chairman of the Board of Sonaecom; Chairman of the Board Nomination and Remuneration Committee.

Duarte Paulo Teixeira de Azevedo

Date of Birth:

31 December 1965

Academic and Professional Qualifications:

Degree in Chemical Engineering from the École Polytechnique Fédérale de Lausanne; MBA from the Higher Institute of Business Studies of Porto University.

Professional experience:

Chairman of the Board of Directors of Optimus and Novis; Executive Director of Sonae SGPS; Executive Director of Sonae Indústria.

Responsibilities at Sonaecom:

CEO of Sonaecom; Member of the Board Nominations and Remunerations Committee.

Luís Filipe Campos Dias de Castro Reis

Date of Birth:

29 January 1962

Academic and Professional Qualifications:

Degree in Medicine from the Faculty of Medicine of Coimbra University; MBA in Business Management from the Higher Institute of Business Studies of Porto University; Doctorate in Economics from the Complutense University in Madrid; attended SEP - Stanford Executive Program at Stanford University.

Professional experience:

Executive Director of Optimus; Chairman of the Executive Committee of Novis.

Previously he has been an Executive Director of Modelo Continente; Chairman of Banco Universo; Marketing Director of Sonae Distribuição.

Responsibilities at Sonaecom:

Executive Director and COO of Sonaecom.

George Christopher Lawrie

Date of Birth:

13 October 1957

Academic and Professional Qualifications:

Degree with distinction in Business Studies and Finance from Thames University, in England.

Professional experience:

Non-Executive Director of Optimus and WeDo.

Previously Advisor to the Board of Directors and to the Executive Committee of Sonaecom; worked in investment banking in the areas of M&A, general advisory, equity capital markets and debt financing (covering Southern Europe); Director at Credit Suisse First Boston in its European Telecoms Group, Director at BZW; worked in Schroders in the banking and corporate finance divisions.

Responsibilities at Sonaecom:

Executive Director and CFO of Sonaecom.

Maria Cláudia Teixeira de Azevedo

Date of Birth:

13 January 1970

Academic and Professional Qualifications:

Degree in Business Studies from the Universidade Católica do Porto and MBA from INSEAD (Fontainebleu).

Professional experience:

Member of the General Council of Público; Executive Director of Sonaecom Sistemas de Informação (SSI)
Previously, she has been an Executive Director of Sonae Matrix Multimedia residential unit; Marketing Director of Optimus.

Responsibilities at Sonaecom:

Executive Director of Sonaecom and COO of Media and SSI.

Miguel Nuno Santos Almeida**Date of Birth:**

15 March 1967

Academic and Professional Qualifications:

Degree in Mechanical Engineering from the Faculty of Engineering of Porto University; MBA from the INSEAD, Fontainebleau.

Professional experience:

Executive Director of Optimus responsible for the areas of Marketing & Sales; Non-Executive Director of WeDo.
Previously, he has been Marketing Director of Modelo Continente.

Responsibilities at Sonaecom:

Executive Director of Sonaecom and COO of Optimus.

António Sampaio e Mello**Date of Birth:**

29 January 1955

Academic and Professional Qualifications:

Phd in Economics, London Business School; MBA, Columbia University; Master In Economics, Columbia University; B.Sc in Engineering, Technical University of Lisbon.

Professional experience:

Head of Corporate Finance of Banco Commercial Português; Head of Economic Research and Statistics of the Central Bank of Portugal; past president of the European Financial Management Association; board member of the US Financial Management Association; Professor at MIT; President of the Social Sciences and Humanities Commission at the Junta Nacional de Investigação Científica e Tecnológica.

Responsibilities at Sonaecom:

Independent Non-Executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

David Charles Denholm Hobley**Date of Birth:**

9 December 1946

Academic and Professional Qualifications:

Fellow of the Institute of Chartered Accountants of England and Wales.

Professional experience:

Managing Director of Deutsche Bank AG, London; Director of certain Orange Group companies.

Responsibilities at Sonaecom:

Non-Executive Director of Sonaecom; Member of the Board Audit and Finance Committee.

Gervais Gilles Pellissier**Date of Birth:**

14 May 1959

Academic and Professional Qualifications:

Degree in Business Law (Université Paris XI); graduation of HEC (International Management - joint program with Berkeley University and the University of Cologne).

Professional experience:

Member of France Telecom Group management Committee; responsible for France Telecom Group Spanish operational activities; Supervised the operational and geographic integration of France Telecom's businesses in Spain; Director of Bull Group.

Responsibilities at Sonaecom:

Non-executive Director of Sonaecom.

Jean-François René Pontal**Date of Birth:**

17 April 1943

Academic and Professional Qualifications:

Degree in Engineering from the Centre d'Études Supérieures des Techniques Industrielles, in France.

Professional experience:

Previously, he has been CEO of the Spanish branch of Carrefour - PRYCA; Member of the Board of Directors of Carrefour; Group Executive Vice-President in charge of Mass Market Products & Services of France Telecom; CEO of Orange.

Responsibilities at Sonaecom:

Independent Non-Executive Director of Sonaecom; Chairman of the Board Audit and Finance Committee; Member of the Board Nomination and Remuneration Committee.

2. Other offices held by members of the Board of Directors

Belmiro Mendes de Azevedo

Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

Other Offices held:

Efanor Investimentos, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Modelo Continente, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Praça Foz - Sociedade Imobiliária, S.A. (Chairman of the Board of Directors, Non-Executive)
 Setimanale, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonae, SGPS, S.A. (Chairman of the Board of Directors and CEO)
 Sonae Capital, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonae Sierra, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonae Indústria, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)

Duarte Paulo Teixeira de Azevedo

Offices held in companies in which Sonaecom is a shareholder:

Novis Telecom, S.A. (Chairman of the Board of Directors)
 Optimus - Telecomunicações, S.A. (Chairman of the Board of Directors)
 Público Comunicação Social, S.A. (Member of the General Council)
 Profimetrics - Software Solutions, S.A. (Chairman of the Board of Directors)
 Sonae Matrix Multimédia, SGPS, S.A. (Chairman of the Board of Directors)
 Sonae Telecom, SGPS, S.A. (Chairman of the Board of Directors)
 Sonaecom - Sistemas de Informação, SGPS, S.A. (Chairman of the Board of Directors)
 WeDo Consulting - Sistemas de Informação, S.A. (Chairman of the Board of Directors)

Other Offices held:

Efanor Investimentos, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Glunz, A.G. (Member of the Board of Directors, Non-Executive)
 Imparfin, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Migracom, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Modelo Continente, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Praça Foz - Sociedade Imobiliária, S.A. (Member of the Board of Directors, Non-Executive)
 Sonae, SGPS S.A. (Member of the Board of Directors, Executive)
 Sonae Indústria, SGPS, S.A. (Member of the Board of Directors, Executive)
 Tableros de Fibras, S.A. (Chairman of the Board of Directors, Non-Executive)

George Christopher Lawrie

Offices held in companies in which Sonaecom is a shareholder:

Optimus - Telecomunicações S.A. (Member of the Board of Directors, Non-Executive)
 Sonae Matrix Multimédia, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 WeDo Consulting - Sistemas de Informação, S.A. (Member of the Board of Directors, Non-Executive)

Other offices held:

Does not hold any office in any other company

Luís Filipe Campos Dias de Castro Reis

Offices held in companies in which Sonaecom is a shareholder:

Novis Telecom, S.A. (Member of the Board of Directors, Executive)

Optimus - Telecomunicações S.A. (Member of the Board of Directors, Non-Executive)
 Optimus Towering - Gestão de Torres de Telecomunicações, S.A. (Chairman of the Board of Directors, Executive)
 Público - Comunicação Social, S.A. (Member of the General Council)
 Sona Matrix Multimédia, SGPS, S.A. (Member of the Board of Directors, Executive)
 Sona Telecom, SGPS, S.A. (Member of the Board of Directors)
 Sonaecom - Sistemas de Informação, SGPS, S.A. (Member of the Board of Directors, Executive)
 WeDo Consulting - Sistemas de Informação, S.A. (Member of the Board of Directors)

Other offices held:

Does not hold any office in any other company.

Maria Cláudia Teixeira de Azevedo

Offices held in companies in which Sonaecom is a shareholder:

Digitmarket - Sistemas de Informação, S.A. (Chairman of the Board of Directors)
 Mainroad - Serviços de Tecnologias de Informação, S.A. (Chairman of the Board of Directors)
 Miauger - Organização e Gestão de Leilões Electrónicos, S.A. (Chairman of the Board of Directors)
 Netmall, SGPS, S.A. (Chairman of the Board of Directors)
 Público Comunicação Social, S.A. (Member of the General Council)
 Profimetrics - Software Solutions, S.A. (Member of the Board of Directors)
 Saphety Level - Trusted Services, S.A. . (Chairman of the Board of Directors)
 Sonaecom Sistemas de Informação, S.A. (Member of the Board of Directors)
 WeDo Consulting, Sistemas de Informação, S.A. (Member of the Board of Directors)

Other offices held:

Altitude - Sociedade Gestora de Participações Sociais, S.A. (Member of the Board of Directors, Non-Executive)
 Efanor - Serviços de Apoio à Gestão, S.A. (Member of the Board of Directors, Non-Executive)
 Efanor Investimentos, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Fundação Belmiro de Azevedo (Member of the Board of Directors, Non-Executive)
 Imparfin, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Linhacom, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Praça Foz - Sociedade Imobiliária, S.A. (Member of the Board of Directors, Non-Executive)

Miguel Nuno Santos Almeida

Offices held in companies in which Sonaecom is a shareholder:

Optimus - Telecomunicações, S.A. (Member of the Board of Directors, Executive)
 Optimus Towering - Gestão de Torres de Telecomunicações, S.A. (Member of the Board of Directors, Executive)
 Per-Mar, Sociedade de Construções, S.A. (Member of the Board of Directors, Executive)
 We Do Consulting - Sistemas de Informação, S.A. (Member of the Board of Directors, Non-Executive)
 Sona Telecom, SGPS, S.A. (Member of the Board of Directors, Non-Executive)

Other offices held:

Does not hold any office in any other company.

António Sampaio e Mello

Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:

Robert W. Baird (Member of the Board of Directors)
 Nakoma Capital Management (Member of the Board of Directors)
 Centrad Healthcare (Member of the Board of Directors)
 Casb (Member of the Board of Directors)

David Charles Denholm Hobley

Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company of which Sonaecom is a shareholder.

Other offices held:

Egyptian Company for Mobile Services SA (Member of the Board of Directors)
 Mobinil SA (Member of the Board of Directors)
 Nectar Capital LLC (Member of the Board of Directors)

Orange Global Limited, (Member of the Board of Directors)
Orange Brand Services Limited (Member of the Board of Directors)
Orange Romania SA (Member of the Board of Directors)
Telit plc, (Member of the Board of Directors)
Westgate Nominees Hall Limited (Member of the Board of Directors)
Velti plc (Member of the Board of Directors)
Deutsche Bank AG, London Branch (Managing Director)

Gervais Gilles Pellissier

Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

Other offices held:

Silicomp Group (Member of the Board of Directors)
France Telecom Spain (Member of the Board of Directors)
Studio 37 (Member of the Board of Directors)
Bull (Member of the Board of Directors)

Jean-François René Pontal

Offices held in companies in which Sonaecom is a shareholder:

Does not hold any office in any company in which Sonaecom is a shareholder.

Other Offices held:

Ing Direct, France (Member of the Advisory Board)
Oger Telecom, Dubai (Member of the Board of Directors, Non-Executive)
South Wing, Spain (Member of the Board of Directors, Non-Executive)

3. Article 447, 448 and qualified holdings

Article 447

Appendix in accordance with article 447 of the Portuguese Company Law.

Shares held by the Board of Directors and respective transactions during 2006

		Additions		Reductions		Balance at 31.12.2006
	Date	Quantity	Medium value €	Quantity	Medium value €	Quantity
BOARD OF DIRECTORS						
Belmiro Mendes de Azevedo						
Efanor Investimentos, SGPS, SA (1)						49,999,997
Sonae, SGPS, SA (4)						14,901
Sonaecom, SGPS, SA						75,537
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (3)						150,000
Sonae, SGPS, SA (4)						596,909
Shares attributed under the Medium Term Incentive Plan	11.05.2006	236,318	0,00			
Sonaecom, SGPS, SA						387,342
Shares attributed under the Medium Term Incentive Plan	13.03.2006	71,547	0,00			
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (3)						150,000
Sonae, SGPS, SA (4)						342,287
Shares attributed under the Medium Term Incentive Plan	11.05.2006	15,632	0,00			
Sonaecom, SGPS, SA						13,654
George Christopher Lawrie						
Sonaecom, SGPS, SA						208,000
Luís Filipe Campos Dias de Castro Reis						
Sonae, SGPS, SA (4)						-
Shares attributed under the Medium Term Incentive Plan	11.05.2006	97,218	0,00			
Sale	12.05.2006			97,218	1.34	
Miguel Nuno Santos Almeida						
Sonae, SGPS, SA (4)						-
Shares attributed under the Medium Term Incentive Plan	11.05.2006	39,799	0,00			
Sale	23.05.2006			39,799	1.28	
Sonaecom, SGPS, SA						18,903

Notes:

	Additions		Reductions		Balance at 31.12.2006	
	Date	Quantity	Medium value €	Quantity	Medium value €	Quantity
(1) Efanor Investimentos, SGPS, SA						
Sonae, SGPS, SA (4)						658,804,410
Pareuro, BV (2)						20,000
Sonaecom, SGPS, SA						1,000
(2) Pareuro, BV						
Sonae, SGPS, SA (4)						400,000,000
(3) Imparfin, SGPS, SA						
Sonae, SGPS, SA (4)						4,105,273
(4) Sonae, SGPS, SA						
Sonaecom, SGPS, SA						46,572,998
Sonae Investments, BV (5)						40
(5) Sonae Investments, BV						
Sonaecom, SGPS, SA						143,596,649

Article 448

Appendix in accordance with article 448 of the Portuguese Company Law.

Article 448 of the Portuguese Company Law

	Number of shares as of 31 December 2006
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	658,804,410
Pareuro, BV	20,000
Sonaecom, SGPS, SA	1,000
Pareuro, BV	
Sonae, SGPS, SA	400,000,000
Sonae, SGPS, SA	
Sonaecom, SGPS, SA	46,572,998
Sonae Investments, BV	40
Sonae Investments, BV	
Sonaecom, SGPS, SA	143,596,649
Wirefree Services Belgium, S.A.	
Sonaecom, SGPS, SA	70,276,868
093X - Telecomunicações Celulares, SA	
Sonaecom, SGPS, SA	29,150,000
Atlas Services Belgium, S.A.	
Sonaecom, SGPS, SA	-

Qualified holdings

In compliance with sub-paragraph e), of nr 1, of the article 8 of the Securities Market Regulation Board (Regulamento da CMVM) nr 04/2004.

Qualified Holdings as of 31 December 2006

Shareholder	Number of Shares	% Voting Rights
Efanor Investimentos, SGPS, SA	1,000	0.00%
Sonae, SGPS, SA	46,572,998	12.72%
Sonae Investments, BV	143,596,649	39.21%
Belmiro Mendes de Azevedo ^{1, 3, 4}	75,537	0.02%
Duarte Paulo Teixeira de Azevedo ^{1, 3, 4}	387,342	0.11%
Maria Cláudia Teixeira de Azevedo ^{3, 4}	13,654	0.00%
Ângelo Gabriel Ribeiro dos Santos Paupério ^{1, 2}	60,070	0.02%
Álvaro Carmona e Costa Portela ¹	5,000	0.00%
093X - Telecomunicações Celulares, SA	29,150,000	7.96%
Imputable amount	219,862,250	60.03%
France Telecom, S.A		
Wirefree Services Belgium, S.A.	70,276,868	19.19%
Imputable amount	70,276,868	19.19%
Credit Suisse Securities (Europe) Ltd ⁵	9,622,208	2.63%
Brahman Capital Corporation ⁶	7,877,195	2.15%
Imputable amount	17,499,403	4.78%

(1) Member of the Board of Directors of Sonae, SGPS, SA; (2) Member of the Board of Directors of Sonae Investments, BV; (3) Member of the Board of Directors of Efanor Investimentos, SGPS, SA; (4) Member of the Board of Directors of Sonaecom, SGPS, SA; (5) In accordance with information on 14 December 2006; (6) In accordance with information on 13 October 2006.

COMPLEMENTARY INFORMATION TO THE CONSOLIDATED ANNUAL REPORT 2006

1 - Corporate Governance Report

a) Identification of the Market Relations Representative

David Graham Shenton Bain

Tel: (+351) 93 100 22 70

Fax: (+351) 93 100 22 29

E-mail: david.bain@sonae.com

b) List of incompatibilities defined internally by the Board of Directors and the maximum number of offices held by members of the Board of Directors in other companies.

There is neither an internal definition of incompatibilities nor a maximum number of offices held by members of the Board of Directors in other companies.

c) Date of the first appointment and of the office term of each member of the Board of Directors

The date of the first appointment of the members of the Board of Directors identified in the Annual Report is as follows:

Belmiro Mendes Azevedo: October 1997

António Sampaio e Mello: July 2006

David Charles Denholm Hobley: September 2005

Gervais Gilles Pellissier: July 2006

Jean-François René Pontal: July 2003

Duarte Paulo Teixeira de Azevedo (CEO): September 1998

George Christopher Lawrie: April 2003

Luís Filipe Campos Dias Reis: March 2000

Maria Cláudia Teixeira de Azevedo: April 2006

Miguel Nuno Santos Almeida: April 2005

The date of the office term of the members of the Board of Directors is the same as for all Governing Bodies and the current mandate is from 2004 until 2007.

SAFE HARBOUR

This document may contain forward-looking information and statements, based on management's current expectations or beliefs. Forward-looking statements are statements that are not historical facts.

These forward-looking statements are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; and the effects of competition. Forward-looking statements may be identified by words such as "believes," "expects," "anticipates," "projects," "intends," "should," "seeks," "estimates," "future" or similar expressions.

Although these statements reflect our current expectations, which we believe are reasonable, investors and analysts are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. You are cautioned not to put undue reliance on any forward-looking information or statements. We do not undertake any obligation to update any forward-looking information or statements.

Report available in Sonaecom's institutional website
www.sonae.com

Media and Investor Contacts

Isabel Borgas
Public Relations Manager
isabel.borgas@sonae.com
Tel: 351 93 100 20 20

Patrícia Mendes
Investor Relations Manager
patricia.mendes@sonae.com
Tel: 351 93 100 22 23

Sonaecom SGPS, SA
Rua Henrique Pousão, 432 - 7º
 piso
4460-841 Senhora da Hora
Portugal