



Sonaecom, SGPS, S.A.

a listed company

Registered Office: Lugar do Espido - Via Norte, Maia, Portugal
Registered at the Commercial Registry Office of Maia, Portugal,
under Unique Registration Number: 502 028 351
Share capital: €366,246,868.00

and

Sonaecom B.V.

Registered Office: De Boelelaan, 7, 1083 HJ, Amsterdam, The Netherlands
Registered at the Chamber of Commerce of Amsterdam, The Netherlands,
under number 34 243 137
Share capital: € 100,000.00

**ANNOUNCEMENT FOR THE LAUNCH OF A GENERAL TENDER OFFER FOR THE
ACQUISITION OF SHARES REPRESENTING THE SHARE CAPITAL OF PORTUGAL
TELECOM, SGPS, S.A.**

In accordance with and for the purpose of articles 123 of the Portuguese Securities Code, Sonaecom, SGPS, S.A. Sonaecom, B.V. hereby launch a general tender offer for the acquisition of the shares representing the share capital of Portugal Telecom, SGPS, S.A. (hereinafter referred to as the "Offer"), pursuant to the terms and conditions contained in this announcement and in the offer documents:

1. The offerors are Sonaecom, SGPS, S.A., a public company with its head office in Lugar do Espido, Via Norte, Maia, registered at the Commercial Registry Office of Maia, Portugal, under Unique Registration Number: 502 028 351, with a fully paid-up share capital of 366,246,868 Euros, and Sonaecom, B.V, with registered office at De Boelelaan, 7, 1083 HJ, Amsterdam, The Netherlands, registered at the Chamber of Commerce of Amsterdam, The Netherlands, under number 34 243 137, with a share capital of 100,000.00 Euros (hereinafter referred to as the "Offerors").
2. The target company is Portugal Telecom, SGPS, S.A., a public company, with its head-office in Avenida Fontes Pereira de Melo, 40, Lisbon, registered at the Commercial Registry Office of Lisbon under the Unique Registration number 503 215 058 with a fully paid-up share capital of 395,099,775.00 Euros (hereinafter referred to as "PT" or the "Target Company").
3. The Financial Intermediary acting on behalf of the Offerors and providing assistance services in relation to the Offer, in accordance with and for the purpose of article

113, no. 1, paragraph b) of the Portuguese Securities Code is Banco Santander de Negócios Portugal, S.A., with its head office in Avenida Engenheiro Duarte Pacheco, Amoreiras, Tower 1, 6th floor, 1099-024 Lisbon, registered with the Commercial Registry Office of Lisbon under the Unique Registration number no. 502 519 215 and with a fully paid-up share capital of 26,500,000 Euros.

4. The securities that are the object of the Offer are the 1,128,856,500 shares representing the share capital of the Target Company (hereinafter referred to as the "Shares").
5. The Offer is general and voluntary and the Offerors undertake, in accordance with this announcement, to acquire the totality of the Shares that are the object of acceptance within the Offer. Sonaecom SGPS, S.A. will acquire approximately 0.44% of the tendered Shares and the remaining Shares will be acquired by Sonaecom B.V.. The percentage of Shares to be acquired by Sonaecom may be reduced, if necessary for Sonaecom B.V. to hold, subsequently to the Offers, either more than 50% or more than 66.66% of the share capital of PT.
6. Shares will only be the object of acceptance within the Offer if they are fully paid-up, with all inherent rights attached and free from any encumbrances, charges or liabilities, as well as free from any restrictions or obligations, notably in relation to the corresponding economic and/or politic rights or their transferability.
7. Concurrently with this Offer, the Offerors have launched an offer in the U.S. (the "U.S. Offer") for all the ADSs, each ADS representing one Share, wherever the holders are located, and for all Ordinary Shares held by U.S. holders, in both cases under the terms of the applicable securities laws and regulations of the United States. Under the U.S. Offer, U.S. holders of Shares will receive the same consideration offered under the Portuguese Offer for each Share and holders of ADSs will receive the U.S. dollar equivalent to the consideration offered under the Portuguese Offer for each Share. The Bank of New York has established an American Depositary Receipts ("ADR") program in the United States with respect to the ADSs and is the custodian under the program.
8. ADS holders, each ADS representing one Share, that wish to tender their Shares under the Portuguese Offer or, in the case of U.S. holders, under the U.S. Offer, as applicable should obtain the Shares through The Bank of New York, depository of the ADSs. Sonaecom recommends that holders wishing to convert their ADSs contact the broker, bank, trust, agent or any other financial intermediary with which they have their ADSs to determine the necessary procedures.
9. The acceptance of the Offer by addressees that in relation to it are subject to a foreign law is conditioned to compliance with the respective legal requirements.
10. The offered consideration shall be an amount of 9.50Euros (nine Euros and fifty cents) for each Share and will be made available on the third business day following the date of the special session of Euronext Lisbon that assesses the results of the Offer.
11. The term for the Offer will be from 8:30 Portuguese time on January 16, 2007 to 16:30 Portuguese time on March 9, 2007.

12. Without prejudice to point 13. below, the Offer shall be subject to the fulfilment, up to the term of the Offer period, of the following conditions:
- a) acquisition by the Offerors pursuant to the Offer and to the U.S Offer, of a number of Shares which, in addition to the Shares held by the Offerors and members of the Sonae Group and to the Ordinary Shares and ADSs that are accepted under the U.S. Offer, represent more than 50% of the share capital of PT;
 - b) approval by the General Shareholders Meeting of PT, which may be conditioned on the success of the Offers, of the acquisition by the Offerors of more than 10% of the Target Company's share capital, in accordance with article 9 of PT's articles of association without providing for any other limitation;
 - c) amendment of the articles of association of PT, which may be conditioned on the success of the Offers, removing all limitations on the voting rights of PT share capital held by a single shareholder acting for itself or on behalf of other shareholders; and
13. The Preliminary Announcement also included as a condition to the Offers "the amendment to PT articles of association, subject to the success of the Offer, so that the privileges inherent to class A Shares are eliminated, or are limited so that such privileges' may not be invoked against actions or operations for the execution of the Reorganization (as defined below), or waiver by the holders of such class A Shares to the exercise of such privileges, under the same terms, or the approval of such actions and operations or acceptance of the PT Offers by the holders of the class A Shares, always assuming and to the extent that such actions and operations are required to be approved by the general meeting of PT shareholders". "Reorganization" means all the actions deemed necessary by Sonaecom (i) to dispose of one of the fixed networks held by PT to a third party, (ii) to merge, consolidate or by any other means integrate the business and operations of Optimus and TMN, and (iii) for the PT Group to terminate or amend all the partnerships with Telefónica Group pursuant to the terms of the internationalization strategy of Sonaecom described under section 2.8.2 of the Prospectus. Since the Preliminary Announcement date, it has been confirmed by PT to CMVM that the actions deemed necessary for the Reorganization do not require approval by the general meeting of PT shareholders. Accordingly, we have withdrawn this condition, assuming that until the expiration of the offers, no resolution will be adopted at a general meeting of PT shareholders that would require an approval by the general meeting of PT shareholders of the Reorganization, in whole or in part. If such a resolution is adopted, the condition in question will be immediately and automatically reinstated.
14. For all due purposes, it is hereby referred that the decision to launch the Offer has been based on the assumption that, between the date hereof and the term of the Offer period, none of the following events shall occur with a material impact on the patrimonial, economic and financial situation of the Target Company on a consolidated basis:
- i. approval of resolutions by the competent corporate bodies of the Target Company, or of companies that are in a control or group relation (*relação*

de domínio ou de grupo) with the Target Company, with head-offices in Portugal or abroad (hereinafter referred to as “companies in a control or group relation”), for the purpose of:

- issue shares, bonds or other securities or equivalent rights that grant the right to subscribe for or to acquire shares of the Target Company;
 - issue shares, bonds or other securities or equivalent rights that grant the right to subscribe for or to acquire shares of companies in a control or group relationship with the Target Company in an amount in excess of €100 million;
 - wind up, merge or spin-off or change the form of any member of the PT Group with a value greater than €100 million;
 - amend the articles of association or other similar organizational documents of any member of the PT Group, except for any amendment related to the satisfaction of the conditions of the Offer;
 - redeem or otherwise cancel shares issued by a member of the PT Group;
 - acquire, transfer or create encumbrances or agree to acquire, transfer or create encumbrances on shares issued by the Target Company, unless in compliance with any agreement with respect to the foregoing that was undertaken and publicly announced prior to the Date of the Preliminary Announcement;
 - acquire, transfer or create encumbrances or agree to acquire, transfer or create encumbrances on holdings in other companies valued at greater than €100 million, unless in compliance with obligations undertaken and publicly announced prior to the Date of the Preliminary Announcement and of public knowledge;
 - transfer or create encumbrances or agree to transfer or to create encumbrances on assets of any member of the PT Group valued at greater than €100 million, including by selling or transferring (*trespassar ou ceder*) or promising to sell or transfer the ownership, use or development of a business (*estabelecimentos*) of companies in a control or group relationship with the Target Company, unless in compliance with obligations undertaken and publicly announced prior to the Date of the Preliminary Announcement;
- ii. filling up vacancies of members of the corporate bodies of the Target Company or of companies in a control or group relation without ensuring that the designated members may be removed without due cause (*sem justa causa*) against the payment of a compensation which amount shall not exceed the corresponding yearly remuneration;
 - iii. the removal of other members of the corporate bodies of the Target Company or of companies in a control or group relation being subject to the payment of compensations in an amount higher than that of the corresponding remuneration not yet due up to the expiry of the respective office period;
 - iv. the total remuneration of the members of each of the corporate bodies of the Target Company or of companies in a control or group relation for

- year 2006 and following years exceeding the total remuneration of the members of the same corporate body during 2004, except in relation to a yearly increase of no more than 10 per cent.;
- v. performance of any acts by the Target Company or by companies in a control or group relation which are not within the ordinary management or which violate the neutrality duty of the management body provided for in article 181, no. 2, paragraph d) of the Portuguese Securities Code;
 - vi. material negative patrimonial changes of the Target Company or of companies in a control or group relation that do not arise from the ordinary course of business by reference to the situation evidenced in the respective Management Reports and Accounts released in relation to December 31, 2004 or, if available, in relation to the latest half-year or quarter balance sheet released following said date;
 - vii. awareness of events that may materially influence the valuation of the Shares but that had not yet been made public up to the Date of the Preliminary Announcement.
15. In addition, the decision to launch the Offer has been based on the assumption that, except in relation to the information available in the accounting documentation of the Target Company prior to the date hereof and to the information that has been disclosed by the Target Company also up to this date, there is not any provision of any agreement, contract or other instrument to which the Target Company or companies in a control or group relation (the first and the latter hereinafter referred to as “members of the Group of the Target Company”) are a party to pursuant to which, as a result of the launching of the Offer or of the acquisition or proposal to acquire, all or part, of the Shares by the Offerors and with a material impact on the patrimonial, economic and financial situation of the Target Company on a consolidated basis:
- a) any loan or debt of any members of the Group of the Target Company that is not yet immediately due, becomes due or may be declared as immediately due or the ability of any of those members to contract loans or debts is withdrawn or limited;
 - b) is permitted the creation of (or becomes effective) any rights or encumbrances for the benefit of third parties over all or part of the business or assets of any member of the Group of the Target Company;
 - c) any agreement, right or obligation of any member of the Group of the Target Company terminates or is negatively modified or affected;
 - d) the interest or the business of the Offerors, of companies in a control or group relation (*relação de domínio ou de grupo*) with the Offerors or of a member of the Group of the Target Company in or with, respectively, any person, firm, company or body terminates or is materially and negatively modified or affected;
 - e) any member of the Group of the Target Company ceases to be able to carry out its business using its current name.
16. In the event that the Offerors come to hold Shares that exceed 90 per cent. of the voting rights corresponding to the share capital of the Target Company, as a result of the Offer or other operations permitted by law and with relevance for the calculation of such percentage, the Offerors admit to make use of the compulsory acquisition mechanism provided for in article 194 of the Portuguese Securities Code, which shall cause the Shares to be immediately withdrawn from negotiation in a regulated market. The re-listing of the Shares shall be prohibited for a period of one year.

17. The prospectus is available for consultation in the head-office of Banco Santander de Negócios Portugal, SA, in the head-office of Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. and on the website of the CMVM at www.cmvm.pt. A hard copy of the prospectus will be delivered to the holders of Shares upon request and will be available free of charge at the registered offices of Sonaecom, SGPS, S.A..
18. The results of the Offers will be assessed at the special session of Euronext Lisbon to be convened for March 12, 2007. Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. is responsible for making public the results of the Offer.
19. The Offer was the object of a prior registration with Comissão do Mercado de Valores Mobiliários under the nº 9157.

Porto, January 12, 2007

The Offerors

Sonaecom, SGPS, S.A.
Sonaecom B.V.

The Financial Intermediary

Banco Santander de Negócios Portugal, SA