



SONAECOM, S.G.P.S., S.A.
Sociedade Aberta
Sede: Lugar do Espido, Via Norte, Maia
Pessoa Colectiva nº 502 028 351
Matriculada na Conservatória de Registo Comercial
da Maia sob o nº 502 028 351
Capital Social Euro 366 246 868

ANNOUNCEMENT

Sonaecom, SGPS, S.A. hereby informs that the Board of Directors approved today a share capital increase that is conditional upon the registration, launch and success of the General Tender Offer over the shares and convertible bonds of Portugal Telecom, SGPS, S.A. currently in place.

The terms of such capital increase are the following:

1. The Board of Directors unanimously approved, in accordance with paragraph 3 of Article 5 of the Articles of Association, the share capital increase of the company from €366.246.868,00 to € 1.866.246.868,00, by new entries in cash of €1.500.000.000,00;
2. The share capital increase will be made by means of the issue of 1.500.000.000 new ordinary bearer shares with the nominal value of €1,00 each;
3. The shares to be issued in the share capital increase will be underwritten by those persons/entities who are the shareholders of the company as of the date of the success of the General Tender Offer mentioned above and that choose to exercise their legal pre-emption right;
4. The shares to be issued in the share capital increase will be fully paid-up in cash, for the amount of €1.00 each by the date of registration of the share capital increase with the Commercial Registration Office.

Maia, 26 October 2006.

The Board of Directors,