



CORPORATE GOVERNANCE REPORT 2007

1. Our Governance

1.1. Corporate Governance Report

1.1.1. Declaration of Compliance

As at 31 December 2007, Sonaecom was compliant with all the CMVM Recommendations on Corporate Governance applicable to 2007, with the exception of the second part of Recommendation IV-8 on the disclosure of the remuneration of the Board on an individual basis. In relation to Recommendation IV-9 on the independence of the Shareholders' Remuneration Committee members, we believe that we are compliant although one of the members of the Shareholders' Remuneration Committee is now represented by Duarte Paulo Teixeira de Azevedo, who is also the Chairman of the Board. Our belief is based on the fact that Duarte Paulo Teixeira de Azevedo is part of the Shareholders' Remuneration Committee in the capacity of CEO of the major shareholder of the Company, Sonae, SGPS, S.A. and not in that of Chairman of our Board, which means that he actually represents the interests of the major shareholder in the Shareholders' Remuneration Committee; this is exactly the purpose of the Shareholders' Remuneration Committee. In addition, he does not take part in any discussion or resolution where there is a conflict of interest with his role as Chairman of the Board. In particular, his own remuneration as a non-executive Chairman, which is not a significant value, is approved by the other independent member of the Shareholders' Remuneration Committee. In relation to Recommendation IV-6, on independent Non-Executive Directors, we believe that we are compliant, although one independent Non-Executive Director position has not yet been filled following the sad death of Loyola de Palacio del Valle Lersundi.

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, we continue to consider that individual disclosure for the Chairman and the CEO, together with separate averages and bands for the remaining Non-Executive and Executives Directors, is sufficient to assess each of the four main components of remuneration of our Board. Disclosure of the individual figures for every member of the Board of Directors is not yet current general practice in Portugal (less than 7% of listed companies in Portugal complied in their 2006 financial statements) and Sonaecom believes it is of marginal additional benefit to shareholders and the financial community. Our disclosure fully complies with the recommendations published by the Portuguese Institute of Corporate Governance in their "White Book".

CMVM's Recommendations on Corporate Governance (currently applicable)

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

1.1.2. New CMVM Recommendations on Corporate Governance

New CMVM recommendations on Corporate Governance were issued in September 2007 and should be complied with in 2008 Corporate Governance Reports (applicable from 01 January 2008)

NEW CMVM RECOMMENDATIONS	SONAECOM COMPLIANCE AS AT 31.12.2007
1. SHAREHOLDERS' GENERAL MEETINGS	
1.1. Board of the Shareholders' General Meeting	
1.1.1. The Chairman of the Board of the Shareholders' General Meeting shall be given adequate human and logistical resources, taking the financial position of the company into consideration.	YES
1.1.2 The remuneration of the Chairman of the Board of the Shareholders' General Meeting shall be disclosed in the annual corporate governance	YES

report.	
1.2. Participation at the Meeting	
1.2.1 The requirement to deposit or block shares before the General Meeting, contained in the Articles of Association, shall not exceed 5 working days.	YES
1.2.2 Should the General Meeting be suspended, the Company shall not require share blocking during the full period until the meeting is resumed, but shall apply the same period as for the first session.	YES
1.3. Voting and Exercising Voting Rights	
1.3.1. Companies should not impose any statutory restriction on postal voting.	YES
1.3.2. The statutory advance deadline for receiving voting ballots by post shall not exceed 3 working days.	YES
1.3.3. The Company's Articles of Association shall respect the one share-one vote principle.	YES
1.4. Quorum and Resolutions	
1.4.1. Companies shall not set a constitutive or deliberative quorum that exceeds the minimum required by Portuguese Company Law.	NO (We are not currently compliant, but are studying the advantages and disadvantage of reducing our quorum. We do not agree that no minimum quorum is advisable).
1.5. Attendance Lists, Minutes and Information on Resolutions Adopted	
1.5.1. The minutes of the Shareholders' General Meetings shall be made available to shareholders on the Company's website within a 5 day period, irrespective of the fact that such information may not be legally classified as material information. The lists of attendees, agendas items and resolutions adopted shall be kept in a historic file on the Company's website, covering meetings held for at least the last 3 years.	NO (We are not currently compliant, but are studying the advantages and disadvantage of implementing this)
1.6. Measures Relating to Changes in Control	
1.6.1. Measures aimed at preventing the success of takeover bids, shall respect the interests of the both the Company and its shareholders.	YES
1.6.2. In accordance with the principle established in the previous sub-paragraph, any Company that has Articles of Association with clauses that restrict or limit the number of votes that may be held or exercised by a single shareholder, either individually or acting in concert with other shareholders, shall also require that, at least once every five years, the continuation of such clauses must be ratified at a Shareholders' General Meeting, at which the quorum shall not exceed the legal minimum and all votes cast shall count, without applying any restriction.	YES
1.6.3. Defensive measures should not be adopted that automatically lead to a serious erosion in the value of the Company's assets, when there has been a change in control or a change in the Company's management, as this prevents the free transmission of shares and the ability of shareholders to evaluate those responsible for managing the Company .	YES
2. MANAGEMENT AND AUDIT BOARDS	
2.1. General Points	
2.1.1. Structure and Duties	
2.1.1.1. The Board of Directors shall, in its corporate governance report, assess the model adopted by the Company, by identifying any restrictions that are holding back performance and proposing actions to be taken that are judged to be appropriate to resolve them.	YES
2.1.1.2. Companies shall set up internal control systems in order to efficiently detect risks relating to the Company's activity, in order to protect its assets and keep its corporate governance transparent.	YES
2.1.1.3. The Board of Directors and Statutory Audit Board shall establish internal regulations, which shall be disclosed on the Company's website.	YES
2.1.2 Incompatibility and Independence	
2.1.2.1. The Board of Directors shall include a sufficient number of non-executive members to ensure that there is the capacity to effectively supervise, audit	YES

and assess the activity of the executive members.	
2.1.2.2. Non-executive members shall include an adequate number of independent members, taking into account the size of the Company and its shareholder structure, but this shall never be less than one quarter of the total number of Board members.	NO (We are not currently compliant, but will be once we have filled the vacancy on our Board)
2.1.3. Eligibility Criteria for Appointment	
2.1.3.1. Depending on the governance model adopted, the Chairman of the Statutory Audit Board, or of the Board Audit Committee or of the Financial Matters Committee shall be independent and possess the necessary skills to perform their duties.	YES
2.1.4. Policy on the Reporting of Irregularities	
2.1.4.1. The Company shall adopt a policy of reporting irregularities that allegedly occurred, which includes the following information: i) the means through which such irregularities may be reported internally, including the persons that are entitled to receive the reports; ii) how the report is to be handled, including confidential treatment, should this be requested by the reporter.	YES
2.1.4.2. General guidelines from this policy should be disclosed in the Corporate Governance Report.	YES
2.1.5. Remuneration	
2.1.5.1. The remuneration of the members of the Board of Directors shall be structured to be aligned with the interests of the shareholders. In this sense: i) The remuneration of Directors carrying out executive duties should include a variable component based on performance linked to a performance assessment that shall be carried out periodically by the governance body or committee appointed for this purpose; ii) the variable component shall be consistent with the maximization of the long term performance of the Company, and shall be dependent on sustainability of the variables adopted to measure performance; iii) non-executive members of the Board of Directors shall only receive fixed remuneration, unless the legal requirements dictate otherwise.	YES
2.1.5.2. The Shareholders' Remuneration Committee and the Board of Directors shall present to the Shareholders' Annual General Meeting a statement of the remuneration policy applied to Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other senior management ("dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The information to shareholders shall include the criteria and main indicators proposed to be used in assessing of performance and determining the variable component, independently of whether this in the form of bonuses paid in shares, share options, annual bonuses or other awards.	YES
2.1.5.3. At least one representative of the Shareholders' Remuneration Committee shall be present at the Shareholders' Annual General Meeting.	YES
2.1.5.4. A proposal shall be submitted to the Shareholders' General Meeting to approve plans to grant shares and/or share options or award compensation based on variations in share prices, to members of the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as to other senior management ("dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code. The proposal shall include all information necessary for an comprehensive assessment of the plan. The proposal shall be presented together with regulation that governs the plan or if this has not yet been prepared, the general conditions that will be applied. In the same way, the main characteristics of any retirement benefit plan that benefits the Statutory Governing Bodies (including the Board of Directors and Statutory Audit Board), as well as other senior management ("dirigentes") as defined in Article 248º-B, Clause 3 of the Portuguese Securities Code, shall also be approved at a Shareholders' General Meeting.	YES
2.1.5.5. The remuneration of the members of the Statutory Governing Bodies (including the Board of Director and Statutory Audit Board) shall be individually disclosed on an annual basis. Fixed and variable components must be disclosed separately, when applicable, as well as any other remuneration received from other companies within the same Group or from companies controlled by shareholders with qualifying share holdings.	NO (see explanations above in respect of current recommendation IV-8)

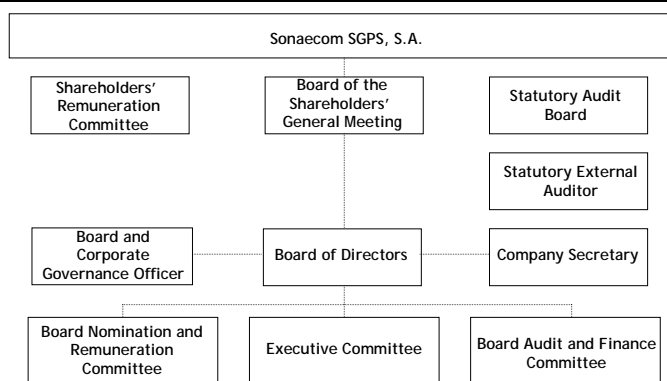
2.2. Board of Directors	
2.2.1. Within the limits established by Portuguese Company Law for each management and audit governance structure, and unless the Company is restricted by its size, the Board of Directors shall delegate the day-to-day running of the Company and the powers and terms of the delegation should be set out in the Corporate Governance Report.	YES
2.2.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives, and should not delegate its own responsibilities, including: i) definition of the Company's strategy and general policies; ii) definition of the corporate structure of the Group; iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	YES
2.2.3. Should the Chairman of the Board of Directors have an executive role, the Board of Directors shall set up efficient mechanisms to co-ordinate the work of the non-executive members, to ensure that they may take decisions in an independent and informed manner, and shall also explain these mechanisms to the shareholders in the Corporate Governance Report.	YES
2.2.4. The Annual Management Report shall include a description of the activity carried out by the non-executive Board Members and shall, in particular, report any restrictions that they encountered.	YES
2.2.5. The governing body responsible for management (Board of Directors) should promote the rotation of the Board member responsible for financial matters (CFO) at least at the end of every two mandates.	YES (We are currently compliant, but our CFO completes his second mandate at the 2008 AGM. We do not agree with this recommendation, which, as far as we are aware, is not even mentioned in any international corporate governance codes of guidelines on best practices)
2.3. Chief Executive Officer (CEO), Executive Committee and Executive Board of Directors	
2.3.1. When Directors, who carry out executive duties are requested by other Board Members to supply information, they shall provide answers in a timely manner with information that adequately responds to the request made.	YES
2.3.2. The Chairman of the Executive Committee shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the Board of the Directors and, when applicable, to the Chairman of the Statutory Audit Board or the Audit Committee.	YES
2.3.3. The Chairman of the Executive Board of Directors shall send the notices convening meetings and minutes of the respective meetings to the Chairman of the General and Supervisory Board and to the Chairman of the Financial Matters Committee.	YES
2.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Statutory Audit Board	
2.4.1. In addition to fulfilling its supervisory and verification roles, the General and Supervisory Board shall fulfil a role of advisor, as well as monitor and continually assess the management of the Company by the Executive Board of Directors. Amongst the other matters on which the General and Supervisory Board should opine are the following: i) definition of the strategy and general policies of the Company; ii) the corporate structure of the Group; and iii) decisions that are considered to be strategic due to the amounts, risks and special circumstances involved.	YES
2.4.2. The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall be disclosed on the Company's website together with the financial statements.	NO
2.4.3. The annual reports on the activity of the General and Supervisory Board, the Financial Matters Committee, the Audit Committee and the Statutory Audit Board shall include a description of the supervisory and verification work completed and shall, in particular, report any restrictions that they encountered.	YES

<p>2.4.4. The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted) shall represent the Company, for all purposes, in the relationship with the external auditor. This shall include proposing who will provide this service, their respective remuneration, and ensuring that the Company provides adequate conditions to allow them to deliver their service, as well as acting as the point of contact with the Company and being the first recipient of their reports.</p>	YES
<p>2.4.5. The Financial Matters Committee, the Audit Committee or the Statutory Audit Board (depending on the governance model adopted), shall assess the external auditor on an annual basis and propose to the Shareholders' General Meeting that the external auditor should be discharged, should justifiable grounds exist.</p>	YES
<p>2.5. Special Purpose or Specialised Committees</p>	
<p>2.5.1. Unless the Company is restricted by its size, the Board of Directors and the General and Supervisory Committee, depending on the governance model adopted, shall set up the necessary Committees in order to: i) ensure that a robust and independent assessment of the performance of the Executive Directors is carried out, as well as of its own overall performance and including the performance of all existing Committees; ii) consider the governance system adopted and assess its efficiency and propose to the respective bodies, measures to be implemented to achieve improvements.</p>	YES
<p>2.5.2. Members of the Shareholders' Remuneration Committee or alike, shall be independent from the Members of the Board of Directors.</p>	YES (see explanations above in respect of current recommendation IV-9)
<p>2.5.3. All Committees shall draw up minutes of the meetings they hold.</p>	YES
<p>3. Information and Auditing</p>	
<p>3.1. General Disclosure Requirements</p>	
<p>3.1.2. Companies shall ensure that permanent contact is maintained with the market, upholding the principle of equal treatment for all shareholders and avoiding any asymmetry in the access to information by investors. To achieve this, the Company shall set up an Investor Relations Office.</p>	YES
<p>3.1.3. The following information disclosed on the Company's Internet website, shall be available in English:</p> <ul style="list-style-type: none"> a) The Company, its listed company status, the registered office and the remaining information set out in Article 171 of Portuguese Company Law; b) Articles of Association; c) Identification of the members of the Statutory Governing Bodies and of the Representative for Relations with the Market; d) Investor Relations Office — its functions and contact details; e) Financial Statements; f) Half-Yearly Calendar of Company Events; g) Proposals presented to Shareholders' General Meetings; h) Notices convening Shareholders' General Meetings. 	YES

1.1.3. Composition of our Governing Bodies

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 share corresponds to one vote and, accordingly, shareholders have as many votes as the number of shares owned by them.

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 any person they may choose, 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 also 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 (forms are available on Sonaecom's website) must be received at least three days before the Shareholders' General Meeting at the Company's Registered Office by means of registered mail and must be addressed to the Chairman of the Board of the Shareholder's General Meeting, who 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 organised by a Board elected by Shareholders for a four-year mandate, comprised of a Chairman and a Secretary. The current mandate is from 2004 until 2007.

The Articles of Association of Sonaecom require that a minimum of 50% of the share capital of the Company is present or represented at Shareholders' General Meetings.

Board of the Shareholders' General Meeting

João Augusto Esmeriz Vieira de CastroChairman
António Agostinho Cardoso da Conceição GuedesSecretary

Shareholders' General Meetings are convened and conducted by the Chairman of its Board. Shareholders' General Meetings are held in two possible circumstances: (i) in ordinary session, at a date set by law (no later than the end of May) for the Shareholders' Annual General Meeting; (ii) in extraordinary session, whenever the Board of Directors or the Statutory Audit Board deem necessary or at the request of Shareholders, representing the legally required minimum percentage of the Company's share capital (currently 5%). During 2007, there was one Shareholders' General Meeting, held in an ordinary session on 2 May 2007, with 71.7% of the 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 Company's Registered 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 any proposals relating to changes to the Articles of Association.

Remuneration

The Chairman of the Shareholders' General Meeting receives a fixed annual fee of 5,000 euros and the Secretary a fixed annual fee of 1,500 euros.

Board of Directors

Composition

Under Sonaecom's Articles of Association, the Board of Directors may be composed of any number of members between three and eleven, elected at a Shareholder's General Meeting. Board mandates are of four years, with the possibility of re-election. The current Board mandate covers the period from 2004 to 2007, terminating at the 2008 Annual General Meeting. The Board of Directors shall elect its Chairman.

Board of Directors

Duarte Paulo Teixeira de 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
Angelo Gabriel Ribeirinho dos Santos Paupério.....	Executive – CEO
George Christopher Lawrie.....	Executive
Luís Filipe Campos Dias Reis.....	Executive
Maria Cláudia Teixeira de Azevedo.....	Executive
Miguel Nuno Santos Almeida.....	Executive

Sonaecom's Board of Directors is composed of eleven members, including Executive members and Non-Executive members. However, we have not completed the process of nominating a future Independent Non-Executive Director to replace Loyola de Palacio del Valle Lersundi, who sadly passed away in December 2006. Two of the Non-Executive Directors are independent, in the sense that they are not associated with any special interest groups connected to the Company or 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 that would allow him to be

formally classified as an Independent Director, due to the fact that he serves as an Independent Non-Executive Director within the France Telecom Group which owns a 19.2% stake in Sonaecom. However, Sonaecom regards him and considers 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.

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's Board of Directors exhibits a healthy balance between the total number of Non-Executive Directors and the number of Independent Non-Executive Directors.

Aligned with corporate governance best practice, a self-assessment of our Board was carried out in 2005, with the help of an independent external consultant. The follow-up actions identified and agreed were regularly monitored during 2006 and 2007 and have now been fully implemented. A new Board self-assessment process will be carried out during 2008, which will again be designed to evaluate corporate governance at the Board level and to review how the Board and the Board Committees function, both considering the Board "as a whole" and in terms of the individual contributions of each Board member.

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) but do not allow the Board to approve share capital increases, which must be approved at a Shareholders' General Meeting.

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. The month of the first appointment of each member of the Board of Directors is as follows:

Duarte Paulo Teixeira de Azevedo.....	September 1998
António Sampaio e Mello.....	July 2006
David Charles Denholm Hobley.....	September 2005
Gervais Gilles Pellisser.....	July 2006
Jean-François René Pontal.....	July 2003
Angelo Gabriel Ribeirinho dos Santos Paupério.....	April 2007
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 term of office the members of the Board of Directors is the same as for all Governing Bodies under the current 4 year mandate, which is from 2004 until 2007. New Governing Bodies will be elected at the 2008 Annual General Meeting.

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. 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.

For all Directors, a register of significant and relevant outside directorships and other significant roles or activities, as well as a register of all significant shareholdings held, is maintained by the Secretary to the Board. Significant and relevant new appointments, activities and shareholdings should be disclosed in writing before being entered into. These disclosures should describe any potential conflict of interest arising, as well as any steps to be undertaken to manage or eliminate the identified conflicts. Disclosures are assessed by the Board Nomination & Remuneration Committee ("BNRC") in the case of Directorships, Roles and Activities.

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 members call for a meeting. During 2007 there were 7 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 2007, the attendance rate at Sonaecom's Board meetings was 97%.

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 2007, there were 2 NED meetings and the attendance rate was 90%. There have been no restrictions on the scope of the NED's activities during 2007.

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, CFO and the Executive Directors of the Group's business 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	
Angelo Gabriel Ribeiro dos Santos Paupério.....	CEO
Luís Filipe Campos Dias Reis.....	Executive Director - Telco
George Christopher Lawrie.....	CFO
Maria Cláudia Teixeira de Azevedo.....	Executive Director - SSI/Media
Miguel Nuno Santos Almeida.....	Executive Director – Residential Market
António Lobo Xavier.....	Advisor to the Board - Legal, Regulation, PR, Fiscal
Pedro Ramalho Carlos.....	Advisor to the Board - Corporate and Wholesale Markets

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, guarantee or charge 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 (Sonaecom Group Management Levels G3 and above), in areas that do not require decisions from the Shareholders' Remuneration Committee ("Comissão de Vencimentos") or deliberations at Shareholders' 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 normally meets at least twice every month and whenever the CEO or a majority of its members call for a meeting. There were 21 meetings of the Executive Committee in 2007 and the attendance rate was 93%. 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.

The full Terms of Reference of the BAFC are available on the Company's website (www.sonae.com).

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

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 2007, 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") currently consists of two members and includes the Chairman of the Board of Directors and one Independent Non-Executive Director. The current composition is shown in the table below.

Board Nomination and Remuneration Committee	
Duarte Paulo Teixeira de Azevedo	Chairman - Non-Independent Non-Executive
Jean-François René Pontal.....	Independent Non-Executive

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, for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board of Directors, for the succession planning and for monitoring Sonaecom's talent management and contingency planning processes. 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.

The full Terms of Reference of the BNRC are available on the Company's website (www.sonae.com).

BNRC meetings

The BNRC meets at least twice a year and, whenever the Chairman or the Board of Directors deem necessary. There were 3 formal BNRC meetings during 2007 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 Board Members;
- (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.

The full job description of the BCGO is available on the Company's website (www.sonae.com).

Statutory Audit Board

Composition

Sonaecom's Statutory Audit Board is composed of the following members:

Statutory Audit Board	
Arlindo Dias Duarte Silva	Chairman
Armando Luís Vieira de Magalhães	
Óscar José Alçada da Quinta	
Jorge Manuel Felizes Morgado	Substitute

Role

Sonaecom's Statutory Audit Board's main responsibilities consist in auditing the Company's activities and management and supervising and monitoring compliance with the law and with the Company's Articles of Association.

The full Terms of Reference of the Statutory Audit Board are currently being finalised and will be disclosed on the Company's website (www.sonae.com).

Statutory Audit Board meetings

The Statutory Audit Board meets at least once every quarter. There were 5 formal Statutory Audit Board meetings during 2007 and the attendance record was 100%.

Remuneration

The Chairman of the Statutory Audit Board receives an annual fee of 8.000 euros and the other 2 members fees of 6.000 each. Each member also received an annual responsibility allowance of 6.000 euros during 2007.

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 João Luís Falua Costa da Silva.

Role

The Statutory External Auditor is responsible for verifying the accounts and all the financial documents of the Company and issuing a legal certification of the accounts and an audit report.

Shareholders' Remuneration Committee

Composition

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

Shareholders' Remuneration Committee

Sonae SGPS, S.A represented by.....	Duarte Paulo Teixeira de Azevedo ⁽¹⁾
Sonae Investments, BV, represented by.....	Bruno Walter Lehmann ⁽²⁾

(1) CEO of Sonae, SGPS, S.A.

(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, following the remuneration and other compensation policies approved by shareholders at the last Shareholders' General Meeting.

Bruno Walter Lehmann does not hold any office in the Company and is independent from the Board of Directors. The professional qualifications and experience of both representatives serving on the Shareholders' Remuneration Committee allow them to carry out their responsibilities effectively and rigorously.

The representative of the major shareholder does not take part in any discussion or resolution where there is a conflict of interests with his role as Chairman of the Board. In particular, his own remuneration as a non-executive Chairman, which is not a significant value, is approved by the independent member of the Shareholders' Remuneration Committee

Shareholders' Remuneration Committee meetings

This Committee meets at least once a year. There were 4 meetings during 2007 and the attendance record was 100%.

Remuneration

The Shareholder representatives on the Shareholders' Remuneration Committee did not receive any remuneration for their services during 2007. A shareholder proposal is expected to be presented to the Shareholders' 2008 Annual General Meeting to approve a remuneration basis for this Committee.

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.

1.1.4. Changes in Governing Bodies

During 2007, the structure and composition of Sonaecom's Governing Bodies changed as follows:

- (i) On 24 April 2007, following the resignation of Belmiro Mendes de Azevedo as Chairman of the Board and of Duarte Paulo Teixeira de Azevedo as CEO, the Board of Directors appointed the latter as Non-Executive Chairman of the Board and also co-opted Ângelo Gabriel Ribeirinho dos Santos Paupério to the Board and appointed him as CEO.
- (ii) Following the changes made to the Portuguese Company Law in 2006, a proposal to change the Company's Articles of Association was approved by the Shareholders' General Meeting on 2 May 2007. This resulted in the adoption of what is known as the "Reinforced Latin Model" corporate governance structure. Under this structure, a Statutory Audit Board ("Conselho Fiscal") was added to Sonaecom's statutory governing bodies with the composition explained above.
- (iii) At the same Shareholders' General Meeting, and for the same reason, the composition of the Board of the Shareholders' General Meeting was altered to the composition explained above.
- (iv) On 25 June 2007, António Lobo Xavier was appointed as the Representative for Relations with Capital Markets and the Portuguese Stock Exchange Authority.

1.1.5. Group remuneration policy

To promote initiative and build high levels of commitment, Sonaecom once again carried out its established annual performance appraisal process for all employees, during 2007, through which each individual's activity, performance and contribution to the organization's success was assessed and decisions were taken on the variable remuneration and other compensation to be attributed accordingly.

1.1.5.1. 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 Management Levels – "Grupos Funcionais" or "GF" 1 to 6), on 10 March of the following year, in the form of deferred compensation, under the Sonaecom Medium Term Incentive Plan¹ ("MTIP").

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

Sonaecom's MTIP is described in more detail in section 4.1.5.2 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 Management 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 Management Levels" for senior management were reorganised and simplified and former Levels 15 to 20 are now integrated into three Management Levels (GF1 or Group Senior Executive, GF2 or Senior Executive and GF3 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 criteria. During 2007, Sonaecom implemented this new model for all remaining employees, which were integrated in the Management Levels ("Grupos Funcionais") GF4 to GF9.

Annual Performance Bonus

The Annual 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 Management 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 Annual Performance Bonus and are normally objective indicators.

The remaining 30% of the Annual Performance Bonus is based on Personal KPIs, which are a mix of objective and subjective indicators. Annual 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 2007 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 Annual 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 2007,

in order to comply with best practice in corporate governance. The MTIP was approved by shareholders at the Annual General Meeting held on 2 May 2007.

1.1.5.2. 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 with Management Levels GF1 to GF6², are eligible to participate in the MTIP, as long they have entered the Company before the 31st of December of the year being evaluated or they are promoted to GF6, or higher, at the annual review process performed in the first quarter of that year.

The value awarded is determined by applying the following percentages to the Annual Performance Bonuses paid in respect of the last financial year, according to Sonaecom Management Levels:

Sonaecom Management Levels ("Grupos Funcionais")	Percentage of Annual Performance Bonus
GF6	Up to 70%
GF5	Up to 80%
GF4	Up to 90%
GF3	Up to 100%
GF2	Up to 100%
GF1	Up to 100%

For Sonaecom's most senior employees who are at Senior Executive Level or above (GF1 or GF2), up to 40% of the awards under the MTIP were linked to Sonae SGPS shares (the "Sonae SGPS Share Plans"), depending on the employee's Management Level. This link to Sonae SGPS share was introduced to promote cooperation, maximize synergies and promote the exchange of knowledge between the Company and Sonae SGPS, Sonaecom's controlling shareholder.

In the past, employees participating in the MTIP were given the alternative of choosing between deferred share options ("Sonaecom Share Options Plans") or deferred rights to 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 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. On vesting the shares, 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 from the Board Nominations and Remunerations Committee, has the option to pay the cash equivalent to the value of the shares at the vesting date.

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

The awards outstanding under the Sonaecom Share Plans in 2007 can be summarised as follows:

² Sonaecom Group Management Levels ("Grupos Funcionais" or "GF") 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 GF3 may be Executive Committee members of Sonaecom Group companies.

Sonaecom Share Plans outstanding during 2007

		Vesting period		Exercise period		At 31 December 2007	
	Share price at award date*	Award date	Vesting date	From	To	Aggregate number of participants	Number of options /shares
Sonaecom Options							
2002 Plan	1,694	31-Mar-03	10-Mar-06	13-Mar-06	09-Mar-07	-	-
2003 Plan	-	-	-	-	-	-	-
2004 Plan	-	-	-	-	-	-	-
2005 Plan	-	-	-	-	-	-	-
2006 Plan	-	-	-	-	-	-	-
Sonaecom Shares							
2003 Plan	3,190	31-Mar-04	09-Mar-07	-	-	-	-
2004 Plan	3,960	31-Mar-05	10-Mar-08	-	-	354	985.074
2005 Plan	4,093	10-Mar-06	09-Mar-09	-	-	377	877.964
2006 Plan	4,697	09-Mar-07	08-Mar-10	-	-	411	1,039.044

* Average share price for the month prior to the award date, except for the 2006 Plan for which the share price corresponds to the average share price between 3rd March and 5th April 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee.

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 2007, 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 (1)	Number of shares	Corresponding shares
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
Movements in the year					
Awarded	-	-	422	1,097,470	1,097,470
Vested	-	-	(349)	(1,178,485)	(1,178,485)
Vested early (2)	-	-	(3)	(111,500)	(111,500)
Exercisable	-	-	-	-	-
Exercised	(31)	(343,571)	-	-	(343,571)
Cancelled/Lapsed	(2)	(167,062)	(51)	(90,177)	(257,239)
Outstanding at 31.12.2007					
Exercisable	-	-	-	-	-
Unvested	-	-	1,142	2,902,082	2,902,082
Total	-	-	1,142	2,902,082	2,902,082

(1) The number of participants is the cumulative number for all plans. The participant in 3 plans counts as 3.

(2) For the CEO, the vesting of all deferred plans was anticipated and cash equivalents were paid on 31 December 2007, in lieu of the delivery of Sonaecom shares.

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

Awards under the Sonae SGPS Share Plans outstanding during 2007 can be summarised as follows:

Sonae SGPS Share Plans outstanding during 2007

		Vesting period		At 31 December 2007	
	Share price at award date*	Award date	Vesting date	Aggregate number of participants	Number of shares
Sonae SGPS Shares					
2003 Plan	0.93	31-Mar-04	09-Mar-07	-	-
2004 Plan	1.17	31-Mar-05	10-Mar-08	12	239,746
2005 Plan	1.34	10-Mar-06	09-Mar-09	12	125,779
2006 Plan	1.68	09-Mar-07	08-Mar-10	6	130,915

* The lower of the average share price for the month prior to the Annual General Meeting and the share price on the day after the Annual General Meeting, except for the 2006 Plan for which the share price corresponds to the average share price between 13rd February and 26th March 2007. This exception was due to the timing of the end of the Portugal Telecom bid and was approved by the Board Nomination and Remuneration Committee.

The number of awarded, unvested or vested, and cancelled, lapsed or adjusted Sonae SGPS shares under the MTIP in the year ended 31 December 2007, are shown in the following table:

Sonae SGPS shares under the MTIP

	Sonae SGPS shares	
	Aggregate number of participants (1)	Number of shares
Outstanding at 31.12.2006		
Unvested	38	911.350
Movements in the year		
Awarded	7	208.184
Vested	(12)	(369.317)
Vested early (2)	(3)	(269.616)
Cancelled/Lapsed/Adjusted (3)		15.839
Outstanding at 31.12.2007		
Unvested	30	496.440

(1) The number of participants is the cumulative number for all plans. The participant in 3 plans counts as 3.

(2) For the CEO, the vesting of all deferred plans was anticipated and cash equivalents were paid on 31 December 2007, in lieu of the delivery of Sonae SGPS shares.

(3) Adjustments are made to allow for the effects of dividends paid and changes in share capital.

MTIP hedging agreements and accounting impact

Sonaecom has hedged its MTIP and related obligations, up to and including the 2006 Plan. In respect of the Sonaecom shares plans, the 2004 plan is hedged through a contract with Sonae Investments BV. The 2005 and 2006 plans are hedged through own shares acquired in March 2007 and held by Sonaecom. Sonae SGPS shares plans have been hedged through a cash-settled share swap transaction, with an external party. Sonaecom has entered into agreements with its subsidiaries to recharge the corresponding hedging costs to each one of them.

The effect of the agreement relating to the 2004 Sonaecom shares plan (MTIP 2004) is that Sonaecom's liability is capped at a maximum share price of 3,22 euros per share (plus

interest that accrues on payments that are deferred). The total liability as at 31 December 2007 was 3,304,474 euros, which is included under "Other Liabilities" in Sonaecom's accounts.

The 2005 and 2006 Sonaecom shares plans (MTIP 2005 and MTIP 2006), hedged through the acquisition and holding of own shares, are treated as an equity-settled plan, as it involves the delivery of Sonaecom's own shares. As such, the liability is, at 31 December 2007, accounted for in Reserves, within Shareholders' Funds, based on the share price at the award date (4,02 euros and 4,80 euros for the MTIP 2005 and MTIP 2006, respectively). At 31 December 2007, the amount included in Sonaecom accounts relating to these plans is 3,231,169 euros.

The Sonae SGPS shares plans correspond to the delivery of Sonae SGPS shares, but, as they are attributed by Sonaecom and not by Sonae SGPS, the plans are treated as cash-settled plans. Considering the cash-settled share swap transactions implemented to hedge these plans, the liability is included under "Other Liabilities" capped at a maximum share price of 2 euros, 2,10 euros and 2,1868 euros for the MTIP 2004, 2005 and 2006, respectively. At 31 December 2007, the total amount provided is 691,243 euros.

The cost of Sonaecom's MTIP is recognised in the accounts over the respective deferral period for each annual plan. As at 31 December 2007, 21.9 million euros had been expensed as a cost (5.4 million euros during 2007 and 16.5 million euros in previous years). The remaining 0.3 million euros have not yet been expensed and have been deferred and accounted for as Other Costs.

1.1.5.3. Directors' remuneration and other compensation

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 following the remuneration and other compensation policies approved by shareholders at the Shareholders General Meeting. The composition and functioning of the Shareholders' Remuneration Committee is described in section 4.1.3. 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 Sonaecom and Sonae comparables;
- (iii) Individual appraisals of each Executive Director.

The Executive Directors remuneration and other compensation include Fixed Remuneration and an Annual Performance Bonus, and they also benefit from compensation under the MTIP, as described in Section 4.1.5.1. and 4.1.5.2. above.

CEO and Non-Executive Directors

Remuneration and other compensation for the CEO and remuneration for the Non-Executive Directors (excluding the Chairman) are based on proposals made by the Sonaecom Chairman.

The remuneration of the Chairman is decided by the other independent member of the Shareholders' Remuneration Committee.

For the CEO, the methodology used is the same as for the Executive Directors. Non-Executive Directors do not receive Annual Performance Bonuses nor do they participate in the Sonaecom MTIP.

For each Non-Executive Director, fixed remuneration assumes an agreed commitment of time during 2007, including the preparation and attendance of at least 5 Board Meetings each year. In addition, for External Non-Executive Directors who are Chairman of Board Committees their fixed remuneration is further increased by approximately 5%. Meeting attendance fees are payable for each meeting actually attended by each Non-Executive Directors as follows: Board meetings: 800 euros, BAFC meetings: 550 euros and BNRC meeting: 330 euros. The Chairman of the Board does not receive attendance fees for Board Committee meetings.

Additionally, an annual responsibility allowance is paid to each Non-Executive Director, which amounts to 6.000 euros in the first year of Board membership, 4.000 euros in the following years and 8.000 in the last year of service on the Board

The BNRC may define additional remuneration for specific projects allocated to individual NEDs by the Board or by the Board Committees.

On resignation of any member of the Board, it is Group policy to pay whatever compensation 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 annual performance bonuses (both computed on an accruals basis), was as follows during 2007 and 2006:

Directors' Remuneration – Fixed Remuneration and Annual Performance Bonuses

Amounts in euros	2007			2006		
	Fixed Remuneration	Annual Performance Bonus	Total	Fixed Remuneration	Annual Performance Bonus	Total
Individual breakdown						
Chairman (Non-Executive)	60,667	-	60,667	56,000	-	56,000
CEO (Executive)	422,393	273,600	695,993	357,663	332,200	689,863
Average of the remaining 4 Executive Directors (4 in 2006)(1)	223,414	111,950	335,364	205,700	130,475	336,175
Average of the remaining 4 Non-Executive Directors (5 in 2006) (2)	26,285	-	26,285	25,627	-	25,627
Aggregate						
Executive Directors (5 in 2007 and 5 in 2006)	1,316,049	721,400	2,037,449	1,180,462	854,100	2,034,562
Non-Executive Directors (5 in 2007 and 6 in 2006)	165,807	-	165,807	184,136	-	184,136
	1,481,855	721,400	2,203,255	1,364,598	854,100	2,218,698

(1) Maximum Individual Remuneration in 2007 (2006) represented 129% (133%) of average and minimum 80% (74%) of average; (2) Maximum Individual Remuneration in 2007 (2006) represented 139% (145%) of average and minimum 0% (0%) of average, as one Non-Executive Director was not remunerated.

In presenting the figures above, the proportional remuneration for each Board Member has been included, based on the time of their appointment.

Sonaecom's Non-Executive Directors do not receive annual performance bonuses. The annual performance bonuses of the Executive Directors in the table above represent the best estimates of those values for the performance during 2007. The final values will only be determined and paid at the end of March 2008, after real performance has been fully assessed and after 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 2007, 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 Annual Performance Bonus for which KPIs have already been satisfied.

Directors' other compensation – Participation in the Sonaecom MTIP

	Unvested				
	Plan 2003 (1)	Plan 2004	Plan 2005	Plan 2006	Total
Award date	31-Mar-04	31-Mar-05	10-Mar-06	9-Mar-07	
Beginning of the exercise period	9-Mar-07	10-Mar-08	9-Mar-09	10-Mar-10	
End of the exercise period	8-Mar-08	9-Mar-09	8-Mar-10	9-Mar-11	
SONAECOM SHARES and OPTIONS					
Share price at award date (2)	3,190	3,960	4,093	4,697	
Share price at vesting date	4,75	-	-	-	
Share price at 31 December 2007 (3)	-	3,30	3,30	3,30	
CEO					
N. of shares at 01.01.2007	44.577	39.878	29.186	-	113.641
N. of shares at 31.12.2007 (5)	-	-	-	-	-
Average of the remaining Executive Directors					
N. of shares at 01.01.2007	19.433	17.765	13.806	-	51.004
N. of shares at 31.12.2007	-	17.765	13.806	19.445	51.016
N. of options at 01.01.2007	57.426	-	-	-	57.426
N. of options at 31.12.2007	-	-	-	-	-
N. of options exercised	57.426	-	-	-	57.426
Total of the remaining Executive Directors					
N. of shares at 01.01.2007	77.731	71.059	55.224	-	204.014
N. of shares at 31.12.2007	-	71.059	55.224	77.779	204.062
N. of options at 01.01.2007	57.426	-	-	-	57.426
N. of options at 31.12.2007	-	-	-	-	-
N. of options exercised	57.426	-	-	-	57.426
TOTAL					
N. of shares at 01.01.2007	122.308	110.937	84.410	-	317.655
N. of shares at 31.12.2007	-	71.059	55.224	77.779	204.062
N. of options at 01.01.2007	57.426	-	-	-	57.426
N. of options at 31.12.2007	-	-	-	-	-
N. of options exercised	57.426	-	-	-	57.426
Unvested					
	Plan 2003 (1)	Plan 2004	Plan 2005	Plan 2006	Total
SONAE SGPS SHARES					
Share price at award date	0,93	1,19	1,34	1,68	
Share price at vesting date	2,16	-	-	-	
Share price at 31 December 2007 (4)	-	1,98	1,98	1,98	
CEO					
N. of shares at 01.01.2007	145.320	126.209	60.550	-	332.079
N. of shares at 31.12.2007 (5)	-	-	-	-	-
Average of the remaining Executive Directors					
N. of shares at 01.01.2007	24.419	26.677	18.413	-	69.508
N. of shares at 31.12.2007	-	27.054	18.673	23.629	69.356
Total of the remaining Executive Directors					
N. of shares at 01.01.2007	97.675	106.706	73.650	-	278.031
N. of shares at 31.12.2007	-	108.215	74.693	94.514	277.422
TOTAL					
N. of shares at 01.01.2007	242.995	232.915	134.200	-	610.110
N. of shares at 31.12.2007	-	108.215	74.693	94.514	277.422
VALUES					
CEO					
Value at award date	279.260	305.581	200.595	332.201	-
Value at vesting date (6)	530.073	381.491	216.203	296.647	-
Value at 31 December 2007 (5)	-	-	-	-	-
Average of the remaining Executive Directors					
N. of the remaining executive directors	4	4	4	4	
Value at award date	85.021	102.001	81.530	131.028	-
Value at vesting date	145.797	-	-	-	-
Value at 31 December 2007	-	112.190	82.533	110.952	305.675
Total of the remaining Executive Directors					
Value at award date	340.086	408.005	326.120	524.111	-
Value at vesting date	583.188	-	-	-	-
Value at 31 December 2007	-	448.760	330.131	443.808	1.222.700
TOTAL					
Value at award date	619.346	713.587	526.716	524.111	-
Value at vesting date	1.113.260	381.491	216.203	296.647	-
Value at 31 December 2007	-	448.760	330.131	443.808	1.222.700

(1) Vested on 15 March 2007. For three Executive Directors and for CEO, cash equivalents were paid, in lieu of the delivery of Sonaecom shares. The Sonaecom SGPS shares were delivered on 1 June 2007, rather than on 15 March 2007; (2) Average share price in the month prior to the award date, except for the 2006 Plan which share price corresponds to the average share price between 3rd March and 5th April 2007; (3) On 16 February 2007, the share price hit a high of 7.5 euros per share and a low of 3.25 euros per share on 17 September 2007; (4) On 2 May 2007, the share price hit a high of 2.171 euros per share and a low of 1.5 euros per share on 2 January 2007; (5) For the CEO, the vesting of all deferred plans was anticipated and cash equivalents were paid on 31 December 2007, in lieu of the delivery of Sonaecom and Sonaecom SGPS shares; following this payment, in 2008, the CEO acquired Sonaecom SGPS shares, which replace the Deferred Plans; (6) For the plans 2004, 2005 and 2006, the vesting date corresponds to the earlier vesting date (3 May 2007).

1.1.6. Fees of the Statutory External Auditor

During 2007, Sonaecom Group paid the following fees to the Statutory External Auditor Deloitte and their network of companies:

Statutory External Auditor Fees				
	2007		2006	
Audit	201.213	81%	183.524	85%
Tax Consultancy Services	48.561	19%	17.208	8%
Other Compliance & Assurance Services	-	0%	3.250	1%
Other Services	-	0%	12.965	6%
Total	249.774	100%	216.947	100%

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.

1.1.7. Share price evolution

Sonaecom's shares ended 2007 with a market price of 3.30 euros per share, 34% below the closing price of 5.02 euros per share at 31 December 2006. The share price reached a maximum of 7.5 euros per share on 16 February 2007 and a minimum of 3.25 euros on 17 September 2007.

At the end of 2007, Sonaecom's market capitalization stood at approximately 1.2 billion euros. The average daily trading volume reached approximately 1,008 thousand shares, an increase of more than 73% compared to 2006. The total number of Sonaecom shares traded during 2007 exceeded 257 million shares, more than 70% of the total share capital of the company, a further indicator of the increased liquidity of our shares.

During 2007, Sonaecom's share price evolution and liquidity was driven primarily by market expectations regarding the public tender offer over PT, launched in February 2006. Our share price at the end of 2006 naturally incorporated a market expectation in relation to a positive outcome of the outstanding tender offer and the termination of the offer on 2 March 2007 had an immediate impact on our share price. This is clearly evidenced by the fact that during March 2007, our share price has decreased by circa 30% (from 6.34 at 28 February 2007 to 4.44 at 30 March 2007). In the remainder of the year, Sonaecom shares were influenced by the following news flow:

- 26 April 2007: release of the first quarter 2007 consolidated results;
- 17 May 2007: confirmation of on-going negotiations with ONITELECOM - Infocomunicações, S.A. (ONI) for the acquisition of part of the business of that company;
- 19 June 2007: confirmation of on-going negotiations with Tele 2 Europe, S.A. for the acquisition of its business in Portugal;
- 21 June 2007: confirmation of the signature of an agreement between Novis and ONI for the acquisition of its business in the residential and SOHO segment, as well as of a set of assets related thereto owned by that company, for the global amount of 25 million euros;
- 28 June 2007: confirmation of the signature of an agreement between Sonaecom and Tele 2 Europe, S.A. for the acquisition of the total share capital of Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda. (Tele 2 Portugal), for the amount of 16 million euros;
- 26 July 2007: release of the second quarter 2007 consolidated results;

- 6 August 2007: release of information in relation to the refinancing of Sonaecom's debt through a new underwritten Commercial Paper Programme;
- 28 September 2007: confirmation of the signature of an agreement for the acquisition of the total share capital of Cape Technologies Limited for a consideration of 17 million euros plus an additional amount of up to 3 million euros, subject to the accomplishment of certain pre-agreed targets.
- 29 October 2007: release of the third quarter 2007 consolidated results;
- 23 November 2007: announcement in relation to news in the press about a possible analysis of a friendly merger with PT Multimédia, SGPS, S.A..

Dividend distribution policy

At the Shareholders' Annual General Meeting, held on 2 May 2007, Sonaecom's shareholders approved the proposal from the Board of Directors to apply net results to legal and other reserves and retained earnings, with no dividend distribution, reflecting Sonaecom's strategy and the business opportunities available.

1.1.8. 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 businesses and activities, 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 participates in various conferences. Also, a wide variety of investors and analysts have the opportunity to talk to management in one-on-one meetings or conference calls.

Any interested party may contact the Investor Relations department using the following contact details:

António Castro

Investor Relations Manager

Tel: (+351) 93 100 2099

Fax: (+351) 93 102 2099

Email: antonio.gcastro@sonae.com / investor.relations@sonae.com

Address: Rua Henrique Pousão, 432 – 7º Piso, 4460-841 Senhora da Hora, Portugal

Website: www.sonae.com

During 2007, the Investor Relations department participated in 71 one-on-one and group meetings, 2 international roadshows (covering Lisbon, Madrid, London and a few cities in the USA) and 5 investor and telecommunications conferences, providing analysts and investors with information on Sonaecom's performance and future prospects.

The representative for relations with capital markets and the Portuguese Stock Exchange Authority is António Lobo Xavier who can be contacted by phone or e-mail:

Tel: (+351) 93 100 2270

Fax: (+351) 93 100 2229

E-mail: antonio.xavier@sonae.com / investor.relations@sonae.com

Address: Rua Henrique Pousão, 432 – 7º Piso, 4460-841 Senhora da Hora, Portugal

1.1.9. Corporate regulations and guidelines

1.1.9.1. Share dealing regulation

In October 2004, Sonaecom's Board approved formal guidelines in relation to 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, Corporate Finance, Treasury, Investor Relations, Legal, Public Relations and Accounting & Administration.

These rules 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 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.

1.1.9.2. 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 carrying out their activities.

Under the scope of this Code of Ethics, Sonaecom has created an Ethics Committee, whose responsibility includes ensuring that any 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.sonaecom.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 officers or 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.

Conflicts of interest

In addition to the general guidance from the Sonaecom Code of Conduct, the following additional policy apply at Board Level (covering "Directors" as defined below):

A Director³, or entities in which a Director has a significant interest and/or influence, who or which enter or propose to enter into a transaction with Sonaecom SGPS, or any other company that is part of the Sonaecom Group, shall make full disclosure immediately. The fact that a transaction falls under other areas covered by separate guidance, such as Related Party Transactions, Business Gifts or Share Dealing, does not avoid the requirement for notification under this Conflicts of Interest Policy.

Such conflicts will be reported to the Board, normally via the Board Audit & Finance Committee (BAFC). The Board, on advice from the BAFC, may approve the transaction or request that such steps should be taken as are necessary and reasonable to remove any conflict of interest.

Where there are ongoing conflicts of interest, a written notice should be given to the Secretary to the Board who will maintain a Register of All Ongoing Declared Conflicts of Interest. This Register should be available at each Board meeting and will be updated with subsequent disclosures.

For all Directors, a Register of Significant and Relevant Outside Directorships and Other Significant Roles or Activities, as well as a Register of All Significant⁴ Shareholdings Held, should be maintained by the Secretary to the Board. Significant and relevant new appointments, activities and shareholdings should be disclosed in writing before being entered into. These disclosures should describe any potential conflict of interest arising, as well as any steps to be undertaken to manage or eliminate the identified conflicts. Disclosures should be assessed by the Board Nomination & Remuneration Committee ("BNRC") for Directorships, Roles and Activities and by the Board Audit & Finance Committee ("BAFC") for Shareholdings. The Secretary to the Board should ask all Directors to reconfirm the contents of the above register in writing once a year.

³ A "Director" for the purposes of the guidance includes all members of the Board of Directors, as well other Senior Executives who regularly attend Board meetings, Board Committee meetings or ExCom meetings.

⁴ "Significant" shareholding includes all shareholdings in the Group headed by Sonaecom's ultimate holding company (currently Efanor Investimentos) and any external shareholdings that represent more than 10% of the share capital or voting rights of the respective companies.

Related Party Transactions

Any significant Related Party Transactions with reference shareholders, Directors or other Company Officers (individual or accumulated transaction values greater than Euro 10 million) should be disclosed in advance to the BAFC, together with the planned steps to meet market comparability tests and to manage any potential conflicts of interest (see guidance on Conflicts of Interest above). Transactions that have been contracted as a result of a competitive process and transactions between wholly owned Sonaecom companies will be exempt from pre-clearance with the BAFC but will need to be reported under the procedures mentioned below.

The BAFC should ask the Statutory External Auditor, at the twice yearly meetings held with the BAFC, to specifically report on their audit review of significant Related Party Transaction risks (as reported in the notes to the accounts) covering compliance with agreed policy and procedures. Special emphasis should be placed on any transactions in course or completed with reference shareholders.

The Sonaecom CFO is responsible for reporting to the BAFC, on a calendar year quarterly basis, all transactions with reference shareholders that exceed Euro 1 million and any other transactions that are deemed to be particularly “sensitive” by management, that exceed Euro 1 million. The report should cover all relevant transactions closed in the quarter or in course at the quarter end to the extent that appropriate information is available.

An annual review of recurring and ongoing Related Party Transactions should be included in the BAFC meeting covering the first quarter of each year. In addition, this annual review should include all significant Sonaecom Group⁵ Related Party Transactions with accumulated annual values that exceed Euro 5 million as an Appendix to the Board papers. The BAFC will provide feedback to the Board with details of any issues raised on Related Party Transactions or, alternatively, confirmation that no such issues have been raised by the BAFC.

1.1.9.3. Internal risk management policies

The management and monitoring of Sonaecom’s main risks is achieved through the following key approaches:

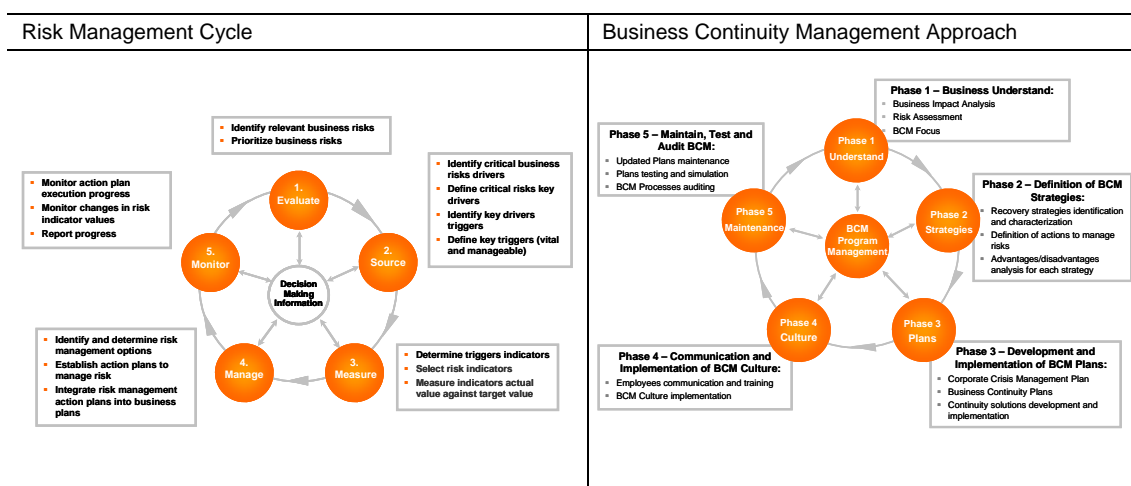
Aligning the risk management cycle with the strategic planning cycle at all Sonaecom subsidiaries, allowing Sonaecom to prioritize and identify critical risks that might compromise performance and goals, and to take actions to manage those risks within defined levels through constant monitoring and by implementing corrective measures.

Implementing an internal business continuity management process to reduce the risk of business interruption caused by disasters or technical and operating failures. This approach involves 5 main phases: (a) business understanding; (b) devising recovery strategies; (c) developing and implementing recovery plans; (d) deploying a culture of business continuity management and; (e) testing, maintaining and auditing recovery plans. It also includes 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.

Setting in place risk management cycles / processes allowing Sonaecom to mitigate identified critical risks that can affect processes, areas or entities, positioning them at the levels required by the management.

The diagrams bellow illustrate the main phases included in Sonaecom’s risk management policies, which apply to all businesses in its portfolio.

⁵ “**Sonaecom Group**” includes Sonaecom SGPS, and any other company that is consolidated in the Sonaecom Group accounts.



Actions undertaken

Management of Sonaecom's corporate risks

The main focus on the management of the Group's corporate risks during 2007 was in adapting the risk management cycle to sustainability opportunities and risks on Sonaecom's telecom business (further detailed information can be found in the Sustainability Report).

Business continuity management

During 2007, Sonaecom continued to focus on the development and consolidation of the business continuity management process. In this respect, Sonaecom undertook several actions, which will be finalised during 2008:

- (i) Business impact analysis and risk assessment of telco business (mobile and wireline), integrating the 2003 mobile results. Identification of services/products offer and "mission critical" activities. These were catalogued in terms of recovery priorities and recovery time objectives. Impacts were estimated for revenues, customers, legal and regulatory, media and service quality. Based on these assessments and prioritization, a business continuity focus will be set, and solutions will be adapted and developed, taking into account a cost/benefit analysis (detailed information can be found in the Sustainability Report)
- (ii) Crisis management development and consolidation for some risk scenarios, such as human resources failure, natural catastrophes or technical failures.

Pursuing our policy of assessment and management of physical security risks, diagnoses were made at facilities that are critical for business continuity purpose. The strands analyzed were fire, flood and intrusion security, as well as organizational security procedures.

Pandemic flu

The possibility, in the short term, of a pandemic flu as a result of mutation of avian flu is of concern to Sonaecom. Accordingly, the Group has launched a project for 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 problems and assure the continuity of critical services. During 2007, the focus covered:

- (i) Development of preparation and contingency plans for the core areas, envisaging the continuity of critical services and activities. The planned strategy is primarily based on remote access solutions and human resources backup
- (ii) Defining and looking for solutions that allow plans maintenance and crisis management;
- (iii) Benchmarking our project solutions approach and status at European level, to ensure that we are following best practice in this area.

More detailed information can be found in the company Sustainability Report.

Customer information and security

At Sonaecom, we are dealing with certain risks associated with customer information and security. As part of a process that will continue during 2008, several initiatives were implemented during 2007, as follows:

- (i) Improvement of processes and controls for the management of customer's and employee's confidential information risk
- (ii) A CSSP (Customer Safety Security Program) is under development aimed at defining and implementing a strategy for customer awareness, accountability and protection regarding efficient, secure and optimized IP/data services usage (detailed information can be found in the Sustainability Report).

Telecommunications Revenue Assurance

Continuous monitoring is implemented at Sonaecom's telecommunication businesses to detect any kind of register loss between customer handset usage and invoicing, supported in RAID systems. The risk of QoS (quality of service) loss/deterioration is also mitigated when caused by integrity breach. "Alarmistic" was adapted to prevent income loss from new products / services.

In parallel, a platform upgrade was launched to include fixed-mobile convergence.

Telecommunications fraud

During 2007, fraud management processes were developed with the aim of controlling fixed and mobile platforms against fraud risk and malware management (mitigation of mobile handsets virus risk). It is important to highlight the following:

- (i) The launch of a project to set the roadmap for the actual systems' development to encompass fraud and security risk management for IP and fixed-mobile convergence technical developments. These systems will allow the monitoring and control of risks at service level such as VoIP, ADSL, IP TV, wireless broadband
- (ii) A proposal for SEFRI (Security & Fraud Functions Integration for mitigating cross sector security risks) was submitted to the European Commission ("EC"). This proposal envisages the development of a prototype or intersectorial solution (involving the telecommunication, energy and financial industries) to protect services, business and customers from criminality. An international consortium was set up, with Eurescom acting as the project manager, HP leading the project's technical elements, and Sonaecom involved as a reference operator. The EC decision is expected in April 2008.

The risk management activities and results are shared at Sonae Group level in the Risk Management Consulting Group, allowing the transfer of knowledge and best practices.

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

1.1.10. 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.

1.1.11. Qualifications of the Board of Directors

Duarte Paulo Teixeira de Azevedo

Date of Birth:

31 December 1965

Academic Qualifications:

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

Professional experience:

CEO of Sonae SGPS, SA, Non-Executive Director of Sonae Indústria, CEO of Sonaecom; CEO of Optimus; Executive Director of Modelo Continente.

Responsibilities at Sonaecom:

Chairman of the Board of Sonaecom; Chairman of the Board Nominations and Remunerations Committee.

Ângelo Gabriel Ribeirinho dos Santos Paupério

Date of Birth:

14 September 1959

Academic Qualifications:

Degree in Civil Engineering at Porto University. MBA from ISEE- Instituto Superior de Estudos Empresariais of Porto University.

Professional experience:

Executive Vice-President of Sonae S.G.P.S.,SA, Director of Sonae Distribuição, S.G.P.S., SA and Sonae Sierra, S.G.P.S.,SA.

Invited lecturer at Instituto Superior de Estudos Empresariais of Porto University.

Responsibilities at Sonaecom:

CEO of Sonaecom.

Luís Filipe Campos Dias de Castro Reis

Date of Birth:

29 January 1962

Academic 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; CEO of Novis; Non-Executive Director of Sonaecom Sistemas de Informação. Previously, he has been an Executive Director of Modelo Continente; Chairman of Banco Universo; Marketing Director of Sonae Distribuição.

Responsibilities at Sonaecom:

Executive Director of Sonaecom.

George Christopher Lawrie

Date of Birth:

13 October 1957

Academic Qualifications:

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

Professional experience:

Member of the Board of Directors of Sonaecom Serviços de Comunicações 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 Schrodgers 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 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 - Media and SSI.

Miguel Nuno Santos Almeida

Date of Birth:

15 March 1967

Academic 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 – Residential Markets.

António Sampaio e Mello

Date of Birth:

29 January 1955

Academic 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:

Managing Director of Bank Robert Baird, Head of Corporate Finance of Banco Comercial 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 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 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; Senior Vice President in charge of Finance and Spain Operations. Previously he supervised the operational and geographic integration of France Telecom's businesses in Spain; Vice Chairman of the Board of Bull.

Responsibilities at Sonaecom:

Non-executive Director of Sonaecom.

Jean-François René Pontal

Date of Birth:

17 April 1943

Academic 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 Nominations and Remunerations Committee.

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

Duarte Paulo Teixeira 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. (Member of the Board of Directors, Non-Executive)
 Imparfin, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Imparvi, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Migracom, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonaec, SGPS S.A. (Member of the Board of Directors, CEO)
 Sonaec Capital, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Sonaec Distribuição, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonaec Indústria, SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Sonaec Sierra, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)

Ângelo Gabriel Ribeirinho dos Santos Paupério

Offices held in companies in which Sonaecom is a shareholder:

Be Artis, S.A. (Chairman of the Board of Directors, Non-Executive)
 Público – Comunicação Social, S.A. (Chairman of the General and Supervisory Board)
 Sonaec Telecom, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 Sonaecom – Serviços de Comunicações, S.A. (Chairman of the Board of Directors, Executive)
 Sonaecom - Sistemas de Informação, SGPS, S.A. (Chairman of the Board of Directors, Non-Executive)
 WeDo Consulting, S.A. (Chairman of the Board of Directors, Non-Executive)

Other offices held:

Cooper Gay (Holdings) Limited (Member of the Board of Directors, Non-Executive)
 MDS – Corretor de Seguros, S.A. (Member of the Board of Directors, Non-Executive)
 Resolução SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Sonaec SGPS, S.A. (Member of the Board of Directors, Executive)
 Sonaec Financial Participations B.V. (Managing Director)
 Sonaec Investments, B.V. (Managing Director)
 Sonaec Distribuição SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Sonaec Sierra SGPS, S.A. (Member of the Board of Directors, Non-Executive)
 Sontel B.V. (Managing Director)

George Christopher Lawrie

Offices held in companies in which Sonaecom is a shareholder:

Be Artis, S.A. (Member of the Board of Directors, Non-Executive)
 Sonaecom B.V. (Managing Director)
 Sonaecom - Serviços de Comunicações S.A. (Member of the Board of Directors, 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:

Be Artis, SA (Member of the Board of Directors – Executive)
 Be Towering – Gestão de Torres de Telecomunicações, SA (Chairman of the Board of Directors)
 Público – Comunicação Social, SA (Member of the General Council)
 Sonaecom B.V. – Managing Director
 Sonaecom – Serviços de Comunicações, SA (Member of the Board of Directors – Executive)
 Sonaecom – Sistemas de Informação, SGPS, SA (Member of the Board of Directors – Executive)
 Sonaec Telecom, SGPS, SA (Member of the Board of Directors of Directors – Executive)
 Telemilénio – Telecomunicações, Sociedade Unipessoal, Lda (Managing Director)
 WeDo Consulting – Sistemas de Informação, SA (Member of the Board of Directors – Non-Executive)

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)
 Saphety Level – Trusted Services, S.A. . (Chairman of the Board of Directors)
 Sonaecom Serviços de Comunicações, S.A. (Member 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:

Efanor - Serviços de Apoio à Gestão, S.A. (Chairman 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. (Chairman 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:

Be Artis, SA (Member of the Board of Directors – Executive)
 Be Towering – Gestão de Torres de Telecomunicações, SA (Member of the Board of Directors – Executive)
 Per-Mar, Sociedade de Construções, SA (Chairman of the Board of Directors)
 Sonaecom Telecom, SGPS, SA (Member of the Board of Directors – Executive)
 Sonaecom – Serviços de Comunicações, SA (Member of the Board of Directors – Executive)
 WeDo Consulting – Sistemas de Informação, SA (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:

Nakoma Capital Management (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 Brand Services Limited (Member of the Board of Directors)
 Orange Romania SA (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)
 Mobistar (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)

1.1.13. Article 447, 448 and qualified holdings

Article 447

In accordance with article 447 of the Portuguese Company Law.

Shares held by the Board of Directors and respective transactions during 2007

Transactions of the Board of Directors and respective shareholders during 2007						Balance at 31.12.2007
	Date	Additions		Reductions		Quantity
		Quantity	Valor Md. €	Quantity	Valor Md. €	
BOARD OF DIRECTORS						
Duarte Paulo Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (5)						-
Sale	23.07.2007			150.000	25,75	
Migracom, SGPS, SA (3)						69.996
Capital increase	20.11.2007	20.000	76,45			
Sonae, SGPS, SA (6)						3.293
Sale	22.05.2007			593.616	2,03	
Shares attributed under the Medium Term Incentive Plan	01.06.2007	147.376	0,00			
Sale	01.06.2007			147.376	2,17	
Sonaecom, SGPS, SA						-
Sale	29.05.2007			387.342	4,95	
Ângelo Gabriel Ribeirinho dos Santos Paupério						
Sonae, SGPS, SA (6)						4.564
Sonaecom, SGPS, SA						60.070
George Christopher Lawrie						
Sonaecom, SGPS, SA						145.000
Sale	10.05.2007			63.000	4,90	
Sonae, SGPS, SA (6)						12.120
Shares attributed under the Medium Term Incentive Plan	01.06.2007	12.120	0,00			
Miguel Nuno Santos Almeida						
Sonae, SGPS, SA (6)						-
Shares attributed under the Medium Term Incentive Plan	01.06.2007	16.252	0,00			
Sale	01.06.2007			16.252	2,19	
Sonaecom, SGPS, SA						90
Sale	15.05.2007			18.813	5,03	
Maria Cláudia Teixeira de Azevedo						
Efanor Investimentos, SGPS, SA (1)						1
Imparfin, SGPS, SA (5)						-
Sale	10.12.2007			150.000	23,24	
Linhacom, SGPS, SA (4)						99.996
Capital increase	14.12.2007	50.000	3,71			
Sonae, SGPS, SA (6)						-
Shares attributed under the Medium Term Incentive Plan	01.06.2007	9.006	0,00			
Sale	19.12.2007			351.293	1,97	
Sonaecom, SGPS, SA						170
Shares attributed under the Medium Term Incentive Plan	16.03.2007	11.736	0,00			
Exercise of Options attributed under the Medium Term Incentive Plan	21.03.2007	57.426	1,694			
Sale	21.03.2007			57.426	4,75	
Sale	19.12.2007			25.220	3,72	
Luís Filipe Campos Dias de Castro Reis						
Sonae, SGPS, SA (6)						-
Shares attributed under the Medium Term Incentive Plan	01.06.2007	61.680	0,00			
Sale	01.06.2007			61.680	2,18	

Notes:

	Date	Additions		Reductions		Balance at
		Quantity	Valor Md. €	Quantity	Valor Md. €	31.12.2007
(1) Efanor Investimentos, SGPS, SA						Quantity
Sonae, SGPS, SA (6)						658.804.424
Acquisition	31.12.2007	14	1,98			
Pareuro, BV (2)						20.000
Sonaecom, SGPS, SA						1.000
(2) Pareuro, BV						
Sonae, SGPS, SA (6)						400.000.000
(3) Migracom, SGPS, SA						
Imparfin, SGPS, SA (5)						150.000
Acquisition	23.07.2007	150.000	25,75			
Sonae, SGPS, SA (6)						1.290.000
Acquisition	22.05.2007	593.616	2,03			
Acquisition	01.06.2007	147.376	2,17			
Acquisition	31.12.2007	549.008	1,98			
Sonaecom, SGPS, SA						387.342
Acquisition	29.05.2007	387.342	4,95			
(4) Linhacom, SGPS, SA						
Imparfin, SGPS, SA (5)						150.000
Acquisition	10.12.2007	150.000	23,24			
Sonaecom, SGPS, SA						25.220
Acquisition	19.12.2007	25.220	3,72			
Sonae, SGPS, SA (6)						351.293
Acquisition	19.12.2007	351.293	1,97			
(5) Imparfin, SGPS, SA						
Sonae, SGPS, SA (5)						4.105.273
(6) Sonae, SGPS, SA						
Sonaecom, SGPS, SA						23.649
Sale	02.01.2007			40.481.436	5,04	
Sale	09.03.2007			1.056.177	4,72	
Sale	14.03.2007			11.736	4,81	
Sale	25.04.2007			5.000.000	4,63	
Sontel BV (7)						500
(7) Sontel BV						
Sonaecom, SGPS, SA						184.052.872
Acquisition	02.01.2007	183.489.681	5,04			
Acquisition	19.09.2007	53.500	3,53			
Acquisition	20.09.2007	40.000	3,48			
Acquisition	21.09.2007	50.000	3,50			
Acquisition	24.09.2007	30.000	3,47			
Acquisition	25.09.2007	50.000	3,39			
Acquisition	26.09.2007	52.000	3,32			
Acquisition	27.09.2007	27.500	3,33			
Acquisition	28.09.2007	55.000	3,40			
Acquisition	01.10.2007	160.000	3,60			
Acquisition	02.10.2007	45.191	4,01			

Article 448

In accordance with article 448 of the Portuguese Company Law.

Article 448 of the Portuguese Company Law

	Number of shares as of 31.12.2007
Efanor Investimentos, SGPS, SA	
Sonae, SGPS, SA	658.804.424
Pareuro, BV	20.000
Sonaecom, SGPS, SA	1.000
Pareuro, BV	
Sonae, SGPS, SA	400.000.000
Sonae, SGPS, SA	
Sonaecom, SGPS, SA	23.649
Sontel BV	500
Sontel BV	
Sonaecom, SGPS, SA	184.052.872
Wirefree Services Belgium, S.A.	
Sonaecom, SGPS, SA	70.276.868

Qualified holdings

In compliance with sub-paragraph e), of nr 1, of the article 8 of the Securities Market Regulation Board ("Regulamento da CMVM") nº 04/2004, we declare the Qualifying Holdings as of 31 December 2007:

Qualified Holdings as of 31 December 2007

Shareholder	Number of Shares	% of Share Capital	% Voting Rights
Sontel BV	184.052.872	50,25%	50,52%
093X - Telecomunicações Celulares, SA	29.150.000	7,96%	8,00%
Migracom, SGPS, SA	387.342	0,11%	0,11%
Belmiro Mendes de Azevedo ^{1,3}	75.537	0,02%	0,02%
Ángelo Gabriel Ribeirinho dos Santos Paupério ^{1,2,4}	60.070	0,02%	0,02%
Linhacom,SGPS, SA	25.220	0,01%	0,01%
Sonae, SGPS, SA	23.649	0,01%	0,01%
Álvaro Carmona e Costa Portela ¹	5.000	0,00%	0,00%
Efanor Investimentos, SGPS, SA	1.000	0,00%	0,00%
Total imputável	213.780.690	58,37%	58,67%
France Telecom, S.A.			
Wirefree Services Belgium, S.A.	70.276.868	19,19%	19,29%
Total imputável	70.276.868	19,19%	19,29%
SAC Capital e CR Intrinsic ⁵	4.662.046	1,27%	1,28%
Norges Bank ⁶	7.300.000	1,99%	2,00%

(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 13 December 2007

(6) DIn accordance with information on 23 July 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, analysts and, generally, the recipients of this document 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

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