FULL YEAR 2008
RESULTS
ANNOUNCEMENT

9 March 2009

Table of Contents

Note:
The Consolidated Financial Information (related to the years ended 31 December 2008 and 2007) contained in this report was audited and has been prepared in accordance with International Financial Reporting Standards ("IAS/IFRS") issued by the International Accounting Standards Board ("IASB"), as adopted by the European Union.

1. Headlines

- Strong growth in mobile subscribers (+10.3%), to 3.2 million customers, with more than 298 thousand net additions registered in 2008.
- Significant consolidated Top Line growth: Turnover + 9.4% to €976 M; and Customer Revenues + 9.8%, to €674.2 M in 2008.
- Internet & Data surpassing 25% of Mobile Service Revenues in 4Q08.
- EBITDA of €160.4 M, similar to the level achieved in 2007, despite the highly competitive environment, reductions in roaming in tariffs and the strong investment in marketing & sales.
- Strong investments in our mobile access network and customer service: Operating CAPEX reaching €192.1M in 2008, 18% above the previous year.
- Net results (Group share) of €5 million.
- Launch of the first fibre offer in Portugal, with FTTH deployment progressing according to plan and a very positive customer feedback.
- SSI generating a record level of Revenues of €120 M (+51%), due to the strong growth of WeDo, Mainroad, Bizdirect and Saphety, and a positive 6% EBITDA margin.
- Capital structure reinforced with the completion of €100M Receivables Securitisation; Net Debt stood at €299.7M and Net Debt to EBITDA at 1.9x.

2. Message from Ângelo Paupério, CEO of Sonaecom

Introduction

2008 saw a clear deterioration of macro-economic conditions, the sharp contraction of global credit and real estate markets, leading to failures in the international financial system and to significant losses in the equity markets. This environment and financial crisis had the effect of further denting consumer and business confidence in Portugal and globally. In addition, during 2008, the Portuguese telecoms market experienced one of the most competitive environments ever. This was particularly the case in the wireline segment, where we saw our competitors actively pursuing growth but at the expense of profitability and long term returns.

Highlights of the year

Despite this challenging environment, during 2008 we have successfully implemented our strategy for the telecoms business announced at the beginning of the year. We have accelerated our investments across the business including an ambitious investment programme in our brands, in the coverage and capacity of our networks, among which the fibre deployment, in customer service and in our distribution channels, all aimed at enhancing Sonaecom's competitive market positioning and providing for sustained future growth. In addition, progress was made at SSI with the full integration by WeDo of acquisitions made during 2007 and with operating and financial improvements in all SSI companies.

Our **mobile business** had a positive operational and financial performance in 2008, despite the delays in the introduction of the new MTR programme, with material y.o.y. growth both in the number of customers (+10.3%) and in customer revenues (+3.8%). The number of net additions in the year (298.1 thousand customers) is a clear sign that our commercial efforts are translating into customer growth. This performance was driven by growth across all our mobile segments.

Our **wireline ULL business** experienced significant competitive pressures, with aggressive promotions and new and ever lower price points introduced during 2008. As stated in our 3Q08 results announcement, we believe that the aggressive price competition is leading to value destruction for all players in the wireline market. In light of these circumstances, during the second half of the year we decelerated the expansion of our ULL addressable market, focusing instead on managing churn and protecting our customer base, by delivering greater value to existing customers. The performance of our wireline ULL business has also been negatively impacted by regulatory issues. In this respect, limited progress was made in the year, despite the constant warnings we have given Anacom. Notwithstanding the reduction in the number of accesses during 2008, our wireline business generated an EBITDA of 14 million euros, a 43.8% improvement over 2007, and generated a margin of 4.8%.

I would also like to emphasize the significant progress made with our **fibre deployment**. We have now completed the initial phase of our deployment plan having reached our target in terms of homes passed by the end of 2008 in the initial coverage zones, and having launched, at the end of 3Q08, the first fibre commercial offers in Portugal. Contrary to expectations, the regulatory framework for the deployment of NGNs in Portugal was not defined during 2008 and only recently has Anacom disclosed certain guidelines in this respect. The signature of the protocol between the wireline operators and the Portuguese Government in relation to the promotion of investments in NGNs demonstrates the political willingness to remove the obstacles that limit the level of investment and competition in the Portuguese wireline market. Much now depends on how this is effectively implemented.

SSI achieved a good operational and financial performance in 2008, with turnover growing by more than 51% against 2007, on the back of material increases both in service revenues and equipment sales. The positive contributions from WeDo, Mainroad and Bizdirect allowed for a record year for SSI in terms of revenues, accompanied by an improved EBITDA result that was up 55% against 2007.

In respect of our **media business,** Público was able grow newspaper sales by 1.8% against last year notwithstanding the tough market conditions for generalist newspapers. However, this was more than off-set by the 5.7% reduction in advertising revenues, due mostly to the contraction in general advertising investment. It is also worth noting that in respect of audience figures, Público has shown more resilience in the number of total readers when compared to its main competitors, notwithstanding a lower share of paid circulation. In terms of financial performance, Público, although contributing negatively to consolidated EBITDA during 2008, achieved a 1.5% reduction in EBITDA losses, when compared to the previous year.

During 2008, progress was also achieved in one of our key strategic objectives; to place customers at the centre of our organization. In this respect, a number of initiatives, not all visible to general public, were implemented during 2008, of which I would highlight:

- the reorganization of our Call Centre services, aiming for a closer link between the type of services rendered and the customer profile;
- following the merger of our mobile and wireline operating companies, the integration of the two marketing and commercial teams during the 1Q08;
- the adoption of Optimus as the "umbrella" brand for our Telco corporate and SMEs businesses, a process which was supported by the re-launch of the brand in early 2008, endorsing and supporting the other residential and corporate brands and facilitating the identification of our products and services and the recognition of our corporate and brand values;
- the investments made in our mobile network have clearly translated into improved coverage, capacity and sound quality of both our GSM and 3G networks, as demonstrated by the results of a recent study carried by Anacom and, in relation to our Kanguru service, by an international award for "Broadband Wireless Service Innovation";
- the opening of the first Optimus "concept store" in "Casa da Música" (Porto), an unique store in the country, fully dedicated to providing customers an interaction with new technologies and with all the services we provide;
- the development of several innovative offers and services, including the launch of "TAG", a clear example of a customer driven service, where all elements of the value proposition were tailored to the target segment.

The quality and professionalism of our customer services were publicly recognized in 2008 with the granting, in the Portuguese Association of Contact Centres awards, of the "Best National Contact Centre" award (and, in parallel, the best in the telecommunications sector). Also, during the last quarter of 2008, IFE Portugal, in collaboration with the "Call Centre Magazine", awarded to Optimus, under the "Call Centre Trophy 2008" contest, a "Quality of Service" award, one of the most relevant awards granted to contact centres in Portugal.

Looking forward

Our financial position and capital structure were strengthened at the end of 2008 with the completion of a 100 million euros securitisation transaction, leaving us in a relatively comfortable position, particularly as we have no principal maturities fall due on our bank debt during 2009. However, the difficult economic climate and constrained financial markets may impact the rate of implementation of our announced strategic investment plans, as we continually assess the impacts that the current financial and economic crisis has on our businesses and as we assess the availability of medium term financing for specific projects.

The telecoms sector seems to be relatively more resilient than most, to economic crisis and we have shown in the past that we have the capacity to react quickly and adapt our Telcoms business to economic and competitive realities. Accordingly, while we expect 2009 to be a challenging year, we will continue to push for customer growth in our mobile business, building on the foundations built during 2008 in terms of brand investments, organisational and commercial initiatives, and improvements in customer service. The wireline segment is expected to continue to be very competitive and we will look to protect margins in the residential direct access ULL services, push for necessary regulatory improvements and continue to focus on the second phase of our fibre deployment plan.

At SSI, we expect to continue to achieve growth in both the Portuguese and international markets, by expanding our customer base and examining and exploring new markets and business opportunities that are value enhancing and that have a strategic fit with the rest of our organisation.

At Público, 2009 is expected to be another challenging year in terms of general advertising investment and circulation. Despite this, we will look to explore brand extension opportunities and expand the on-line presence of our contents. We will also continuously assess cost rationalisation opportunities.

A final remark to state that, in the face of significant challenges faced during 2008, the organization has once again demonstrated a remarkable resilience, flexibility and energy and credit should be given to our people for their competence, determination, commitment and combative spirit.

3. Full Year highlights

KEY OPERATING INDICATORS

OPERATING KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Mobile Business								
Customers (EOP) ('000)	2,893.5	3,191.6	10.3%	3,058.3	4.4%	2,893.5	3,191.6	10.3%
Data as % Service Revenues	19.4%	25.3%	5.8pp	22.7%	2.6pp	17.7%	22.5%	4.8pp
ARPU (1) (euros)	18.1	16.1	-10.6%	17.4	-7.2%	18.2	16.8	-7.6%
MOU (2) (min.)	120.6	131.3	8.9%	134.8	-2.6%	118.1	128.4	8.7%
Wireline Business								
Total Accesses (EOP)	775,623	592,900	-23.6%	644,457	-8.0%	775,623	592,900	-23.6%
Direct (3)	470,673	455,027	-3.3%	476,106	-4.4%	470,673	455,027	-3.3%
Indirect	304,950	137,873	-54.8%	168,351	-18.1%	304,950	137,873	-54.8%
Direct access as % Customer Revenues	60.1%	77.2%	17.2pp	72.6%	4.6pp	70.1%	71.4%	1.3pp
Sonaecom								
Total Employees	1,961	1,968	0.4%	1,973	-0.3%	1,961	1,968	0.4%
Telecomunications	439	442	0.7%	442	0.0%	439	442	0.7%
SSI	467	475	1.7%	471	0.8%	467	475	1.7%
Media	280	267	-4.6%	273	-2.2%	280	267	-4.6%
Shared Services(4) and Corporate Centre	775	784	1.2%	787	-0.4%	775	784	1.2%

(1) Average Monthly Revenue per User; (2) Minutes of Use per Customer per month; (3) Number of Direct Acesses for periods from 3Q07 until 3Q08 were restated; (4) Shared Services includes, among other functions, Customer Service, Technical, IT/IS, Accounting, Legal and Regulation.

KEY FINANCIAL INDICATORS

Million euros

CONSOLIDATED FINANCIAL KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	248.4	249.3	0.4%	251.3	-0.8%	892.7	976.2	9.4%
Service Revenues	224.3	215.6	-3.9%	221.9	-2.8%	813.6	869.7	6.9%
Customer Revenues	175.9	167.4	-4.8%	165.8	1.0%	614.2	674.2	9.8%
Operator Revenues	48.4	48.2	-0.5%	56.1	-14.1%	199.4	195.5	-2.0%
EBITDA	41.4	43.5	5.0%	48.2	-9.8%	162.0	160.4	-1.0%
EBITDA Margin (%)	16.7%	17.4%	0.8pp	19.2%	-1.7pp	18.1%	16.4%	-1.7pp
Net Results - Group Share (1)	33.8	13.1	-61.3%	4.1	-	36.8	5.0	-86.4%
Operating CAPEX (2)	52.3	77.7	48.5%	46.7	66.3%	162.8	192.1	18.0%
Operating CAPEX as % of Turnover	21.1%	31.2%	10.1pp	18.6%	12.6pp	18.2%	19.7%	1.4pp
EBITDA - Operating CAPEX	-10.9	-34.2	-	1.5	-	-0.8	-31.7	-
Total CAPEX	76.5	78.7	2.8%	49.4	59.3%	235.8	289.7	22.8%
FCF (3)	3.9	85.3	-	-13.4	-	59.6	14.1	-76.4%
Net Debt	309.8	299.7	-3.3%	382.9	-21.7%	309.8	299.7	-3.3%
Net Debt/ EBITDA (last 12 months)	1.9 x	1.9 x	0x	2.4 x	-0.5pp	1.9 x	1.9 x	0x

(1) Net Results after Minority Interests; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs.

- **Customers:** (i) Mobile customers increased by 10.3% to 3.191 million at the end of 2008; net additions in the year were 298.1 thousand, of which 133.3 thousand in 4Q08. Data revenues represented 22.5% of service revenues in the year, up 4.8pp against 2007; (ii) Total wireline direct accesses reached 455.0 thousand, 3.3% below YE07, as a result of competitive pressures, that have led us to focus less on ULL customer acquisition at this stage, the material deceleration of the fixed broadband market and the growing use of mobile broadband.
- **Personnel:** total employees increased by 0.4% compared to 2007 mostly due to the growth and international expansion of WeDo Technologies. Total headcount has, nevertheless, decreased by 0.3% in the 4Q08 compared to the previous quarter.
- **Consolidated Service Revenues** increased by 6.9% against 2007, as a result of a 9.8% increase in customer revenues, which more than compensated the 2.0% reduction in operator revenues, driven by the negative impacts of reductions in regulated tariffs: roaming-in revenues, which were down by 24.3% when compared to 2007, and lower Mobile Termination Rates ("MTR").
- **Consolidated EBITDA** was 160.4 million euros, only 1% lower than 2007, despite the improved contributions from the Wireline and SSI Businesses. EBITDA margin, as expected, deteriorated by 1.7pp, from 18.1% in 2007 to 16.4% in 2008, mainly due to: (i) the negative impact of lower roaming-in tariffs; (ii) the significant increase of IT products sales that carry lower margins at SSI; and (iii) increased customer service costs, aimed at improving loyalty and customer satisfaction.

4. Consolidated Results

4.1. Consolidated Income Statement

Million euros

CONSOL. INCOME STATEMENT	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	**248.4**	**249.3**	**0.4%**	**251.3**	**-0.8%**	**892.7**	**976.2**	**9.4%**
Mobile	164.4	160.5	-2.4%	165.5	-3.0%	619.4	629.1	1.6%
Wireline	77.8	71.3	-8.4%	72.6	-1.8%	255.4	291.4	14.1%
Público	9.5	8.1	-15.5%	7.1	13.1%	33.2	32.4	-2.2%
SSI	26.1	34.5	32.1%	31.2	10.6%	79.5	120.1	51.1%
Other & Eliminations	-29.5	-25.0	15.1%	-25.1	0.2%	-94.8	-96.9	-2.2%
Other Revenues	**2.2**	**4.8**	**117.0%**	**1.4**	**-**	**6.4**	**10.5**	**63.4%**
Operating Costs	**206.2**	**203.4**	**-1.4%**	**197.7**	**2.9%**	**724.9**	**804.5**	**11.0%**
COGS	33.9	40.8	20.5%	36.0	13.4%	108.6	132.8	22.3%
Network Costs (1)	82.8	75.4	-8.9%	76.7	-1.6%	298.3	320.1	7.3%
Personnel Costs	25.9	24.2	-6.8%	21.8	10.7%	95.0	94.8	-0.2%
Marketing & Sales	26.9	24.3	-9.9%	26.4	-8.0%	96.5	103.0	6.8%
Outsourcing Services (2)	19.8	20.3	2.7%	19.1	6.2%	65.6	82.4	25.7%
General & Administrative Expenses	12.8	15.5	21.4%	13.8	12.6%	47.2	57.1	20.9%
Other Operating Costs	4.2	2.9	-30.6%	4.0	-26.5%	13.8	14.2	2.8%
Provisions and Impairment Losses	**2.9**	**7.2**	**144.7%**	**6.8**	5.9%	**12.2**	**21.9**	**79.7%**
EBITDA	**41.4**	**43.5**	**5.0%**	**48.2**	**-9.8%**	**162.0**	**160.4**	**-1.0%**
EBITDA Margin (%)	16.7%	17.4%	0.8pp	19.2%	-1.7pp	18.1%	16.4%	-1.7pp
Mobile	35.5	36.8	3.6%	43.5	-15.5%	153.7	142.4	-7.3%
Wireline	5.4	5.6	2.9%	4.5	24.3%	9.8	14.0	43.8%
Público	0.2	-0.4	-	-1.2	63.8%	-3.3	-3.2	1.5%
SSI	0.4	1.8	-	1.6	11.6%	4.6	7.1	55.3%
Other & Eliminations	-0.1	-0.2	-	-0.2	-40.8%	-2.8	0.0	-
Depreciation & Amortization	38.5	39.3	2.2%	40.4	-2.8%	140.0	157.6	12.6%
EBIT	**2.9**	**4.2**	**41.7%**	**7.8**	**-46.4%**	**22.0**	**2.8**	**-87.2%**
Net Financial Results	**-3.8**	**-5.4**	**-40.6%**	**-4.5**	**-20.7%**	**-21.5**	**-17.8**	**17.3%**
Financial Income	0.8	1.2	45.8%	1.0	17.9%	18.0	3.8	-79.1%
Financial Expenses	4.6	6.6	41.5%	5.5	20.2%	39.5	21.5	-45.5%
EBT	**-0.9**	**-1.2**	**-37.1%**	**3.3**	**-**	**0.5**	**-15.0**	**-**
Tax results	34.9	14.3	-58.9%	0.9	-	36.6	20.2	-44.9%
Net Results	**34.0**	**13.1**	**-61.5%**	**4.2**	**-**	**37.2**	**5.2**	**-85.9%**
Group Share	33.8	13.1	-61.3%	4.1	-	36.8	5.0	-86.4%
Attributable to Minority Interests	0.2	0.0	-94.0%	0.1	-79.5%	0.4	0.2	-41.3%

(1) Network Costs = Interconnection plus Leased Lines plus Content plus Other Network Operating Costs; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts.

Turnover

Consolidated turnover totalled 976.2 million euros in 2008, 9.4% above 2007, as a result of the combination of higher service revenues (+6.9%), driven by the 9.8% improvement in customer revenues, and significantly higher product and equipment sales (+34.8%).

Consolidated service revenues increased to 869.7 million euros, on the back of increased contributions from our Telco and SSI businesses. The breakdown of this consolidated performance was as follows:

a) 14.0% higher service revenues at our Wireline Business;
b) 1.7% increase in service revenues at our Mobile Business, despite: (i) the impact, in operator revenues, of lower roaming-in revenues and of the new MTR programme; and (ii) the increased competitiveness in certain segments of the market, that led to a decrease in the average revenue per minute;
c) 29.4% higher service revenues at SSI, driven by the positive performance of all its businesses, particularly WeDo, that registered a 33% y.o.y top line growth;
d) 5.7% reduction in advertising revenues at Público, as a result of the overall deterioration particularly of the advertising newspaper market.

Importantly, consolidated customer revenues grew at a high pace in 2008: 9.8% when compared to the previous year, driven mostly by strong customer revenue growth at both our Wireline (+23.7%) and SSI (+29.4%) businesses but also by the 3.8% increase in our Mobile business, a positive achievement in the current competitive and economic environment.

Operating costs
Total operating costs excluding COGS reached 671.7 million, 9% above 2007 and representing 77.2% of 2008 service revenues (approximately 1.5pp above the level registered in 2007). It should also be noted that, in 4Q08, total operating costs excluding COGS were 5.7% lower than in 4Q07.

The main drivers of the evolution of operating costs, in addition to the contributions from the businesses acquired in 2007, were the following:

a) **network costs** increased by 7.3% when compared to 2007 driven by: (i) a 7.7% increase in interconnection and content costs, due to higher level of traffic volumes and to the enlarged average ULL customer base, which led to higher ULL monthly fee related costs; and (ii) a 11.4% increase in leased lines costs;
b) **marketing & sales costs** increased by 6.8% driven mainly by the Telco Business investments in customer acquisition, in the launch of new products and services and related advertising campaigns and in the Optimus rebranding operation, carried out in the beginning of 2008;
c) **general & administrative** and **other operating costs** increased by 10.3 million against 2007, mainly as a consequence of: (i) the increased customer base at our Mobile Business and related license costs; (ii) the significant growth of post-paid mobile customers and larger customer base at our Wireline Business with the consequent billing & support requirements and related expenses; and (iii) higher costs associated with the enlarged international footprint of our SSI Businesses;
d) **outsourcing costs** increased by 16.8 million, mainly driven by: (i) higher customer service costs, aimed at improving customer satisfaction across our Telco Businesses; and (ii) higher outsourcing costs at SSI, due to requirement to support its material top line growth.

Staff costs decreased by 0.2% against 2007 as a consequence of an approximately stable total headcount and due to the impact of the re-evaluation, at market prices, of the cash settled liability associated with the employees' medium term incentive plan.

Provisions and impairment losses increased y.o.y. in 2008 by approximately 9.7 million euros mainly as a result of higher provisions for bad debt, driven by our decision, in 3Q08, to reinforce such provisions due to the combination of higher sustained level of billing and the deteriorating economic environment.

EBITDA
As a result of the performance detailed above, in terms of revenues and costs, consolidated EBITDA deteriorated by 1.0% to 160.4 million euros in 2008 generating a margin of 16.4%, compared to a margin of 18.1% in 2007. Importantly, in terms of quarterly performance, EBITDA margin improved from 16.7% in 4Q07 to 17.4% in 4Q08. The breakdown of EBITDA performance by business was as follows:

a) EBITDA at our Mobile Business was of 142.4 million euros, down by 7.3% when compared to 2007, mainly explained by lower roaming-in revenues, the higher volume of handset subsidies, the 11.0% increase in marketing & sales costs in the year and by the 22.3% increase in outsourcing costs (including customer service);
b) The Wireline Business generated an EBITDA of 14.0 million euros (43.8% above 2007), reflecting the improved scale benefits resulting from the larger average direct access customer base;
c) EBITDA at SSI increased by 55.3% to 7.1 million euros in 2008, with improved EBITDA performance at all its operating companies, particularly at WeDo and Bizdirect;
d) Público's EBITDA was negative 3.2 million euros, which nevertheless represented an improvement of 1.5% when compared to 2007, with the improved performance in newspaper sales (1.8% above 2007) and the 0.5% reduction in total OPEX, almost fully off-set by the negative performance in advertising revenues.

Net Profit
Net results group share were positive by 5.0 million euros in 2008, compared to the positive 36.8 million euros result in 2007 due to a lower EBT level but also to movements in deferred tax assets mainly at our Telecoms Business unit.

Depreciation and amortization charges increased by 17.6 million euros compared to 2007 to 157.6 million euros, driven by the increased asset base resulting from our investments in expanding both our mobile and wireline access networks as well as from the businesses acquired during 2007. It should be noted that, during 3Q08 we began to depreciate the 91.3 million euros intangible asset, recognised as CAPEX in 2008, in relation to the obligations assumed under the "e-Initiatives" programme.

When compared to 2007, net financial charges decreased by 17.3%, to 17.8 million euros in 2008, reflecting:

a) lower financial expenses, down by 18.0 million euros. It should be noted that, in 2007, interest expense includes an amount of interest paid on a loan from Sontel BV, associated with the Tender Offer for PT, and the recognition of deferred up-front fees (11.1 million euros) in relation to the Optimus' syndicated bank facility which was cancelled in September 2007. Excluding these effects, financial expenses would still have decreased by approximately 1.8%, due to the lower average gross debt in 2008, which was made possible by the refinancing of the Optimus debt completed in 3Q07 and despite the slight increase in the average cost of debt (from 4.8% in 2007 to 5.1% in 2008), as a reflection of movements in market rates; and
b) a 14.2 million reduction in financial income, due to the lower level of average liquidity in 2008 and to the one-off impacts, in 2007, associated with the capital gain generated from the sale of our shareholding in "Despegar" (3.0 million euros) and from the sale of PT shares (2.3 million euros).

The tax line in 2008 showed a benefit of 20.2 million euros, compared to a benefit of 36.6 million euros in 2007, driven mainly by movements in deferred tax assets at our Telecoms Business.

4.2. Consolidated Balance Sheet

Million euros

CONSOLIDATED BALANCE SHEET	2007	2008	y.o.y
Total Net Assets	**1,758.6**	**1,973.4**	**12.2%**
Non Current Assets	1,353.9	1,510.7	11.6%
Tangible and Intangible Assets	722.6	858.6	18.8%
Goodwill	528.2	526.0	-0.4%
Investments	2.0	1.2	-38.2%
Deferred Tax Assets	101.1	124.9	23.5%
Current Assets	404.7	462.8	14.3%
Trade Debtors	192.0	173.7	-9.5%
Liquidity	83.9	105.7	26.1%
Others	128.8	183.4	42.3%
Shareholders' Funds	**935.4**	**929.0**	**-0.7%**
Group Share	934.6	928.5	-0.6%
Minority Interests	0.9	0.5	-47.7%
Total Liabilities	**823.2**	**1,044.5**	**26.9%**
Non Current Liabilities	422.6	572.4	35.4%
Bank Loans	373.2	381.7	2.3%
Provisions for Other Liabilities and Charges	30.9	32.2	4.3%
Others	18.5	158.5	-
Current Liabilities	400.6	472.1	17.8%
Bank Loans	0.6	5.0	-
Trade Creditors	185.3	179.1	-3.4%
Others	214.6	288.0	34.2%
Operating CAPEX (1)	162.8	192.1	18.0%
Operating CAPEX as % of Turnover	18.2%	19.7%	1.4pp
Total CAPEX	235.8	289.7	22.8%
EBITDA - Operating CAPEX	-0.8	-31.7	-
Operating Cash Flow (2)	55.5	-59.5	-
FCF (3)	59.6	14.1	-76.4%
Gross Debt	393.7	405.5	3.0%
Net Debt	309.8	299.7	-3.3%
Net Debt/ EBITDA last 12 months	1.9 x	1.9 x	0x
EBITDA/Interest Expenses(4) (last 12 months)	5.9 x	8.1 x	2.2x
Debt/Total Funds (Debt + Shareholders' Funds)	29.6%	30.4%	0.8pp
Excluding the Securitisation Transaction:			
Net Debt	309.8	399.0	28.8%
Net Debt/ EBITDA last 12 months	1.9 x	2.5 x	0.6x
EBITDA/Interest Expenses(4) (last 12 months)	5.9 x	8.1 x	2.2x

(1) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments; (2) Operating Cash Flow = EBITDA - Operating CAPEX - Change in WC -Non Cash item & Other; (3) FCF Levered after Financial Expenses but before Capital Flows and Financing related up-front Costs; (4) Interest Cover.

Capital structure

Consolidated gross debt continued to be primarily contracted by Sonaecom SGPS and efficient internal cash management is being used to allocate cash between our subsidiaries. At the end of 2008, the weighted average maturity of Sonaecom Group credit lines stood at approximately 2.9 years.

Consolidated gross debt totalled 405.5 million euros, 11.8 million euros above the level at the end of 2007 and comprised:

- 150 million euros long-term privately placed Bonds, due in June 2013;
- 211.0 million euros used under the 250 million euros underwritten committed Commercial Paper Programme contracted in 2007 and with final maturity in July 2012;
- 20 million euros used under the 70 million euros underwritten committed Commercial Paper Programme contracted in 2005 and committed for a rolling period of 364 days;
- 5.0 million euros of short term bank debt, out of a total of approximately 20 million of short term credit facilities; and
- 18.7 million euros of long term financial leases.

As a result of Interest Rate Swaps negotiated during 2007 (with maturities between March and June 2009), approximately 46% of the consolidated gross debt is currently based on fixed rates.

Consolidated net debt at the end of 2008 stood at 299.7 million euros, a decrease of 10.1 million euros compared to 2007, mainly reflecting the FCF evolution in the year, including the proceeds from the securitisation transaction, explained below.

It should be noted that, on 30 December 2008, Sonaecom – Serviços de Comunicações, S.A., a wholly owned subsidiary, completed a 100 million euros securitization transaction, under which it has assigned future receivables to be generated under a portfolio of existing “Corporate” customer contracts. Future receivables in the amount required for the buying entity to perform payments of quarter interest and principal instalments due to bondholders and payments to other creditors of this transaction shall be allocated by Sonaecom – Serviços de Comunicações throughout the calendar years of 2009/2013. The completion of this transaction generated an increase in the funds available at the Sonaecom consolidated level.

Excluding the impact of the securitisation transaction, consolidated net debt at the end of 2008 stood at 399.0 million euros, an increase of 89.2 million euros compared to end of 2007, basically reflecting the underlying negative FCF generated during 2008.

At the end of 2008, Net Debt to annualised EBITDA was stable, when compared to 2007, at 1.9x, reflecting the decrease in net debt registered in the 4Q08, resulting mainly from the securitisation transaction, while 12 months’ trailing Interest Cover improved from 5.9x at the end of 2007 to 8.1x at the end of 2008. The ratio of Consolidated Debt to Total Funds also remained approximately stable, having reached 30.4% in 2008 (against 29.6% in 2007), reflecting the above mentioned movements in gross debt and the 6.4 million euros decrease in Shareholder’s Funds. The latter resulted mainly from the acquisition of own shares in the year totalling 8.8 million euros, pursuant to the authorisations granted by shareholders at Sonaecom’s Shareholders General Meetings held during 2008, which has more than off-set the positive net income generated in the year.

At the end of 2008, the sum of cash and non-utilized committed credit lines at the Sonaecom Group stood at approximately 209 million euros. As indicated above no amortizations of bank loans are scheduled until 2010.

CAPEX

Total consolidated CAPEX during 2008 was 289.7 million euros while Operating CAPEX reached 192.1 million euros, 18.0% above 2007, and representing 19.7% of turnover.

Total CAPEX was significantly affected by the recognition, as a license cost, of the net present value (91.3 million euros) of obligations assumed under the “e-Initiatives” programme, a governmental initiative which offers laptops and discounts in broadband access to school teachers and students. Under the terms of the UMTS license granted in 2000, Optimus made certain commitments in relation to the development of the information society in Portugal, during the period of that license (until 2015). In accordance with a contract signed in June 2007 with the Portuguese State, it was agreed that an amount of 159 million euros would be realised through projects eligible as contributions to the information society (among other, network investments, R&D activities and new services, contents and applications) and incurred under the normal course of business. To the end of 2008, 130 million euros had already been made and acknowledged by the competent committee. The remainder will be recorded at the moment the projects are carried out. It was further agreed that the second component of the commitments (116 million euros) would be fulfilled through the “e-Initiatives” programme.

The increase in Operating CAPEX in 2008 was determined by the announced ambitious investment plan for the year, which involved a higher level of investment in our Mobile Business (+ 28.6% when compared to 2007), mainly aimed at increasing the coverage and capacity of our mobile access network.

Shareholders’ Funds

At the end of 2008, shareholders’ funds totalled 929.0 million euros, compared to 935.4 million euros at the end of 2007, reflecting mainly the net profit of 5.2 million euros generated in the year, which was more than off-set by the acquisition of own shares with a market value of 8.8 million Euros.

FCF

Million euros

LEVERED FREE CASH FLOW	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
EBITDA-Operating CAPEX	**-10.9**	**-34.2**	**-**	**1.5**	**-**	**-0.8**	**-31.7**	**-**
Change in WC	24.7	30.2	22.6%	-8.0	-	12.8	-30.6	-
Non Cash Items & Other	4.6	-1.9	-	2.0	-	43.5	2.8	-93.5%
Operating Cash Flow	**18.3**	**-5.9**	**-**	**-4.4**	**-32.9%**	**55.5**	**-59.5**	**-**
Financial Investments	-10.1	0.0	100.0%	0.0	-	48.0	-0.2	-
Securitisation Transaction	0.0	99.3	-	0.0	-	0.0	99.3	-
Own shares	0.0	-2.8	-	-4.7	41.3%	-8.9	-8.8	1.1%
Public Tender Offer	-0.3	0.0	100.0%	0.0	-	-20.6	-0.1	99.4%
Financial results	-4.0	-5.4	-34.5%	-4.3	-23.9%	-14.0	-16.6	-19.1%
Income taxes	0.0	0.0	-	0.0	-	-0.5	0.0	100.0%
FCF	**3.9**	**85.3**	**-**	**-13.4**	**-**	**59.6**	**14.1**	**-76.4%**

Consolidated FCF in 2008 was positive 14.1 million euros, compared to a positive 59.6 million euros in 2007 and comprised the following main elements:

- A negative EBITDA minus Operating Capex of 31.7 million euros;
- A Working Capital deterioration of 30.6 million euros, reflecting an increase in accounts receivable and in stocks and notwithstanding the higher credit from trade creditors and fixed asset suppliers. It should also be noted that the Working Capital deterioration for the full year included an extraordinary amount to be received of 19 million euros from Fundação para a Sociedade de Informação, an institute created by the Portuguese State to promote the information society in Portugal, in relation to our participation in the “e-Initiatives” programme. In accordance with the agreement in place with that entity, we expect the outstanding amounts to be paid shortly;
- Net proceeds from the securitisation transaction in the amount of 99.3 million euros;
- Acquisition of own shares during 2008, in the amount of 8.8 million euros; and
- Financial outflows of 16.6 million euros, approximately 2.6 million euros above the level registered in 2007.

5. Telecommunications

5.1. Mobile Business

As a result of commercial initiatives implemented in 2008 and of the investments made in supporting the brand, improving distribution capacity and customer service, our mobile business continued to enlarge its presence in the market, registering growth across all mobile segments.

5.1.1. Operational data

MOBILE OPERATIONAL KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Customers (EOP) ('000)	2,893.5	3,191.6	10.3%	3,058.3	4.4%	2,893.5	3,191.6	10.3%
Net Additions ('000)	132.4	133.3	0.7%	76.2	74.8%	291.6	298.1	2.2%
% Pre-paid Customers	73.1%	69.9%	-3.3pp	69.9%	-0.1pp	73.1%	69.9%	-3.3pp
Data as % Service Revenues	19.4%	25.3%	5.8pp	22.7%	2.6pp	17.7%	22.5%	4.8pp
Total #SMS/month/user	45.1	51.0	13.1%	54.5	-6.4%	45.1	51.4	13.8%
MOU (1) (min.)	120.6	131.3	8.9%	134.8	-2.6%	118.1	128.4	8.7%
ARPU (2) (euros)	18.1	16.1	-10.6%	17.4	-7.2%	18.2	16.8	-7.6%
ARPM (3) (euros)	0.15	0.12	-17.9%	0.13	-4.7%	0.15	0.13	-15.0%
SAC&SRC (4) (million euros)	40.1	39.4	-1.7%	39.0	1.3%	130.4	151.9	16.5%

(1) Minutes of Use per Customer per month; (2) Average Monthly Revenue per User; (3) Average Revenue per Minute; (4) Total Acquisition & Retention Costs.

Customer base
Mobile customer base increased by 10.3% to 3.192 million customers at the end of 2008, compared to 2.894 million at the end of 2007 and 3.058 million at 3Q08, with net additions surpassing 133.3 thousand in the 4Q08, up by 0.7% compared to 4Q07 and 74.8% compared to 3Q08 and, a demonstration of the continued progress in our growth strategy and the success of the innovative products and services we have been continuously launching in the market.

Contract customers continued to increase their weight in the total customer base, having reached in 2008, for the first time, more than 30% of the total mobile base. At the end of 4Q08, these customers represented 30.1% of total customers, an increase of 3.3pp against 4Q07.

During 2008, Mobile customer's ARPU was 16.8 euros, down from 18.2 euros in 2007. Of the 2008 ARPU, 13.0 euros related to customer monthly bill and 3.8 euros to operator revenues, compared to 13.8 euros and 4.4 euros respectively, in 2007.

Data usage
During 2008, we were able to maintain our leading position in retail sales of wireless broadband and again achieved a material growth of data usage, namely through the promotion of our mobile broadband product "Kanguru", based on HSDPA/HSUPA technologies, offering downlink speeds of up to 7.2 Mbps and uplink speeds of up to 1.4Mbps. We are now testing and preparing the launch of further evolutions of HSDPA and HSUPA, in order to deliver downlink and uplink speeds up to 14.4 Mbps and 5.7 Mbps, respectively.

The governmental programme ("e-Initiatives") aimed at the development of the 'Information Society' in Portugal, continues to contribute to maintaining mobile broadband market growth at a high pace and national operators have been active in contributing to this programme as part of the agreements reached with the Government to fulfil the obligations under the UMTS licenses.

During 2008, Optimus received another international award, this time the "Broadband Wireless Service Innovation Award" in a contest promoted by a leading specialised publication (Global Telecoms Business), in recognition for our pioneering role in the development of Mobile Broadband and of innovative role that our Kanguru product has had, since its launch in 2005, in the Portuguese telecoms market.

Data revenues represented 22.5% of service revenues in 2008 (and 25.3% in 4Q08), an improvement of 4.8pp vs. 2007, as the result of our promotional efforts to increase usage of data services and the success of our wireless broadband solutions. Non-SMS related data services continued to increase their weight in data revenues, accounting for almost 65% of total data revenues in 2008 (and 68% in 4Q08), compared to only 51% in 2007. The revenues from non-SMS data services continue to post significant increases, having grown by more than 64% from 2007 to 2008.

Customer Service
During 4Q08, our customer contact centre was recognized as the "Best National Contact Centre" and, in parallel, as the best in the telecommunications area by the Portuguese Association of Contact Centres (APCC) awards.

Also during the last quarter of 2008, IFE Portugal, in collaboration with the "Call Centre Magazine", awarded Optimus the "Quality of Service" award (Self-Management Category) under the "Call Centre Trophy 2008" contest. This is the most relevant award granted to contact centres in Portugal.

These awards clearly underpin our strategic choice of placing the customer at the centre of all our strategy. In an increasingly competitive market, our bet is on differentiating and creating competitive advantages through the way we approach and serve our customers.

Mobile access network
During 2008, as part of the announced investment plan for the year, we continued to invest in the coverage and capacity of our mobile network, with the deployment of new UMTS sites, the upgrade of our 3G network with HSDPA and the increase in the backhaul capacity. By the end of 2008, Optimus' 3G network covered circa 90% of the Portuguese population and over 80% with HSDPA technology, offering bandwidths of up to 7.2 Mbps. The substantial investment made in the network during 2008 will allow Sonaecom to continue to lead in mobile broadband and push for additional growth.

5.1.2. Financial data

Million euros

MOBILE INCOME STATEMENT	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	**164.4**	**160.5**	**-2.4%**	**165.5**	**-3.0%**	**619.4**	**629.1**	**1.6%**
Service Revenues	149.4	147.5	-1.3%	153.2	-3.7%	579.1	588.9	1.7%
Customer Revenues	113.9	116.7	2.5%	114.0	2.4%	437.9	454.5	3.8%
Operator Revenues	35.5	30.8	-13.3%	39.2	-21.3%	141.2	134.4	-4.8%
Equipment Sales	15.0	13.0	-13.1%	12.4	5.3%	40.3	40.2	-0.2%
Other Revenues	**9.9**	**11.7**	**17.9%**	**12.2**	**-4.0%**	**37.0**	**46.5**	**25.8%**
Operating Costs	**136.5**	**129.6**	**-5.0%**	**130.7**	**-0.9%**	**494.8**	**518.9**	**4.9%**
COGS	27.5	22.6	-18.0%	21.4	5.4%	79.7	76.4	-4.1%
Interconnection & Contents	36.0	29.8	-17.3%	35.3	-15.7%	137.4	136.3	-0.8%
L.Lines & other Network Operating Costs	14.4	14.5	0.7%	11.9	21.4%	56.4	56.5	0.1%
Personnel Costs	13.2	14.0	5.9%	11.2	25.2%	51.5	51.2	-0.7%
Marketing & Sales	19.8	18.8	-5.1%	21.5	-12.3%	73.5	81.5	11.0%
Outsourcing Services (1)	14.0	16.4	17.7%	16.2	1.2%	53.0	64.8	22.3%
General & Administrative Expenses	7.8	11.0	41.2%	9.5	15.5%	31.3	39.3	25.6%
Other Operating Costs	3.7	2.5	-33.4%	3.6	-32.1%	12.1	12.9	7.1%
Provisions and Impairment Losses	**2.3**	**5.8**	**149.6%**	**3.4**	**69.7%**	**7.8**	**14.4**	**83.4%**
Service Margin (2)	**113.4**	**117.7**	**3.8%**	**117.8**	**-0.1%**	**441.7**	**452.6**	**2.5%**
Service Margin (%)	75.9%	79.8%	3.9pp	76.9%	2.9pp	76.3%	76.9%	0.6pp
EBITDA	**35.5**	**36.8**	**3.6%**	**43.5**	**-15.5%**	**153.7**	**142.4**	**-7.3%**
EBITDA Margin (%)	21.6%	22.9%	1.3pp	26.3%	-3.4pp	24.8%	22.6%	-2.2pp
Tender Offer related costs	0.0	0.0	-	0.0	-	10.0	0.0	-100.0%
Depreciation & Amortization	29.9	29.8	-0.3%	32.2	-7.6%	115.5	123.2	6.7%
EBIT	**5.6**	**7.0**	**24.2%**	**11.3**	**-38.1%**	**28.1**	**19.2**	**-31.8%**
Operating CAPEX (3)	36.5	58.8	61.0%	35.9	63.7%	113.2	145.6	28.6%
Operating CAPEX as % of Turnover	22.2%	36.6%	14.4pp	21.7%	14.9pp	18.3%	23.1%	4.9pp
EBITDA - Operating CAPEX	-1.0	-22.0	-	7.6	-	40.5	-3.2	-
Total CAPEX	39.3	59.7	51.9%	38.6	54.9%	127.1	244.7	92.5%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection & Content Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover
Mobile service revenues increased by 1.7% to 588.9 million euros compared to 579.1 million euros in 2007, driven by the 3.8% growth in customer revenues, which more than compensated the 4.8% decrease in operator revenues (driven by the lower level of roaming-in tariffs and the introduction of the new MTRs programme). Total turnover increased y.o.y. by 1.6% as a result of the growth in service revenues and despite a marginal decrease in the level of equipment sales (-0.2% against 2007).

EBITDA

Mobile EBITDA in 2008 reached 142.4 million euros and generated a margin of 22.6%, representing a decrease of 2.2pp, when compared to 2007. This decline was primarily the result of the combination of higher Marketing & Sales costs (+11% against 2007), lower roaming-in revenues and higher outsourcing costs (+11.8 million euros) and G&A costs (+8.0 million euros) when compared to 2007, driven by (i) the increased customer base and related license costs; (ii) the billing requirements associated with growing post-paid customer base; and (iii) the increase in customer service costs. It should nevertheless be noted that mobile EBITDA margin has increased by 1.3pp between 4Q07 and 4Q08.

5.2. Wireline Business

Competitive pressures continue to be particularly visible in the wireline segment, with significant price promotions prevailing, during most of 2008, in the voice, broadband and TV segments. In this market environment, we have focused on protecting the direct access broadband business with particular efforts made to reducing levels of churn, improving loyalty and reinforcing our IPTV and Home Video services (now with almost 100 channels and 1,000 movie titles), while continuously working to improve customer service.

5.2.1. Operational data

WIRELINE OPERATIONAL KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Total Accesses (EOP) (1)	775,623	592,900	-23.6%	644,457	-8.0%	775,623	592,900	-23.6%
Voice	514,067	360,007	-30.0%	399,774	-9.9%	514,067	360,007	-30.0%
Direct	257,252	246,032	-4.4%	258,820	-4.9%	257,252	246,032	-4.4%
Indirect	256,815	113,975	-55.6%	140,954	-19.1%	256,815	113,975	-55.6%
ADSL	229,040	207,836	-9.3%	219,482	-5.3%	229,040	207,836	-9.3%
Direct	197,648	188,304	-4.7%	197,998	-4.9%	197,648	188,304	-4.7%
Indirect	31,392	19,532	-37.8%	21,484	-9.1%	31,392	19,532	-37.8%
Other & Data	32,516	25,057	-22.9%	25,201	-0.6%	32,516	25,057	-22.9%
Direct	15,773	20,691	31.2%	19,288	7.3%	15,773	20,691	31.2%
Indirect	16,743	4,366	-73.9%	5,913	-26.2%	16,743	4,366	-73.9%
Total Direct Accesses	470,673	455,027	-3.3%	476,106	-4.4%	470,673	455,027	-3.3%
Total Indirect Accesses	304,950	137,873	-54.8%	168,351	-18.1%	304,950	137,873	-54.8%
Unbundled COs with transmission	169	174	3.0%	174	0.0%	169	174	3.0%
Unbundled COs with ADSL2+	161	166	3.1%	166	0.0%	161	166	3.1%
Direct access as % Cust. Revenues	60.1%	77.2%	17.2pp	72.6%	4.6pp	70.1%	71.4%	1.3pp
Average Revenue per Access - Retail (2)	21.6	22.4	3.7%	21.6	3.6%	23.1	21.5	-6.7%

(1) Number of Direct Acesses for periods from 3Q07 until 3Q08 were restated; (2) Excluding Mass Calling services' revenues and recalculated in 3Q08 according to the restated number of accesses

Customer base

It should be noted that in 3Q08 we restated the number of direct accesses since 3Q07, to reflect the final numbers of active accesses effectively acquired from ONI and Tele2 and to incorporate the impact of the new internal dunning procedures, implemented as a result of the shorter judicial timeframe to claim overdue invoices. This restatement of accesses provided a clearer starting point and allows for a like-for-like comparison and has naturally led to a corresponding adjustment to Average Revenue per Access.

At the end of 2008, total accesses reached 592.9 thousand, a decrease of 23.6% compared to the end of 2007, explained by a 3.3% decrease in direct accesses and a 54.8% reduction in indirect accesses, as a reflection of the expected churn of indirect voice customers and partly due to migrations to direct access (including bundled) offers. The number of direct accesses represented 76.7% of the Wireline Business total accesses at the end of 2008, compared to 60.7% at the end of 2007.

Direct access net additions in 4Q08 were negative 21 thousand accesses mainly as a result of the deceleration that the total fixed broadband market in Portugal experienced in the last quarters, together with the fact that during the second half of 2008 we have not expanded the addressable market for ULL as we have not opened any new CO for ADSL2+ services and we have focused more on quality of service and customer retention.

The average Wireline retail revenue per access decreased to 21.5 euros, down by 6.7% against 2007, driven mainly by the negative impact of promotion campaigns carried out mainly in the first semester, in response to similar pricing movements launched by our main competitors.

Services

During 2008, through our residential brand Clix, we promoted the replacement, without charge, of installed set-top boxes for a new MPEG4 model, one of the most advanced set top boxes currently available in the market, which allows our TV customers to access HD channels and DTT and to benefit from an improved sound quality. We have also made available in our offers a set top box with PVR functionality.

We have reinforced our IPTV offer by adding new contents, including several new broadcast channels, as well as new functionalities: Kids Club (a new portal with design and contents specially adapted to the children's target) and a parental control tool. A particular focus was also placed in the inclusion of our offer of HD channels (currently including SporTV HD and Luxe TV).

Customer Service

During 2008, we launched additional customer touch points for our residential wireline customers: Technical Customer Attention centres in Lisbon and Porto. With these new centres, our customers can now solve their hardware problems better and faster.

Clix web self-care was also greatly improved in 2008 as we believe that part of providing a better service to our customers also involves making a fast and complete self-service available to them. Web self-care now covers more than 50% of customer service needs and usage of this tool has more than doubled during 2008.

Importantly, Clix was recognized in a 2008 study carried by Anacom as the broadband operator with the most satisfied customers.

ULL access network

During the second half of 2008 the number of COs unbundled for SHDSL circuit interconnection remained stable. With these circuits (installed at 174 COs), Sonaecom is capable of operating direct connections for most of our mobile access network, thus further reducing the dependency on the incumbents' leased circuits.

We also did not enlarge further the addressable market of our residential ULL offers as, during the last two quarters of 2008, we did not open any additional COs with ADSL2+. The addressable market of our ULL network continues to correspond to approximately 55% of total fixed lines in Portugal. Of the 166 central offices we have unbundled until 4Q08, approximately 72% are prepared with full triple play capability.

Fibre access network

As regards our announced FTTH plan, we have completed during 2008 the initial phase of our deployment plan having reached our targets for the year in terms of homes passed in the initial coverage zones. We are now preparing the way for the next phases of deployment. The feedback we are receiving from connected customers is extremely positive, in terms of both their broadband and TV experience.

At the end of 3Q08, we launched the first fibre commercial offer in Portugal. Under the "Clix Fibre" designation, customers now have the chance to access to most advanced TV, Broadband, Home-Video and telephony services. With this new offer, fibre customers had access to the fastest Internet offer in the market, with access speeds of up to 100 Mbps in the download, which translates into an unprecedented user-experience. We have also made available in our offers a set top box with PVR functionality.

With the implementation of FTTH, Sonaecom has, for the first time, the complete responsibility for the network used to deliver end-to-end fixed services to the residential market and, as such, is completely in control of the end-to-end quality of service provided to the Client. The experience that has been gained in this first year of rollout of this future-proof technology, allows for Sonaecom to be prepared for the second phase of deployment and to continuous delivery of innovative high-speed broadband services.

5.2.2. Financial data

Million euros WIRELINE INCOME STATEMENT	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	**77.8**	**71.3**	**-8.4%**	**72.6**	**-1.8%**	**255.4**	**291.4**	**14.1%**
Service Revenues	77.0	70.3	-8.7%	72.3	-2.8%	254.2	289.8	14.0%
Customer Revenues	50.1	39.5	-21.2%	40.3	-2.0%	140.0	173.1	23.7%
Direct Access Revenues	30.1	30.5	1.3%	29.3	4.3%	98.1	123.7	26.1%
Indirect Access Revenues	19.0	8.2	-57.1%	10.3	-20.5%	38.6	45.8	18.6%
Other	1.0	0.8	-16.3%	0.8	9.3%	3.2	3.6	13.0%
Operator Revenues	26.9	30.8	14.6%	32.0	-3.8%	114.3	116.6	2.1%
Equipment Sales	0.8	1.0	18.2%	0.3	-	1.2	1.6	37.8%
Other Revenues	**1.2**	**3.4**	**185.8%**	**0.4**	**-**	**3.8**	**4.2**	**10.9%**
Operating Costs	**73.1**	**66.8**	**-8.5%**	**65.2**	**2.5%**	**245.8**	**273.4**	**11.2%**
COGS	1.0	1.3	27.8%	0.5	179.0%	1.4	2.4	70.4%
Interconnection	33.6	36.0	7.1%	37.6	-4.3%	126.9	151.4	19.3%
L.Lines & other Network Operating Costs	14.6	10.9	-25.6%	9.2	18.7%	42.0	40.7	-2.9%
Personnel Costs	2.6	2.7	4.6%	2.1	26.5%	9.4	9.8	4.0%
Marketing & Sales	5.8	4.3	-25.4%	4.0	7.7%	18.5	16.8	-9.2%
Outsourcing Services (1)	12.6	9.6	-23.3%	9.9	-2.8%	36.8	43.5	18.1%
General & Administrative Expenses	2.6	1.9	-27.3%	1.7	8.6%	9.1	8.0	-11.8%
Other Operating Costs	0.3	0.2	-52.5%	0.2	-7.7%	1.6	0.8	-50.8%
Provisions and Impairment Losses	**0.5**	**2.2**	**-**	**3.3**	**-32.2%**	**3.7**	**8.2**	**120.9%**
Service Margin (2)	**43.4**	**34.3**	**-20.9%**	**34.6**	**-1.1%**	**127.3**	**138.4**	**8.7%**
Service Margin (%)	56.3%	48.8%	-7.5pp	47.9%	0.8pp	50.1%	47.8%	-2.3pp
EBITDA	**5.4**	**5.6**	**2.9%**	**4.5**	**24.3%**	**9.8**	**14.0**	**43.8%**
EBITDA Margin (%)	6.9%	7.8%	0.9pp	6.2%	1.6pp	3.8%	4.8%	1pp
Tender Offer related costs	0.0	0.0	-	0.0	-	13.3	0.0	-100.0%
Depreciation & Amortization	13.6	9.2	-32.6%	7.8	17.7%	28.5	33.0	15.7%
EBIT	**-8.2**	**-3.6**	**56.0%**	**-3.3**	**-8.7%**	**-32.0**	**-18.9**	**40.9%**
Operating CAPEX (3)	16.1	18.1	12.4%	10.1	79.8%	49.8	44.5	-10.7%
Operating CAPEX as % of Turnover	20.7%	25.4%	4.7pp	13.9%	11.5pp	19.5%	15.3%	-4.2pp
EBITDA - Operating CAPEX	-10.7	-12.5	-17.3%	-5.6	-124.1%	-40.1	-30.5	23.9%
Total CAPEX	13.7	18.1	32.1%	10.1	79.8%	82.6	45.4	-45.0%

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Service Margin = Service Revenues minus Interconnection Costs; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

Turnover in 2008 amounted to 291.4 million euros, an increase of 14.1% over 2007, mainly due to the significant increase in customer revenues, up by 23.7%, driven by the growth in both direct access revenues (26.1% higher than in 2007) and indirect access revenues that increased y.o.y. by 18.6%, to 45.8 million euros. Growth in customer revenues is mostly explained by the higher average customer base during 2008. The expected trend of reduction in indirect access customers has determined q.o.q. reductions in the corresponding revenue line.

Direct access revenues accounted for 71.4% of customer revenues in 2008, an increase of 1.3pp compared to the 2007, as a result of our continued focus on the direct access business.

EBITDA

Wireline EBITDA was positive 14.0 million euros, representing a 43.8% increase over the 9.8 million euros registered in 2007, and generated a margin of 4.8%. The y.o.y. improvement is primarily due to scale benefits arising from both the increased size of the average direct customer base, notwithstanding the delayed integration process, completed only in 3Q08 (due to administrative and regulatory reasons), of the customers acquired in 2007 onto our own systems and network. It is worth highlighting that EBITDA margin in 4Q08 increased by 1.6pp against the previous quarter as a result of the benefits of the new MTR programme (Service Margin has increased by 0.8pp) and of savings achieved in several costs lines, despite the expected lower level of indirect access revenues.

6. Software and Systems Information (SSI)

SSI achieved a good set of operational and financial results with a record top-line driven by the performance of WeDo Technologies that continued to expand its customer base through its leading Revenue Assurance product ("RAID") and by the growth and increased profitability at all other operating companies: Mainroad (IT Management, Security and Business Continuity), Bizdirect (Business Process Automation and value added IT Products) and Saphety (electronic invoicing and security on B2B transactions).

WeDo continued to consolidate its international presence, grow its leading position in the international Revenue Assurance market, while expanding its product portfolio and enlarging its offer beyond its traditional telecoms customer base. Importantly, during 2008 WeDo launched its new Fraud Management System ("Fraud:RAID"), which can be implemented individually or as a fully integrated module of its current revenue assurance product. Also during 2008, WeDo opened new subsidiaries in Mexico, Egypt and a branch in Malaysia, allowing for a more cost effective management of those regions and increasing its local presence to 11 different countries.

6.1. Operational data

SSI OPERATIONAL KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
IT Service Revenues/Employee [1] ('000 euros)	27.3	32.5	19.1%	30.0	8.3%	110.9	120.6	8.7%
Equipment Sales as % Turnover	41.3%	53.5%	12.2pp	49.8%	3.7pp	40.8%	49.3%	8.5pp
Equipment Sales/Employee [2] ('000 euros)	836.1	1,319.0	57.8%	1,125.5	17.2%	2,673.6	4,413.6	65.1%
EBITDA/Employee ('000 euros)	0.8	3.3	-	3.4	-4.4%	11.9	14.6	22.7%
Employees	467	475	1.7%	471	0.8%	467	475	1.7%

(1) Excluding employees dedicated to Equipment Sales; (2) Bizdirect.

SSI continued to show a positive trend in productivity levels along 2008, with IT service revenues per employee again increasing to 32.5 thousand euros in 4Q08 (respectively, 19.1% and 8.3% above the levels registered in 4Q07 and in 3Q08), while equipment sales per employee have increased by more than 57% when compared to 4Q07. Total headcount at the end of 2008 increased to 475, 1.7% above 2007, mainly due to the need for additional internal consultants to support the increased level of activity.

During 2008, **WeDo** obtained 11 new key accounts, including leading telecom operators in Pakistan, Indonesia, Venezuela, UAE, Italy and several countries in Central America. It is also worth noting the implementation of its RAID system across the Orascom Group, with successful installations in Egyptian, Algerian, Pakistani and Bangladeshi operations. WeDo's customer orders in 2008 have increased by more than 33% in comparison with the level registered in 2007. During 2008, orders arising from international markets totalled approximately 64% of total orders.

Mainroad started during 2008 the expansion of its Data Centre in Porto, an investment that will amount to almost 1 million euros, in order to accommodate the growing number of customers and hosting requirements. Importantly, during the 2008, became the first SAP Hosting Partner in Portugal (and only the second in Iberia) and ranked second in the category of "Best Disaster Recovery Provider" in the recent Data Centres Europe Awards 2008 contest.

Bizdirect obtained a set of new contracts during 2008, with B2B customer orders growing by more than 9% against the previous year. It should be also highlighted the fact that Bizdirect has launched, during 2008, "BizGov", a new electronic purchasing platform aimed at the public sector, a key target segment for the company.

Both Mainroad and Bizdirect were recognised by "COTEC" as innovative companies and integrated into the "COTEC Innovation SME Network" in the 4Q08. By joining this network, our companies will benefit from the promotion and publicity measures implemented by the association. "COTEC" is a non-profit business association with the mission of promoting the competitiveness of companies established in Portugal.

At the end of 2008, Bizdirect's business portfolio was restructured. Taking into account the high complementarities between Sapthey and the B2B unit of Bizdirect, the shareholders of the company (Sonaecom, BPI and AITEC) decided to integrate this business line into Saphety. As such, in light of the very positive recent evolution of the BizProducts business unit (mostly dedicated to equipment sales) and of its future growth prospects, the shareholders decided to concentrate Bizdirect in this specific area.

6.2. Financial data

Million euros

SSI CONS. INCOME STATEMENT	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	**26.10**	**34.48**	**32.1%**	**31.18**	**10.6%**	**79.51**	**120.13**	**51.1%**
Service Revenues	15.32	16.03	4.6%	15.66	2.3%	47.05	60.87	29.4%
Equipment Sales	10.78	18.45	71.1%	15.52	18.9%	32.47	59.26	82.5%
Other Revenues	**0.04**	**0.70**	**-**	**0.07**	**-**	**0.36**	**2.39**	**-**
Operating Costs	**25.74**	**33.28**	**29.3%**	**29.62**	**12.4%**	**75.07**	**115.27**	**53.6%**
COGS	10.57	18.26	72.8%	15.17	20.4%	31.74	58.12	83.1%
Personnel Costs	7.25	6.70	-7.6%	6.72	-0.4%	22.24	27.07	21.7%
Marketing & Sales	0.47	0.25	-46.4%	0.18	38.7%	1.21	1.20	-1.3%
Outsourcing Services (1)	4.68	5.21	11.4%	4.90	6.5%	12.00	18.60	55.0%
General & Administrative Expenses	2.62	2.70	2.9%	2.55	5.8%	7.54	10.02	33.0%
Other Operating Costs	0.15	0.16	10.4%	0.10	58.4%	0.34	0.27	-20.0%
Provisions and Impairment Losses	**0.04**	**0.06**	**73.8%**	**0.00**	**-**	**0.19**	**0.13**	**-29.9%**
EBITDA	**0.37**	**1.83**	**-**	**1.64**	**11.6%**	**4.58**	**7.12**	**55.3%**
EBITDA Margin (%)	1.4%	5.3%	3.9pp	5.3%	0pp	5.8%	5.9%	0.2pp
Depreciation & Amortization	0.53	0.46	-12.7%	0.51	-9.2%	1.73	1.95	13.0%
EBIT	**-0.16**	**1.37**	**-**	**1.13**	**21.0%**	**2.85**	**5.16**	**80.9%**
Operating CAPEX (2)	0.35	0.71	99.5%	0.67	5.7%	0.71	1.79	151.0%
Operating CAPEX as % of Turnover	1.4%	2.0%	0.7pp	2.1%	-0.1pp	0.9%	1.5%	0.6pp
EBITDA - Operating CAPEX	0.02	1.12	-	0.97	15.6%	3.87	5.33	37.7%
Total CAPEX	24.14	0.76	-96.9%	0.70	8.5%	27.18	-0.55	-

(1) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (2) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

SSI turnover increased significantly y.o.y and was up 51.1% in 2008 to 120.1 million euros, as a result of both higher IT equipment sales, which increased by almost 83% to 59.3 million euros, and higher service revenues, up by 29.4%, mainly driven by the 33% increase in service revenues at WeDo. SSI registered in 2008 the highest level of revenues since its foundation. It is also worth noting that all SSI's businesses have posted a y.o.y turnover growth above 14%. WeDo, that grew turnover by approximately one third, accounts for the majority (circa 69%) of SSI's service revenues.

During 2008, equipment sales represented 49.3% of turnover, an increase of 8.5pp over the level registered in 2007, driven by a positive contribution from the sale of computers at Bizdirect.

EBITDA

SSI EBITDA was positive 7.12 million euros in 2008, an increase of 55.3% against 2007, with EBITDA margin increasing by 0.2pp to 5.9% due to the positive EBITDA evolution of all its operating companies.

In relation to EBITDA margin, WeDo achieved a positive 9.9% in 2008; a slight increase from the 9.5% margin registered in 2007, driven by the improved top line performance and by the integration of the acquired businesses, while Mainroad achieved a 12.3% margin, a leading margin for this type of business and representing a growth of 1.2pp, compared to 2007.

7. Media

Market dynamics continued to be severe for daily paid generalist press, throughout 2008, with advertising revenues for the sector as a whole, YTD until November, decreasing by 0.8%[1] compared to the same period of the previous year (this number refers to advertising space calculated at reference table figures - competitive pressures continue to lead to higher price discounts). During the same period, the free newspapers' advertising revenues is estimated to have increased by approximately 71%. Although total circulation numbers for the daily paid generalist press have increased by 6.1%[2], this was partly explained by circulation campaigns carried out by several players during most of 2008.

As a way to celebrate its 18th anniversary with its readers, Público implemented a number of campaigns during 2008, including special editions of certain supplements, the recirculation of the first edition of the newspaper and the launch, under the format of a magazine, of a new Saturday supplement dedicated to leisure. Among the several commercial initiatives implemented in the year, it is worth highlighting (i) the introduction of new contents in the weekly Economy supplement; (ii) the launch of a new, redesigned Sunday magazine ("Pública"), which now carries a completely revised content; and (iii) the launch, in partnership with Optimus, of a first hand access to an iPhone optimised version of Público on-line (especially designed for iPhone users). This initiative forms part of our strategy of pioneering innovation in the digital context, enabling Público to continue to be a clear leader in on-line access among Portuguese newspapers.

7.1. Operational data

PÚBLICO OPERATIONAL KPI's	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Average Paid Circulation (1)	39,615	42,566	7.4%	41,544	2.5%	41,767	42,345	1.4%
Market Share of Advertising (%)	13.9%	13.2%	-0.7pp	11.3%	2pp	13.7%	12.5%	-1.2pp
Audience (2) (%)	4.7%	4.5%	-0.2pp	n.a.	-	4.7%	4.5%	-0.2pp
Employees	257	256	-0.4%	263	-2.7%	257	256	-0.4%

(1) Estimated value updated in the following quarter; (2) As % of adressable population; Source: Bareme Imprensa 3ª Vaga 2008 (data not gathered in the third quarter).

Until December 2008, Público's average market share of paid circulation, among daily generalist press, reached 11.7%, approximately 0.6pp below the comparable period in 2007. In 4Q08, average paid circulation reached 42.6 thousand, an increase of 7.4% when compared to 4Q07 and 2.5% against the previous quarter. Circulation figures increased by 1.4% when compared to 2007, with an average of 42,345 newspapers sold in 2008. As mentioned above, the paid press market continues to face competitive challenges, with increased competition from 'free' newspapers (which have more than doubled the circulation in 2008, partly driven by the launch of three new free titles into the market).

Recent audience indicators indicated an increase in the total number of readers, with Público ranking third among daily paid generalist press and reaching circa 4.5% of the addressable market in the 4Q08 (approximately stable against the previous survey). Importantly, Público is showing more resilience in the numbers of total readers when compared to its main competitors.

Público's advertising market share has improved q.o.q. by 2pp in 4Q08, to 13.2%, reaching an average of 12.5% during 2008, approximately 1.2pp below the level registered in 2007. The relatively good recent performance shown in terms of audience may contribute to mitigating the severe market dynamics daily paid newspapers are facing in terms of advertising revenues. In any case, the deteriorating macro-economic environment may lead to further cuts in business spend, in general, during 2009, with negative impacts over advertising budgets.

[1] Source: Marktest/Media Monitor
[2] Source: APCT: December 2008 vs December 2007

7.2. Financial data

Million euros

PÚBLICO CONS. INCOME STATEMENT	4Q07	4Q08	y.o.y	3Q08	q.o.q	2007	2008	y.o.y
Turnover	**9.55**	**8.07**	**-15.5%**	**7.14**	**13.1%**	**33.16**	**32.44**	**-2.2%**
Advertising Sales (1)	4.16	3.40	-18.1%	2.75	23.8%	14.27	13.46	-5.7%
Newspaper Sales	2.77	2.94	5.9%	3.01	-2.6%	11.82	12.04	1.8%
Associated Product Sales	2.62	1.73	-34.0%	1.37	26.1%	7.07	6.94	-1.8%
Other Revenues	**0.08**	**0.34**	**-**	**0.16**	**120.4%**	**0.25**	**0.60**	**142.3%**
Operating Costs	**9.38**	**8.81**	**-6.1%**	**8.49**	**3.8%**	**36.26**	**36.08**	**-0.5%**
COGS	2.50	2.31	-7.6%	1.91	20.8%	8.64	9.07	5.0%
Personnel Costs	2.82	2.59	-8.3%	2.81	-7.7%	11.41	11.28	-1.1%
Marketing & Sales	0.93	0.93	-0.2%	0.73	27.1%	3.24	3.53	8.9%
Outsourcing Services (2)	2.41	2.28	-5.3%	2.28	-0.1%	10.13	9.37	-7.4%
General & Administrative Expenses	0.72	0.66	-7.6%	0.75	-11.3%	2.83	2.76	-2.2%
Other Operating Costs	0.01	0.04	-	0.01	-	0.02	0.05	-
Provisions and Impairment Losses	**0.05**	**0.05**	**1.5%**	**0.05**	**9.8%**	**0.41**	**0.18**	**-56.0%**
EBITDA	**0.20**	**-0.45**	**-**	**-1.24**	**63.8%**	**-3.27**	**-3.22**	**1.5%**
EBITDA Margin (%)	2.1%	-5.6%	-7.6pp	-17.4%	11.9pp	-9.9%	-9.9%	-0.1pp
Depreciation & Amortization	0.18	0.19	3.3%	0.21	-10.7%	0.70	0.77	10.0%
EBIT	**0.01**	**-0.64**	**-**	**-1.46**	**56.1%**	**-3.97**	**-3.99**	**-0.5%**
Operating CAPEX (3)	0.20	0.03	-86.9%	0.11	-77.0%	0.69	0.84	21.1%
Operating CAPEX as % of Turnover	2.1%	0.3%	-1.7pp	1.6%	-1.2pp	2.1%	2.6%	0.5pp
EBITDA - Operating CAPEX	0.00	-0.48	-	-1.36	64.9%	-3.96	-4.06	-2.4%
Total CAPEX	0.20	0.03	-86.9%	0.11	-77.0%	0.69	0.84	21.1%

(1) Includes Contents; (2) Outsourcing Services = Customer Services plus Consultants plus Subcontracts; (3) Operating CAPEX excludes Financial Investments, Provisions for sites dismantling and other non operational investments.

Turnover

During 2008, Público's turnover decreased by 2.2% to 32.4 million euros, as a reflection of different trends in its revenue lines: a 1.8% growth in newspaper sales, partially explained by the cover price increase in 4Q08; more than off-set by the negative evolution in advertising revenues (-5.7%) and in associated product sales (-1.8%). In terms of recent quarterly evolution, positive improvements were achieved in 4Q08, when compared to the previous quarter, at the level of advertising (+23.8%) and associated product revenues (+26.1%).

The 50:50 JV that was set-up with "A Bola" (a leading daily sports newspaper) for the launch of "Sexta" (the free weekly newspaper launched in 4Q07 and proportionally consolidated in Público), is currently being reassessed, in light of the recent market developments, and a decision was taken, in December 2008, to suspend the circulation of "Sexta".

EBITDA

In 2008, Público generated a negative EBITDA of 3.2 million euros, which nevertheless represents a 1.5% improvement over 2007 as the negative trend at the top line level was more than compensated by savings achieved in most of its cost lines, including a 1.1% reduction in personnel costs and a 7.4% reduction in outsourcing services.

8. Main Regulatory Developments in 4Q08

The following are some of the more relevant regulatory developments during 4Q08:

Analysis of markets 4 and 5 (Shared Access e Wholesale Broadband markets)
At the beginning of December 2008, Anacom submitted its analysis of the Shared Access and Wholesale Broadband markets to the European Commission. Anacom's proposal divides the country between so-called "competitive" and "non-competitive" areas and eliminates certain obligation for the PT group in the "competitive" regions. Additionally, the regulator opened up the possibility of regulating Next Generation Access Networks ("NGNs"), namely via the regulation of fibre deployments, but has postponed the definition of the precise terms of such regulation to a later stage. The European Commission has approved Anacom's proposal, alerting, nevertheless, to the fact that such regulation should be adopted after the analysis of NGNs, namely in what concerns remedies for fibre deployments.

New model of fees payable to Anacom
During 4Q08 a new model for the calculation of fees payable to Anacom was published, that comprises three different types of costs:

a) Fees per customer number range assigned;
b) Administrative fees, related to the costs of regulation incurred by Anacom, variable according to each operator's turnover;
c) Spectrum fees, variable according to the attributed spectrum.

In addition, within the scope of spectrum fees, and taking into account the previous model, the Government defined a 30% reduction – from 2.38 euros to 1.65 euros – in the amount payable per each mobile subscriber in the second semester of 2008.

In order to take advantage of this new model of spectrum fees, we have re-evaluated our frequencies and decided to return to the regulator the 2x28 MHz block that we previously had rights over in the 3.6GHz-3.8GHz frequency range (Sonaecom maintains other frequencies, assigned for the same purposes – FWA -, in the 24-25 GHz range) and, also considering the absence of opportunities for a viable commercial exploitation, to return 5 MHz of UMTS – TDD spectrum.

International Roaming
The EU Council of the Transport, Telecommunications and Energy Ministries approved on 27 November 2008, a generic orientation on the proposed extension, to 2012, of the Roaming Regulation and of its enlargement to SMS and usage of data services when roaming within EU countries. Member States have generally accepted the proposals of the European Commission. The text approved by the Ministries foresees that, from 1 July 2009, the maximum price per message of an intra-EU SMS is set at 0.11 euros (excluding VAT).

In addition, the Council backed the proposed extension of the validity of the *Eurotariff*, applicable on intra-EU voice calls on roaming, for an additional period of three years, as well as a progressive reduction until 2012 of the maximum amount to be charged (from the current 0.46 euros to 0.34 euros, in the case of calls made, and from 0.22 euros to 0.10 euros in the case of received calls).
The European Parliament is now expected to decide on this matter until April 2009.

9. Main Corporate Developments in 4Q08

Renewal of Strategic Partnership Agreement with France Télécom

On 24 October 2008, Sonaecom reached an agreement with France Télécom, S.A. regarding the extension, for an additional period of three years, of the Strategic Partnership Agreement (SPA) initially signed in June 2005. The agreement foresees the continued cooperation between both parties in the following key areas: equipment and handset procurement, access to multimedia content and services, roaming, interconnection and network services.

Such extension has, as its main objective, the enhancement of cooperation between Sonaecom and France Télécom and is the result of the renegotiation of the operational terms of the SPA (that were disclosed by Sonaecom at the time of announcement of the original Agreement in 2005) that was carried out by the parties after the end of the initial term of the Agreement.

Acquisition of own shares

From 8 October to 3 November 2008, Sonaecom purchased, through the Euronext Lisbon Stock Exchange, a total of 2,062,000 own shares representing approximately 0.56% of its share capital. The weighted average price of all the purchases referred above stood at 1.34 euros per share.

As at the end of 2008, Sonaecom was the holder of 5,930,643 own shares, representing approximately 1.62% of its share capital.

Securitisation Transaction

The subsidiary Sonaecom – Serviços de Comunicações, S.A. (our operating Telco company) completed, on 30 December 2008, a securitisation transaction in the amount of approximately 100 million euros, under which it has assigned to TAGUS – Sociedade de Titularização de Créditos, S.A. ("Tagus") future receivables to be generated under a portfolio of existing "Corporate" customer contracts.

Future receivables in the amount required for Tagus to perform payments of quarter interest and principal instalments due to bondholders and payments to other creditors of this transaction shall be allocated by Sonaecom – Serviços de Comunicações, S.A. throughout the calendar years of 2009/2013.

The completion of this transaction generated an increase in the funds available at the Sonaecom consolidated level and the corresponding proceeds will be used, together with the other available financing sources, for general corporate purposes. The transaction did not determine any change in the accounting treatment of the underlying receivables or in the relationship with the respective customers.

Merger of Telemilénio with Sonaecom - Serviços de Comunicações

Telemilénio Telecomunicações, Sociedade Unipessoal, Lda. (former "Tele2 Portugal") was merged in operational terms into Sonaecom – Serviços de Comunicações, S.A. This process is aimed at assuring both the quality of service and the possibility to provide all existing Sonaecom functionalities and services to previous Tele2 customers and has finally eliminated all the hurdles, namely in terms of network, that have delayed the achievement of the expected synergies during part of 2008. The merger became effective for accounting purposes from 2 January 2009.

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.

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Report available in Sonaecom's institutional website
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