

SONAECON: Medium Term Incentive Plan (“MTIP”)

1. OBJECTIVE

The MTIP is designed to align the interests of employees and Executive Directors with the success of Sonaecom, reinforcing their engagement and the perception of the impact of their performance on the success of Sonaecom, which is reflected by the price of the share.

The MTIP is applicable to all Sonaecom Group companies, with the exception of WeDo Consulting – Sistemas de Informação, S.A. which has adopted its own specific incentive plan. For Público – Comunicação Social, S.A. and the companies it owns, the attribution rules are more restricted than those described below and this is not expected to change.

2. GENERAL TERMS OF THE MEDIUM TERM INCENTIVE PLAN (MTIP)

The MTIP is subject to the eligibility rules described in this document.

The general terms of the MTIP and any significant amendments thereto are reviewed by the Shareholders' Remuneration Committee and then approved by shareholders at a Shareholders' General Meeting, based on a proposal submitted by the Board of Directors, after the Board has taken advice from the Board Nomination and Remuneration Committee (“BNRC”). The participation in the MTIP of the members of Sonaecom's Executive Committee (ExCom) is approved by the Shareholders' Remuneration Committee (“Comissão de Vencimentos”), in line with the Group's Remuneration Policy, which is approved by shareholders at a Shareholders' General Meeting. The participation of other Senior Executives is approved, annually, by the Sonaecom ExCom.

3. ELIGIBILITY

All Sonaecom employees at Sonaecom Management Levels (“Grupo Funcional” or “GF”) GF1 to GF6 are eligible to be awarded a Medium Term Performance Bonus under the MTIP, provided that they held Management Level GF6 or higher, on 31 December of the respective performance year.

Classification as Management Level GF6, on recruitment or by promotion, does not automatically give entitlement to the award of a MTPB. Any decisions to make an award, including the value awarded (which is calculated as a percentage of the individual annual fixed remuneration), should take into account the total variation in the compensation package of each employee that results. It is recommended that, for the first MTPB awarded, the value should be equal or lower than 50% of the maximum value recommended for the same Management Level (see Table 2 below).

4. DEFINITION OF REFERENCE VALUES FOR THE MTPB AND COMPOSITION OF THE STANDARD SHARE PACKAGES

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4.1. The MTPB reference values for officers and employees with Management Levels GF1, and GF2 (see Table 1 below) is based on a percentage of their total Target Performance Bonuses (Short Term + Medium Term), which is defined on an individual basis, taking into account their level of qualification and the structure of their compensation package. This is also linked to the achievement of individual Key Performance Indicators (KPIs) and is approved:

- For ExCom members (Management Levels GF1 and GF2): by the Shareholders’ Remuneration Committee of Sonaecom, based on proposals submitted by the BNRC; and

- For Management Level GF3 by the Chairman of the Board of Directors, based on proposals submitted by Sonaecom ExCom;

The decision making bodies above may decide to alter the value of individual MTPBs to be awarded should the value be considered to be no longer appropriate.

Sonaecom Management Level	Reference Values for MTIP¹ (% of Total Target Performance Bonus)	Composition of Share Package Sonaecom SGPS Shares	Composition of Share Package Sonaecom SGPS Shares
Executive Directors			
GF1	Up to 50%	40%	60%
GF2	Up to 50%	30%	70%
Other Employees GF2			
GF2			100%

Table 1 – Reference values for the MTIP and composition of the standard share package

The value of the MTIP may alter over the period between the award date and the vesting date, as it is linked to a standard share package and to the Total Shareholder Return (“TSR”) of the respective Sonaecom SGPS and Sonaecom SGPS shares. The percentage of shares of each company which make up the standard share package is set out in Table 1 above. Vesting is dependent on the overall continuing success of the company during the 3 year vesting period, measured in accordance with the objectives set by the Shareholders’ Remuneration Committee for each period of three years.

4.2. For employees with Management Levels GF3, GF4, GF5 and GF6, the MTIP reference values are based on a percentage of the Annual fixed remuneration, which is defined on an individual basis, taking into account their level of qualification and the structure of their compensation package. This is also linked to the performance of individual Key Performance Indicators (KPIs) to be approved by Sonaecom ExCom.

The MTIP reference values, for employees who have a monthly performance bonus (“commission” - “comissão”), should take into account the following: a) total commissions received on an annual basis; b) compatibility of this value, in light of the minimum and maximum STPB values awarded for other employees with the same Management Level. When the annual commissions awarded are outside the above range, the company may decide to adjust them.

¹ For members of the Board of Directors, the reference values for the MTIP, must be at least 50% of the total target performance Bonus

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Sonaecom Management Level	Reference Values for MTIP (% of Annual fixed remuneration)
GF3	Up to 65%
GF4	Up to 60%
GF5	Up to 50%
GF6	Up to 45%

Table 2 – Reference values for the award of the MTIP

4.3. Duration of the MTIP

The MTIP plans are established annually and each plan has a three year term. As from the award date of the third consecutive plan, 3 plans will be open at the same time.

4.4. Valuation of MTIP

The MTIP is valued at the award date, based on the listed share prices in Portugal of the shares that make up the respective share package. In the case of Sonae SGPS shares, the most favourable of the following prices is used: (i) the closing price on the first working day after the company's Shareholders' Annual General Meeting; or (ii) the average of the closing prices of the last 30 trading sessions, before the Annual General Meeting. For Sonaecom shares, the value is calculated by dividing the average of the closing prices of the last 30 trading sessions, before the award date.

The number of shares to be delivered is determined by dividing the MTIP value by the share price calculated at the award date (see previous paragraph). The resulting number of shares may be acquired by the beneficiaries at a discount to be defined by the company on the third anniversary of the award date.

Should dividends be distributed, or the nominal value of the shares altered, or the share capital of the respective company be changed, the number of shares under the Plan will be altered so that the number of shares, after taking account of the effects of the above changes, will remain equivalent, as a result of these changes, to the initial number of shares.

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4.5. Vesting of the MTIP

At the vesting date of the MTIP, the company that awarded the MTIP retains the right to pay the cash equivalent to the value of the shares at that date, rather than deliver actual shares, provided that the Shareholding and Retention Policy described below is complied with, when applicable.

4.5.1. Share Holding & Retention Policy

The following ***Shareholding and Retention Policy (“SH&R Policy”)*** is applicable to the members of Sonaecom’s Board of Directors and to other members of the ExCom (covering Management Levels: GF1 and GF2), but only in relation to the Sonaecom shares included in their MTIP share packages:

Each GF1 or GF2 is required to retain 50% of the shares delivered on the vesting of each Plan until they hold, on an accumulated basis, a total number of shares that is equivalent to the value of 2 annual fixed salaries. The requirement to retain shares ends as soon as the respective manager holds, on an accumulated basis, a total number of shares that meets the agreed shareholding requirement, either by retaining MTIP shares awarded by Sonaecom or by acquiring shares in their individual name. The inclusion of the latter shares is optional and is of the exclusive decision of each manager, who, in this case, should inform the Company of this intent and provide the respective share information. For this purpose, the annual fixed salary is the monthly base remuneration paid 14 times a year;

The SH&R Policy was applied on a transitional basis to the 2004 Plan (2005-2008) and 2005 Plan (2006-2009) with a share retention level of 20% of the shares attributed under each Plan. The 2006 Plan (2007-2010), although already awarded at the date of implementation of this regulation, will be subject to a share retention level of 50%.

The SH&R Policy, which is only applicable to Management Levels GF1 and GF2, is to be managed by the individuals involved and will be monitored by Human Resources (“DRH”) and Accounting & Administrative (“DAF”) departments.

5. Termination of the MTIP

The right to a MTIP ceases when an employee is no longer an officer or employee of Sonae SGPS, or any company that represents the sub-holding where they work, or any other company directly or indirectly affiliated with either of the above. Exceptionally, the relevant decision making bodies, may decide to continue the MTIP until its vesting date or to pay out the MTIP, based on the market value of the shares at that time.

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In the event of death or permanent disability, the MTIP is valued at current market prices of the shares and the equivalent value in cash will be paid to the employee or to his or her legal heirs.

On retirement, rights to a MTIP are retained and vest on the normal vesting date.