SONAECOM

Sonaecom offers premium value and cash certainty today

PT offers uncertainty and inferior value over more than 2 years

IMPORTANT NOTICE

This document relates to the tender offer being made in Portugal (the “Portuguese Offer”) by Sonaecom, SGPS, S.A. (“Sonaecom”) and Sonaecom, B.V. for all ordinary shares and class A shares of Portugal Telecom, SGPS, S.A. (“PT”). The Portuguese Offer is made solely by a prospectus containing and setting out the terms and conditions of the Portuguese Offer (the “Portuguese Prospectus”). PT investors and security holders are urged to read the Portuguese Prospectus regarding the tender offer for PT in Portugal, because it contains important information. The Portuguese Prospectus and certain complementary documentation have been filed in Portugal with the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) (the “CMVM”). Free copies of the Portuguese Prospectus are available on the CMVM’s website at www.cmvm.pt. The Portuguese Prospectus is also available from Sonaecom on its website at www.sonae.com. Copies of the Portuguese Prospectus will not be mailed or otherwise distributed in or sent into or made available in the United States.

U.S. persons who hold ordinary shares of PT and holders of American Depositary Shares of PT wherever located may participate the tender offer by Sonae, SGPS, S.A. (“Sonae”), Sonaecom, and Sonaecom, B.V. (together with Sonae and Sonaecom, the “Purchasers”), for PT shares being conducted in the United States. The Purchasers have filed with the United States Securities and Exchange Commission (the “SEC”) a statement on Schedule TO, which includes an offer to purchase and related offer materials for all ordinary shares held by U.S. persons and for PT ADSs held by holders wherever located (collectively, the “Tender Offer Statement”). PT has filed a Solicitation/ Recommendation Statement on form Schedule 14D-9 with the SEC. U.S. persons who hold ordinary shares of PT and holders of American Depositary Shares of PT wherever located are advised to read the Tender Offer Statement and the Solicitation/Recommendation Statement because they contain important information. U.S. INVESTORS AND U.S. HOLDERS OF PT SECURITIES AND ALL HOLDERS OF ADSs ARE URGED TO READ THE OFFER TO PURCHASE, THE STATEMENT ON SCHEDULE TO, AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS AND SUPPLEMENTS TO THOSE DOCUMENTS, BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain free copies of the offer to purchase and related offer materials and the statement on Schedule TO, as well as other relevant documents filed with the SEC, at the SEC’s website at www.sec.gov. The offer to purchase and other transaction-related documents are being mailed to holders of PT securities eligible to participate in the U.S. offer and additional copies may be obtained for free from Innisfree M&A Incorporated, the information agent: 501 Madison Avenue, 20th Floor, New York, New York 10022, Toll Free (888) 750-5834, Banks and Brokers Call Collect (212) 750-5833.

This document does not constitute an invitation to sell or an offer to buy any securities or a solicitation of any vote or approval.

This document may contain forward-looking information and statements about Sonae, Sonaecom, PT or their combined businesses after completion of the proposed U.S. and Portuguese offers, based on the Purchasers’ current expectations or beliefs. Forward-looking statements are statements that are not historical facts. These forward-looking statements may relate to, among other things: management strategies; synergies and cost savings; future operations, products and services; integration of the businesses; market position; planned asset disposal and capital expenditures; net debt levels and EBITDA; and earnings per share growth, dividend policy and timing and benefits of the offer and the combined company. 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 forwarding-looking statements, including, but not limited to, changes in regulation, the telecommunications industry and economic conditions; the ability to integrate the businesses; obtaining any applicable governmental approvals and complying with any conditions related thereto; costs relating to the offer and the integration; litigation; 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 and PT shareholders 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.

PT's response is flawed and offers far less value than Sonaecom's offer

Sonaecom's offer fully reflects PT's value

- A significant premium to market analysts' fair values
- A significant premium to trading comparables
- A significant premium to transaction comparables
- Payment of the bulk of the synergies[1]

PT's value case is based on inappropriate comparables and selective adjustments

- Inappropriate transaction peer group
- Selective adjustments to Sonaecom's offer multiple

PT's proposed strategy offers meaningfully less value for PT shareholders

- Stretches out to 2008
- Includes overvalued PTM paper
- Subject to EGM and other conditions
- With significant execution risks
- If Sonaecom's Offer fails, PT's share price is likely to come under considerable pressure
- Exists only because of the offer: who will make them deliver?

Sonaecom offers PT shareholders

- A fair price which fully accounts for synergies
- Certain value all in cash today

Sonaecom's €9.5 cash offer is superior to PT's promise of possibly up to 45% of the offer over 2 years

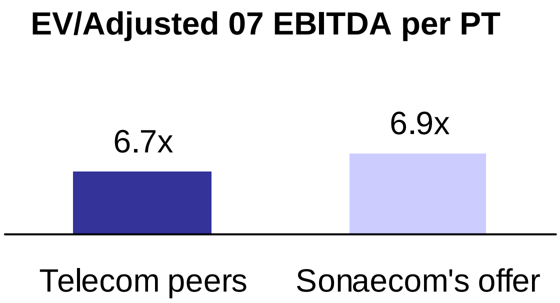
[1] Synergies assumed to be €1.5bn, based on the median of analysts' estimates

Sonaecom Offers Premium Value and Cash Certainty Today

PT places its Own Interests before Shareholder Value

Sonaecom's offer is at a significant premium to comparable Trading Multiples

PT claims:

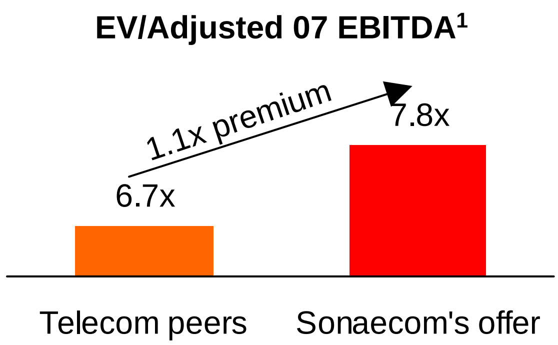


But the small print reveals:

PT's calculation of Sonaecom's offer multiple is inappropriate:

- Excludes PTM ownership to depress Sonaecom's offer multiple
  - Inappropriate since PT has exclusive control over PTM
  - PTM adjusted at 15.5x 07 EBITDA, a 69% premium to European cable peers
- Assumes curtailment costs cease in 2008 when even the market does not
  - More than 74% of all brokers with curtailment cost projections expect them to continue as far as they see
  - Sonaecom treatment of curtailment costs above the EBITDA line is in accordance with IFRS

The truth is:

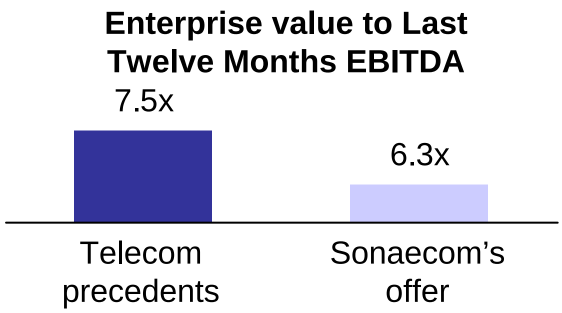


Even despite 23% telco market increase highlighted by PT, Sonaecom's offer is at a €2.4bn premium compared to current telco peer trading multiples

[1] Source: Sonaecom prospectus lodged January 12, 2007

Sonaecom's offer is at a premium to comparable Transaction Multiples

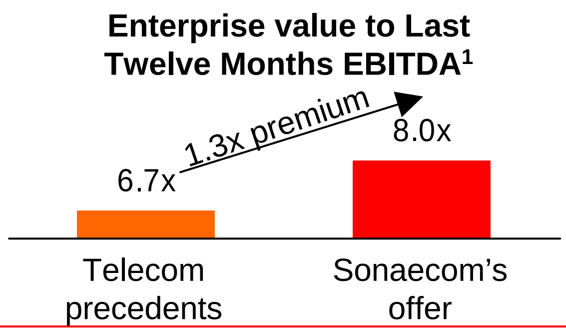
PT claims:



But the small print reveals:

- Telecom precedents selected are high-multiple mobile (Wind at 7.7x and Amena at blended 9.3x) and cable (Auna at blended 9.3x) transactions
  - But PT's revenues are only 24% mobile and 10% cable vs. Wind (59% mobile), Amena (100% mobile) and Auna cable (100% cable)
  - PT also has lower growth than Wind and Amena/Auna
- The only true comparables are incumbents transactions: TDC (6.8x per PT) and Cesky (6.4x per PT)
  - Average is 6.6x per PT's calculations
- PT's calculation of Sonaecom's offer multiple is flawed:
  - Uses outdated fiscal year 2005 Adjusted EBITDA, which PT admits has decreased 8.4% during 2006
  - Excludes PTM ownership to manipulate the real offer multiple lower, despite PT having exclusive control over PTM
  - Assumes zero future curtailment costs, despite reporting them in 9M06

The truth is:



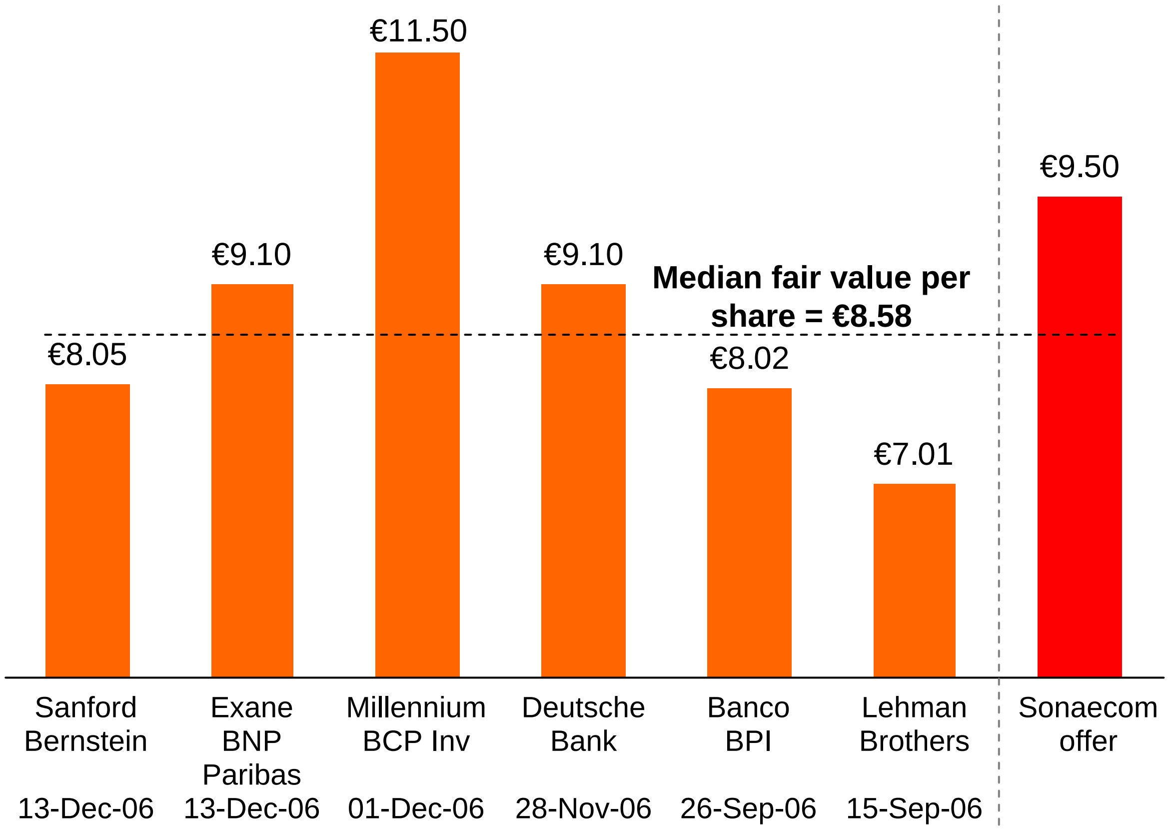
Sonaecom's offer is a €2.8bn premium to similar change of control transactions

[1] Source: Sonaecom prospectus lodged January 12, 2007

Sonaecom's offer is at a significant premium to analysts' fair target values

PT is totally silent on analyst valuations…

Market analysts' fair values for PT (unaffected by the offer)[1]

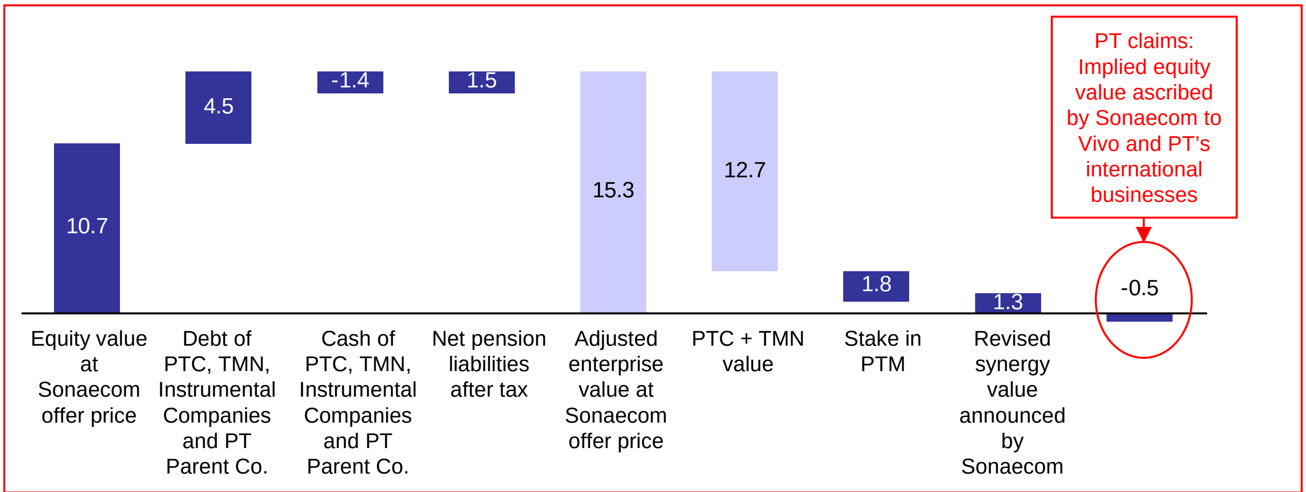


… because market analysts' views on fair value are primarily driven by DCF and yet meaningfully lower than Sonaecom's €9.5/share offer

[1] Source: Sonaecom prospectus lodged January 12, 2007

Do not be misled by PT's selective analysis

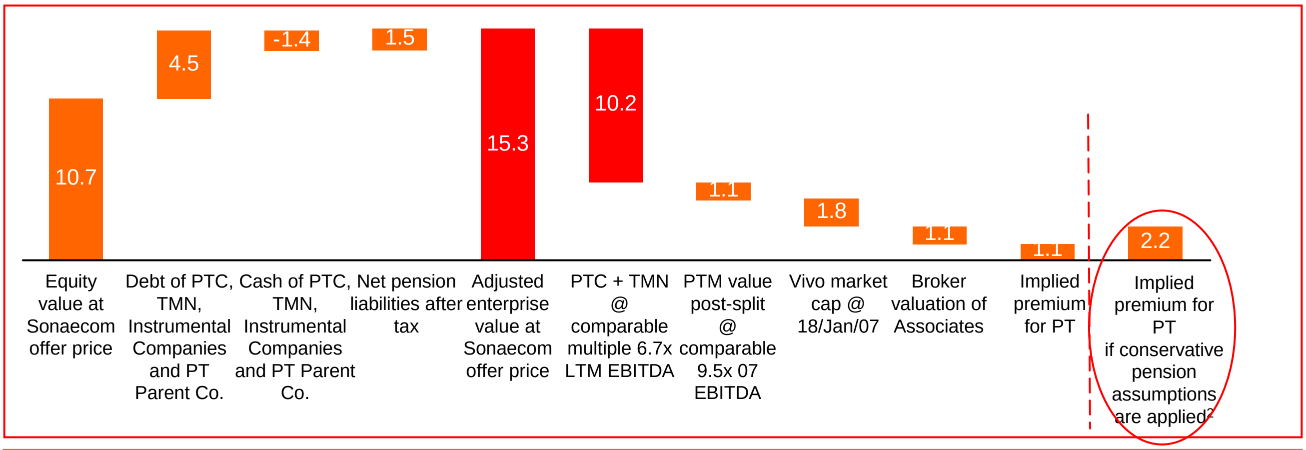
PT says:



But the small print reveals:

- PTC and TMN valued at 7.5x based on non-comparable mobile and cable multiples
  - Broker valuations for these assets is only €10.6bn
- More conservative accounting assumptions suggest the pension liability could be far higher
- PTM valued at a 69% premium to European cable trading multiples
- Sonaecom is paying the bulk of the analyst-estimated synergies despite fully assuming the risk of achieving them[1]

The truth is:



Sonaecom's offer recognises full value for all PT's assets plus a premium

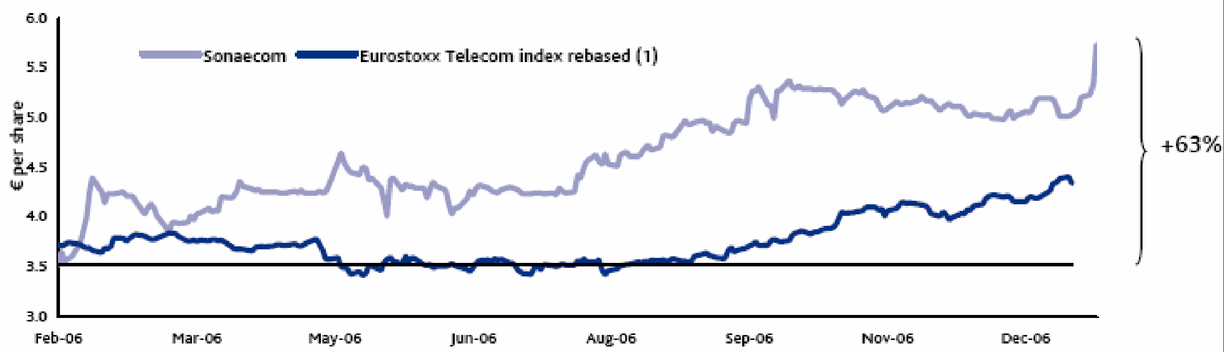
[1] Synergies reference point is the public synergy estimate of €1.5bn, based on the median of analysts' estimates

[2] In case more conservative assumptions regarding mortality tables and healthcare costs growth rate are verified, PT's net pension liability would increase from the current €1.5bn (net of taxes) to €2.4bn (net of taxes). This would lead to an implied premium for PT of €2.2bn, instead of €1.1bn. Please see Appendix A (page 22) for additional information.

PT inaccurately claims a value transfer

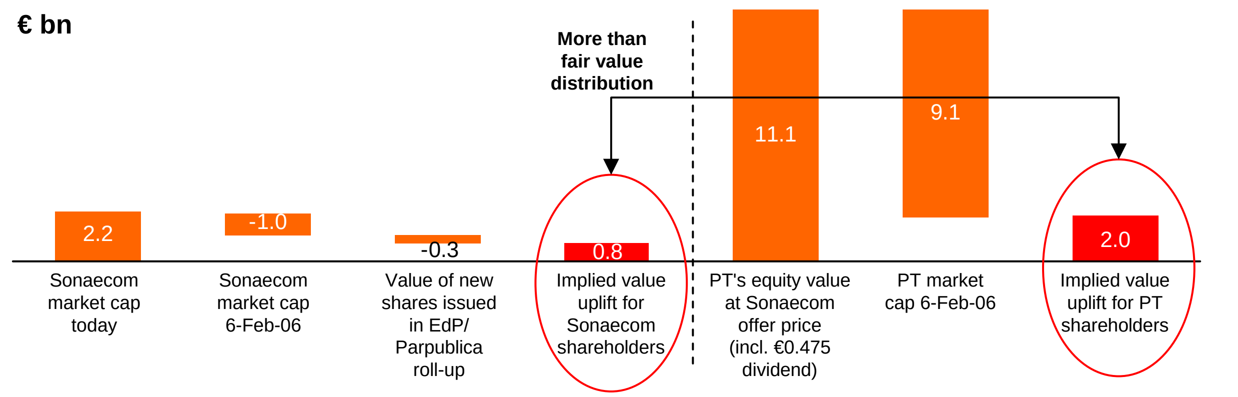
PT claims:

Sonaecom's share price since the Offer Announcement



But the truth is:

- Sonaecom is much smaller than PT so of course its price will increase more
  - But Sonaecom market cap is only up €0.8bn while the premium for PT is €2.0bn
- The market recognises that value is being split fairly between PT and Sonaecom shareholders
- PT also ignores the value created through Sonaecom's roll-up of the EdP and Parpublica minorities to reach 100% ownership in Optimus in August 2006



PT's analysis is selective and inaccurate

PT's dividend yield argument is flawed

PT claims a 7.7% dividend yield

Sonaecom offer price	€9.50
Minus proposed PTM spin off per share (at market)	(1.60)
Minus proposed extraordinary dividends per share	(1.75)
Equates	€6.15
Proposed annual ordinary dividend per share for 2006-2008	0.475
Implied dividend yield (%)	7.7%

But this analysis is short-term focused and full of risks:

- PT has not explained how it will generate the required net income to sustain its proposed dividend policy when
  - PTM will be spun-off and will no longer contribute earnings or cash
  - PT will assume an additional €1.9bn debt for the extraordinary dividend
  - PTC will generate lower earnings when competing with PTM for the first time
  - PT income before taxes is already down 3.6% in 9M06 v. 9M05
- PTM is trading at 15.5x 07 EBITDA vs. 9.1x for its European cable peers, and is likely to trade to peer levels post spin-off: will not be worth €1.6 per PT share

Don't trust another capital return and vague promises of future distributions

PT's standalone strategy promises Questionable Value over more than 2 years

PT places its Own Interests before Shareholder Value

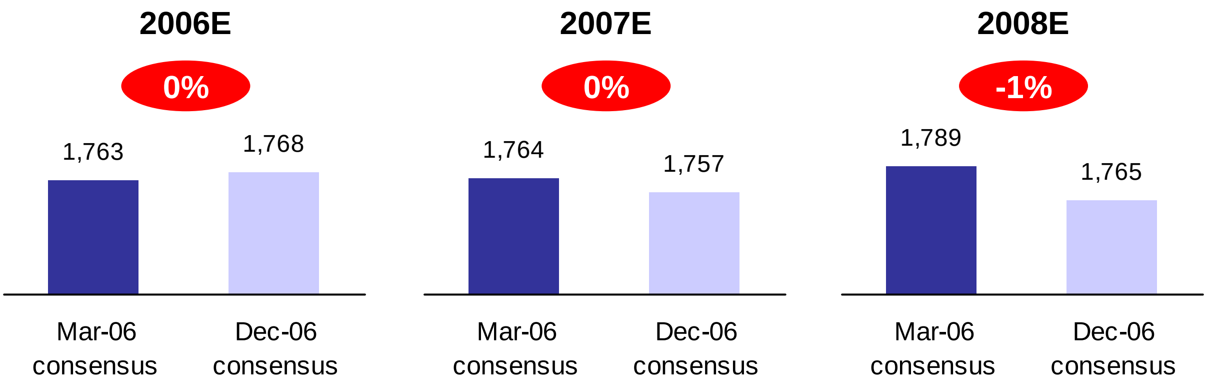
If Sonaecom’s Offer fails, PT’s share price is likely to come Under Considerable Pressure

PT management is hiding its poor financial performance

PT's best argument is <u>zero</u> improvement on consensus estimates

PT Claims:

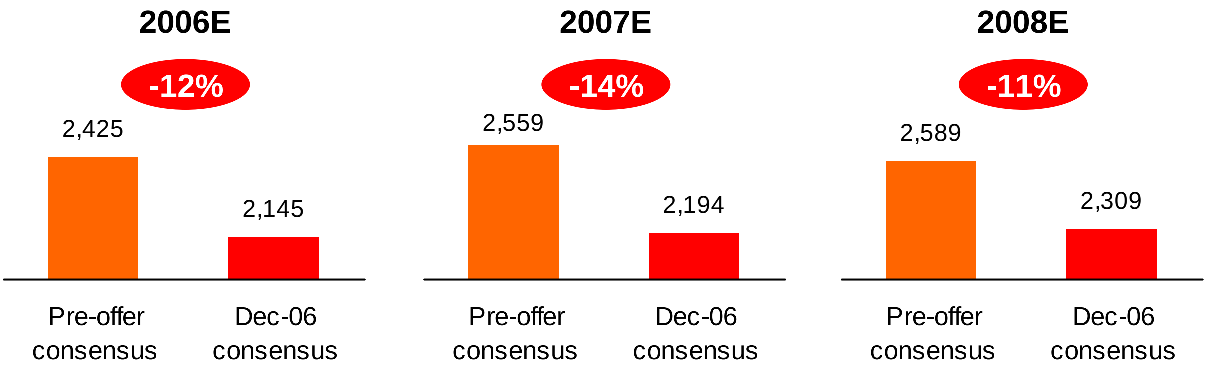
<u>Domestic</u> Adjusted EBITDA Consensus[1]



The truth is:

- Expectations of PT Group are down considerably

PT <u>Consolidated</u> Adjusted EBITDA Consensus[2,3]



PT Group performance is down considerably over the last year, yet Sonaecom is still offering €9.5 per share

[1] Source: PT defence document dated January 12, 2007

[2] Source: Sonaecom prospectus lodged January 12, 2007

[3] Adjusted EBITDA = EBITDA (median of recent market analysts' estimates) + pension expense (for 2006 and 2007, based on figures disclosed by PT's CFO and for 2008 based on the median of recent market analysts' estimates) – curtailment costs (median of recent market analysts' estimates). For additional information, please refer to Appendix A (page 23) and Appendix B.

Despite PT's claims, it has not delivered on guidance

	2006 Adjusted EBITDA guidance	The truth
Fixed	Flat vs "normalized" 2005	"EBITDA **decreased by 2.6%** y.o.y, after adjusting for the provision reversal relating to Angola Telecom and excluding the negative impact of lower interconnection" *PT 9M06 results*
Mobile	(2%)–(3%)	**Down** 2.9% 9M06 v. 9M05: only just meeting guidance
PTM	5%–10%	+10.2% 9M06 v. 9M05: meets guidance, but PTM stake is small: only 16% of PT's market cap
Vivo	"Low to double digit [growth] ... 10% plus"	**Down 24.7%** in local currency 9M06 v. 9M05

PT's management has a track record of poor execution

PT's strategy fails to acknowledge reality

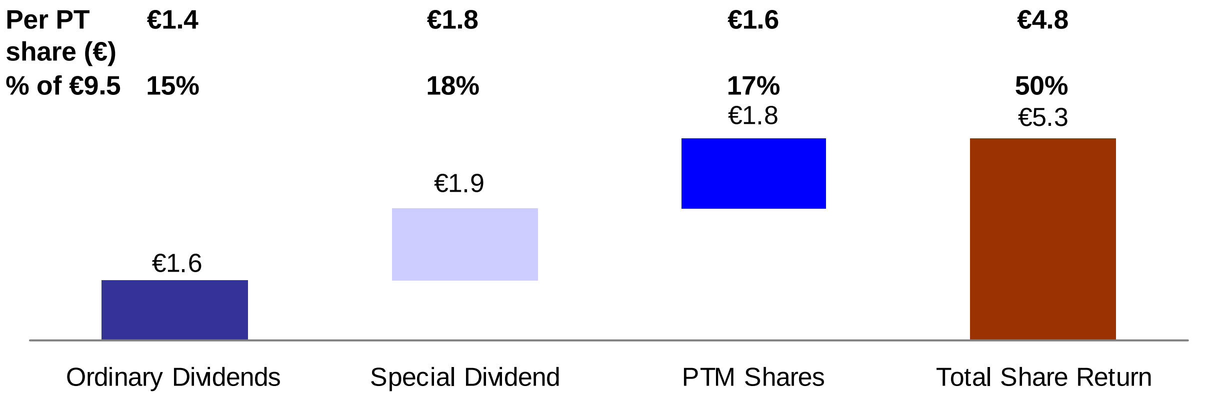
	Portugal Telecom said in its response	But the truth is:
Fixed	■ Committed to the networks' separation through the spin-off of PTM	■ PT's current value does not reflect the resulting competition of PTC vs. PTM
	■ Segregation of PT Wholesale ("PT Rede Aberta")	■ Segregation of PT Wholesale could take years to execute, and value is uncertain
	■ Paving the way for triple play offer in Portugal	■ Sonaecom already offering triple play since October 2005; PT can only copy poorly
	■ Continue to implement cost control measures	■ Opex down €32mm, but PTC+TMN revenue down €129mm
Mobile	■ Convergent fixed-mobile offering: launch of Casa T	■ Sonaecom already offering Optimus Home since November 2004
	■ Commitment to accelerated deployment of 3G services and adoption of new technologies (WiFi, WiMax, HSDPA)	■ Value of 3G still not proven
	■ Increasing market share: recent gains in corporate and youth segments	■ TMN has lost 2pp in market share since 9M05
	■ Availability to consider network sharing and outsourcing of operations should result in operational savings	■ Where is the strategy to achieve this?
International	■ Retain focus on Brazil and Africa	■ So far, Vivo value "creation" has seen market share drop from 39% to 29% in 2 years, and billions of Euros of value destroyed
	■ Deliver on Vivo value creation, operating performance enhancement	■ Vivo CDMA network abandoned in 2006 and GSM strategy only just starting
	■ Crystallization of value of African assets	■ How? African investments are minority unlisted stakes subject to limiting shareholder agreements
	■ Selectively consider value-creating opportunities to complement portfolio in "natural" geographies	■ Vivo was the last time PT considered a "meaningful value creation opportunity"
	■ Clearly defined international partnerships	■ The TEF partnership for Vivo has only destroyed value
	■ PT already has 36 million international mobile subscribers	■ But subscribers from fully controlled PT companies are only 0.2mm

Sonaecom offers a fair and certain value today compared to PT's risky strategy and questionable track record

Sonaecom's offer is 100% cash today

PT talk about shareholder remuneration:

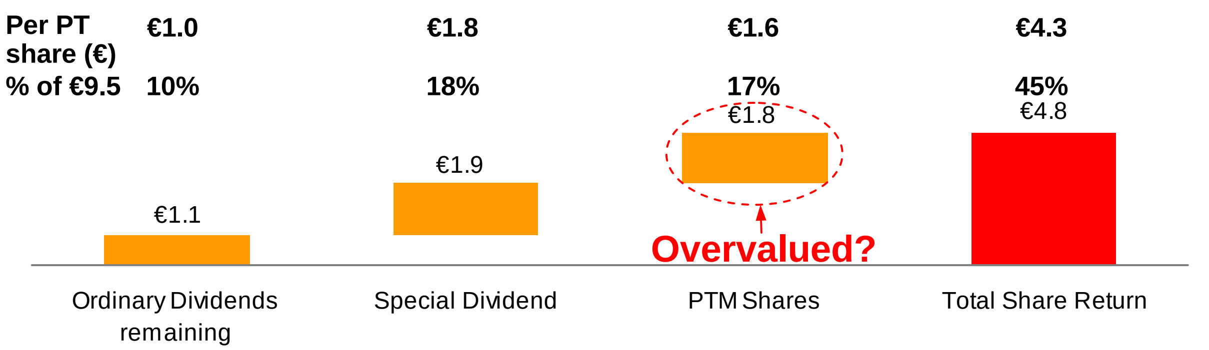
2006-2008 Total Shareholder Remuneration (€bn except per share data)



But the small print reveals:

- Of the "Ordinary dividends", €0.475 has **already been paid**, and €0.9 will be received **over the next two years**
- Special dividend **not for 6–12 months**
- Shareholders to receive **overvalued PTM shares** that trade at a 69% premium to European cable peers and do not account for PTC/PTM resulting competition
- Defence plan **subject to EGM approval** where **certain shareholders can veto**

The truth is:



PT claims 50% remuneration when only 45% is to come: even this is based on an uncertain strategy over two years

Despite a number of negative factors, Sonaecom's offer remains unchanged at €9.5

Pension liability may be higher	- Value of liability could be **€0.9bn more** (after-tax) using alternative assumptions
PT has performed poorly in 2006	- EBITDA down 5.6% 9M06 vs. 9M05 - EBIT down 19.8% 9M06 vs. 9M05 - Net income has improved compared to 9M05 only because of one-off tax items
PT outlook has worsened	- 2006-08 consensus adjusted EBITDA **projections have declined** by at least 11% since Sonaecom's offer
PT paid a higher dividend	- Sonaecom offered €9.5 based on PT's then-planned €0.385 dividend - By paying €0.475 dividend PT shareholders are **receiving €0.09 more** i.e. €9.59

Sonaecom's offer was fair before but with PT's disappointing 2006 performance is even more attractive today

Sonaecom Offers Premium Value and Cash Certainty Today

PT's standalone Strategy promises Questionable Value over more than 2 years

If Sonaecom’s Offer fails, PT’s share price is likely to come Under Considerable Pressure

Appendix A – Sources and uses

Bases of Calculation and Sources of Information

Page 3
Synergies reference point is €1.5bn, based on the median of analysts' estimates (research reports used: Millenniun BCP Inv. (01/Dec/2006) and BPI (26/Sept/2006))

Page 5
Peer cable European trading multiples figure is 9.1x 2007E EBITDA, being the median of the multiples of NTL (adjusted to remove the impact of the non-cable businesses Sit-Up and Flextech), Liberty Global and Telenet. Equity values used to calculate EVs are based on closing prices of PTMultimedia and the comparable companies on January 18, 2007. Comparable companies' multiples were calculated using exactly the same methodology as for PT when calculating their EBITDA and Enterprise Values.

PTMultimedia trading multiple is based on the median of market analysts' estimates of major investment banks published after the release of PT's 2006 third quarter results. The research reports used were the following: Ixis 10/Nov/06, Bernstein 13/Dec/06, Deutsche Bank 28/Nov/06 and Millennium BCP 27/Dec/06. The median PTMultimedia 2007 EBITDA based on these reports is €222mm. The following table shows the calculation of the current Enterprise Value of PTMultimedia:

	€mm
Equity value: 309.1mm shares at January 18, 2007 price of €10.35	3,224
Plus: Reported Net Debt as of September 30, 2006	212
Plus/ (Minus): Net Minority interests and associates per PTM Balance Sheet as of September 30, 2006	(11)
Enterprise Value of PTMultimedia	3,425

The research reports used to determine market view of PT's curtailment costs were the following: Millennium BCP 1/Dec/06, Bear Sterns 20/Nov/06, Ixis 10/Nov/06 and Bernstein Research 13/Dec/06. Of these four market analysts, only Millennium BCP projects a year with zero curtailment costs in its published projections.

Calculation of telecom peers and Sonaecom's implied offer trading multiples based on the following analysis:
EV (Enterprise Value) = Equity Value + Net Debt + Unfunded Pension Liability after tax + Minority Interests – Associates.
Equity Value = nº of outstanding shares (nº of company shares - nº of treasury shares) x price per share
Adjusted EBITDA = EBITDA (Operating Income Earnings Before Interest, Tax, Depreciation, Amortization, Pension expense and after curtailment costs where disclosed by market analysts).
EBITDA has been adjusted for the Pension expense in order for the multiples to be consistent, as the present value of the unfunded pension liability is already considered in the EV.
The curtailment costs adjustment is especially important in the case of PT, because of the recurrent nature of this item in PT (included in the last four years accounts) and due to the fact that most comparable companies (except Deutsche Telekom) do not refer to curtailment costs.

Bases of Calculation and Sources of Information (cont'd)

Page 5 (cont'd)
The EV used to calculate the multiples implied in the offered consideration, was €17,172mm, calculated as described below:
(+) PT's Equity Value: €10,528mm (€9.5 per share * 1,108mm of shares, excluding 20,6mm of shares held through equity swap agreements, under the share buyback program approved in PT's General Shareholders Meeting, in April, 2005 (Source: PT's 3Q06 Earnings Announcement).
(+) Net debt: €4,108mm (Source: 3Q06 PT's Earnings Announcement)
(+) Unfunded Pension Liability: €1,468mm (Source: PT's 3Q06 Earnings Announcement; €2,025mm after 27.5% of corporate tax).
(+) PTMultimedia Minority interests: €1,246mm (42% of PTMultimedia' equity value, based on company's closing price on 27 December 2006).
(+) Vivo Minority Interests of: €903mm (portion of Vivo's equity value, based on the company's closing price on 27 December 2006). Note that Vivo is 50% consolidated but PT's economic interest in Vivo is only 31.38%, thus the difference between 50% and 31.38% should be considered as minority interests.
(-) Associates: €1,082mm (median of the four market analysts that disclosed their estimates for PT's Associates after the release of PT's third quarter 2006 results: BPI, Deutsche Bank, Millennium BCP Inv. and Beirnstein).

PT's consolidated financials used to calculate the multiples were based on the median of market analysts' estimates of major investment banks published after the release of PT's 2006 third quarter results. The research reports used were the following: Bernstein (13/Dec/06), Millennium bcp Investimento (1/Dec/06), Deutsche Bank (28/Nov/2006), Bear Sterns (20/Nov/06), Ahorro Corporación (10/Nov/06) and Ixis (10/Nov/06). For the referred period, the only available analyst estimates not considered were Banif Inv. and Lisbon Brokers.

The estimates used for PT's pension expense adjustment (€64mm in 2006 and €50mm in 2007) are based on the figures disclosed by PT's Chief Financial Officer ("CFO") on the 3Q06 earnings analysts' conference held on November 9, 2006. In 2008, the €40mm pension expense estimate was based in the median of three market analysts.

Detailed calculations of PT's Adjusted EBITDA, Capex and Adjusted EPS 2006 to 2008 estimates, used in the calculation of the multiples implied offered consideration for PT, are contained in Appendix B.

The comparable multiples are based on the median of the multiples of Telefónica, Deutsche Telekom, France Telecom, Telecom Itália, Swisscom, Telenor, Belgacom and OTE.

Equity values used to calculate EVs are based on closing prices of the comparable companies on December 27, 2006. Net Debt and Unfunded Pension Liabilities were based on the last interim results published by the comparable companies (usually the third quarter of 2006).

The median of market analysts' estimates per major investment banks published after the release of the respective third quarter earnings, were used to calculate the unlisted minority interests, unlisted Associates, Adjusted EBITDA, Capex and Adjusted EPS of the comparable companies. Comparable companies' multiples were calculated using exactly the same methodology, described above for PT, when calculating their Adjusted EBITDA, Operating Cash Flow and Capex. Particularly, the unfunded pension liability adjustment to EV was made in the case of Deutsche Telekom, France Telecom, Telecom Italia, Swisscom, Telenor, Belgacom and OTE (companies which also have unfunded pension liabilities). The curtailment costs adjustment to EBITDA is also done in the case of comparable companies where analysts publish estimates.

Bases of Calculation and Sources of Information (cont'd)

Page 5 (cont'd)
Calculation of premium of €2.4bn is based on 1.1x premium to Adjusted 07 EBITDA, where PT's Adjusted 07 EBITDA is €2,194mm as shown in the Sonaecom prospectus dated January 12, 2007

Page 6
PT revenue figures of 24% mobile and 10% cable are for the 9 months ended September 30, 2006 and exclude the negative 'Other and eliminations' revenue. Wind transaction is referred to as 59% mobile based on €2,747mm mobile revenues of a total of €4,663mm for the 12 months ended September 30, 2005 per the Wind Acquisition Finance S.A. Offering Memorandum dated February 15, 2006. Auna Group is referred to as 73% mobile/ 27% cable based on Amena revenues of €3,234mm and Auna revenues of €1,182mm for the 12 months ended December 31, 2004 per the Grupo Auna 2004 Annual Report.

Nine months 2005 Wind Acquisition Finance S.A. adjusted EBITDA increased by 20%, from €919mm for the nine months ended September 30, 2004 to €1,099mm for the nine months ended September 30, 2005, as per the Wind Acquisition Finance S.A. Offering Memorandum dated February 15, 2006. 12 months 2004 Grupo Auna EBITDA increased by 24%, from €923mm for the 12 months ended December 31, 2003, to €1,140mm for the 12 months ended December 31, 2004, as per Grupo Auna 2004 Annual Report. Nine months 2006 PT adjusted EBITDA decreased by 3%, from €1,785mm for the nine months ended September 30, 2006, to €1,738mm for the nine months ended September 30, 2005, as per PT First Nine Months 2006 Earnings Release dated November 9, 2006.

Most comparable transaction multiples considered to be: acquisition of TDC by NTC announced on March 2000 (multiple of 7.1x EV/LTM Adjusted EBITDA) and acquisition of Cesky Telecom by Telefonica announced on March 2005 (multiple of 6.3x EV/LTM Adjusted EBITDA). These transactions are the most comparable to PT as they are incumbent telecommunications companies with similar: business mix (fixed, mobile, broadband and in the case of TDC, cable), market share and tax environment.

LTM refers to Last Twelve Months EBITDA prior to announcement date. TDC/NTC implied transaction multiple is pro forma for the previously announced sale of the TDC Directories business. Latest publicly filed target company reports used to calculate the Adjusted EBITDA. TDC's EBITDA was adjusted for DKK 637mm of curtailment costs in the LTM before the announcement. TDC did not report any material unfunded pension liability or pension expenses. Cesky Telecom did not report any material unfunded pension liability, pension expense or curtailment costs below its EBITDA line. EV was calculated using offer documents to calculate transaction price, and latest publicly filed target company reports to calculate net debt and number of shares of the target.

Calculation of 8.4% decline in Adjusted EBITDA is based on PT definition of Adjusted EBITDA set out in PT's defence document dated January 12, 2007. 2005 PT Adjusted EBITDA is €2,278.7mm and 2006E PT Adjusted EBITDA is €2,087mm.

PT curtailment costs or 'Work force reduction programme costs' for the 9 months ended September 30, 2006 were €96.1mm.

Calculation of premium of €2.8bn is based on 1.3x premium to Adjusted 06 EBITDA, where PT's Adjusted 06 EBITDA is €2,145mm as shown in the Sonaecom prospectus dated January 12, 2007

Bases of Calculation and Sources of Information (cont'd)

Page 7

Source: International and Portuguese major investment banks published research reports that have disclosed its fair sum-of-the-parts valuation for PT, unaffected by the Offers (excluding only the Lisbon Brokers and Banif Inv estimates for the considered period). Brokers fair value targets refer to end of 2007, expect for Sanford Bernstein, Exane BNP Paribas, BPI and Lehman Brothers.

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Broker valuation of PTC and TMN of €10.6bn is based on the sum of the median PTC valuation and the median TMN valuations cited in International and Portuguese major investment banks published research reports that have disclosed fair sum-of-the-parts valuations for PT, unaffected by the Offers (excluding only the Lisbon Brokers and Banif Inv estimates for the considered period). The research reports used were the following: Sanford Bernstein 13/Dec/06, Exane BNP Paribas 13/Dec/06, Millennium BCP Inv. 01/Dec/06, Deutsche Bank 28/Nov/06, and Lehman Brothers 15/Sept/06.

Sonaecom reserve the right to consider PT's reported unfunded pension liability assumptions as optimistic. By applying different assumptions, Sonaecom believe that different conclusions, still acceptable from an accounting perspective, could be reached. However, this does not question the accounting accuracy of PT's financial accounts. More specifically:
- The application of a different mortality table from PT management's current assumptions, potentially more adequate to the life expectancy of the Portuguese population (for example, the Spanish tables produced on year 2000 - PERM2000) could increase the Unfunded Pension Liabilities (gross of tax) by approximately €920mm.
- An increase in the long-term annual growth rate of healthcare costs to 4.5% could imply an increase of approximately €90mm in the Unfunded Pension Liabilities (gross of tax).
- PT's decision to increase the discount rate from 4.5% to 5.0% in June 2006, places PT at the top of the Portuguese and International market references. The decrease in long-term yields since June 2006 until the present date makes this assumption even more questionable. According to PT's June 2006 accounts, the increase of the discount rate from 4.5% to 5.0% led to a reduction of €312mm in the Unfunded Pension Liabilities (gross of tax) which should be disregarded.

The total impact of applying different and acceptable assumptions to the calculation of PT's unfunded pension liability, as mentioned above, increases the value from the September 30, 2006 PT reported unfunded pension liability (net of tax) of €1.5bn, to €2.4bn (net of tax).

PTMultimedia value considerations are outlined in the note to Page 5.

PTC and TMN valued at €10.2bn based on a transaction multiple valuation. EBITDA is based on the PT definition of Adjusted LTM EBITDA for PTC and TMN (being €1,036mm and €659mm respectively, as per PT's defence document dated January 12, 2007). This is adjusted by curtailment costs of PT Group for the 12 months ended September 30, 2006 of €173mm to reach an Adjusted LTM EBITDA for PTC and TMN of €1,522mm. This is then multiplied by 6.7x, being the median EV/LTM Adjusted EBITDA transaction multiple of the TDC and Cesky transactions (see note to Page 6 for additional detail).

Bases of Calculation and Sources of Information (cont'd)

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PTMultimedia value of €1.1bn post-split is calculated based on median PTMultimedia 2007E EBITDA of €222mm multiplied by an indicative premium valuation multiple of 9.5x (which is a premium to the European cable peers which trade at 9.1x 2007E EBITDA (see note to Page 5 for detail). This is adjusted by net debt, minorities and associates as indicated in the note to Page 5, and using the PT stake in PTMultimedia of 58.43% (source: PT third quarter 2006 results) to calculate the implied PTMultimedia value.

Current Vivo market capitalization attributable to PT of €1.8bn as of January 18, 2007. Source: Datastream.

Synergies reference point is described in the note to Page 3.

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Sonaecom market cap today is based on Datastream share price as of January 18, 2006, multiplied by 366 mm nº of outstanding shares (after capital increases, announced in filings on July 28, 2006 and August 14, 2006).

Sonaecom market cap pre-offer based on Sonaecom share price of €3.53 per Sonaecom share multiplied by 297 mm nº of outstanding shares taken from Datastream.

Value of new securities issued in the August 2006 roll-up of the EdP and Parpublica minorities based on the share price of €4.50 per share on July 27, 2006 (being the date prior to the announcement of the roll-up of the Parpublica minorities) multiplied by the number of shares issued to both EdP and Parpublica, being 70 mm shares in total.

Sonaecom offer price based on €9.50 per share offer added to the €0.475 per share dividend declared on May 3, 2006. The sum of these is then multiplied by 1,108mm nº of outstanding shares (after treasury shares).

PT market cap on February 6, 2006 is based on PT share price of €8.18 per PT share multiplied by 1,108mm nº of outstanding shares (after treasury shares).

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PT income before taxes is based on PT's third quarter 2006 results announcement, which notes that Income Before Income Taxes is €540.3 for 9M06 and €560.6mm for 9M05.

PTMultimedia value considerations are outlined in the note to Page 5.

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Details regarding the calculation of PT Consolidated Adjusted EBITDA Consensus are contained in Appendix B.

Bases of Calculation and Sources of Information (cont'd)

Page 13
2006 Adjusted EBITDA guidance for Fixed, Mobile and PTMultimedia is as per PT's defence document dated January 12, 2007. 2006 Adjusted EBITDA guidance for Vivo is per Thomson Street Events Transcript of PT's Full Year 2005 Earnings Conference Call on March 6, 2006.

Figures referring to PT's 9M06 performance are derived from PT's third quarter 2006 results announcement.

Market capitalizations of PT and PTMultimedia are as at January 18, 2007 and assume PT stake in PTMultimedia of 58.43%. Source: Datastream.

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PT considerations based on PT's defence document released January 12, 2007.

Opex reduction of €32mm is per PT's defence document released January 12, 2007. Calculation of reduction in PTC and TMN revenue is for the same period 9M06 v. 9M05 per PT's third quarter 2006 results presentation dated November 9, 2006 (being €1,447mm + €1,055mm for PTC and TMN respectively in 9M06; and €1,550mm and €1,081mm for 9M06).

TMN market share based on recent Anacom communications for the last year.

Vivo market share based on Anatel communications for the last year, which note that Mar-05 market share was 39% and Dec-06 market share was 29%. Statement of value destruction in Vivo is based on PT's investments into the Brazilian wireless market, including (a) €1.8bn invested in the original Telebras auction in Jul-98; (b) €0.4bn capitalisation of SPTH plus CRT Cellular share capital increase in mid-99; (c) €1.2bn TCP tender offer by PT in Mar-00; (d) €0.7bn participation in TCP rights issue in Oct-00; (e) €0.4bn SPTH capital increase in Sep-00; (e) €0.6bn PT participation in TCP share increase in Sep-02. This is reduced by withdrawals of value including: (i) €0.2bn sale of 5% TCP to TEF in Oct-02; (ii) €0.1bn payment by TEF to PT as part of the TEF/PT asset swap in Nov-00; and recognising (iii) the current market cap of Vivo of €1.8bn.

Number of subscribers based on information provided by PT in its first half 2006 announcement in terms of companies fully controlled by the company.

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PTMultimedia value considerations are outlined in the note to Page 5.

Calculation of ordinary dividends remaining of €1.0/share or €1.1bn is based on two years of dividends at €0.475 per share, assuming 1,108mm nº of outstanding shares (after treasury shares).

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Refer to notes regarding Page 8. Alternative view on pension liability could add €1.3bn (gross of tax) to the pension liability. After 27.5% adjustment for tax, this equals €0.9bn net of tax.

Appendix B – Detail of PT's Adjusted EBITDA, Capex and Adjusted EPS 2006 to 2008 estimates, used in the calculation of the multiples implied in the offered consideration for PT

A. Analysts' EBITDA Estimates for PT

1. Estimated EBITDA on February 2006 (€million)

Analyst	Date	2006E	2007E	2008E
Deutsche Bank	6/Feb/06	2 288	2 554	2 652
Citigroup	12/Jan/06	2 398	2 588	2 704
Espirito Santo	20/Dec/05	2 269	2 316	2 348
ABN	19/Dec/05	2 356	2 411	2 477
JPMorgan	05/Dec/05	2 374	2 466	2 494
Bear Stearns	11/Nov/05	2 357	2 464	2 566
Banco Millennium BCP Investment	07/Oct/05	2 252	2 288	2 321
Median		**2 356**	**2 464**	**2 494**

2. Estimated EBITDA on December 2006 (€million)

Analyst	Date	2006E	2007E	2008E
Bernstein Research	13/Dec/06	2 171	2 206	2 252
Banco Millennium BCP Investment	1/Dec/06	2 225	2 232	2 362
Deutsche Bank	28/Nov/06	2 235	2 288	2 335
Bear Sterns	20/Nov/06	2 281	2 355	2 391
Ahorro Corporacion	10/Nov/06	2 353	2 401	2 491
Ixis	10/Nov/06	2 175	2 302	2 414
Median		**2 230**	**2 295**	**2 377**

B. Analyst's Curtailment Costs Estimates for PT

1. Curtailment costs estimates on February 2006 (€million)

Analyst	Date	2006E	2007E	2008E
Deutsche Bank	6/Feb/06	60	46	46
Citigroup	12/Jan/06	138	110	110
JPMorgan	05/Dec/05	83	0	0
Bear Stearns	11/Nov/05	54	45	45
Median		**72**	**46**	**46**

2. Curtailment costs estimates on December 2006 (€million)

Analyst	Date	2006E	2007E	2008E
Banco Millennium BCP Investment	01/Dec/06	133	196	235
Bear Sterns	20/Nov/06	179	102	91
Ixis	10/Nov/06	165	125	125
Bernstein Research	13/Dec/06	125	178	78
Median		**149**	**152**	**108**

C. Pension Expenses Estimates

1. Pension Expenses Estimates on February 2006 (Preliminary Announcement date) (€MM)

Analyst	Date	2006E	2007E	2008E
JPMorgan	5-Dec-05	140	140	140
Bear Stearns	11/Nov/05	186	186	186
Millennium bcp Investment	07/Out/05	141	140	138
Median		**141**	**140**	**140**

2. Pension Expenses Estimates on December 2006 (€MM)

Fonte	Date	2006E	2007E	2008E
PT's CFO figures disclosed	09/Nov/06	64	50	
Bernstein Research	13/Dez/06			40
Millennium bcp Investimento	01/Dez/06			38
Bear Sterns	20/Nov/06			66
Median (1)		**64**	**50**	**40**

(1) PT's CFO figures disclosed to 2006 and 2007, and median of analysts' estimates for 2008

D. Analyst's Adjusted EBITDA for PT

1. Adjusted EBITDA estimates on February 2006 (Preliminary Announcement Date) (€MM)

	2006E	2007E	2008E
Median of EBITDA Estimates	2 356	2 464	2 494
(+) Pension expenses estimates	141	140	140
(-) Median of curtailment costs estimates	72	46	46
Adjusted EBITDA	**2 425**	**2 559**	**2 589**

2. Adjusted EBITDA estimates on December 2006 (€MM)

	2006E	2007E	2008E
Median of EBITDA Estimates	2 230	2 295	2 377
(+) Pension expenses estimates	64	50	40
(-) Median of curtailment costs estimates	149	152	108
Adjusted EBITDA	**2 145**	**2 194**	**2 309**

A. Analysts' CAPEX estimates for PT

Capex estimates on December 2006 (€MM)

Analyst	Date	2006E	2007E	2008E
Bernstein Research	13-Dec-06	1 007	1 022	903
Millennium bcp Investment	1-Dec-06	980	837	806
Deutsche Bank	28/Nov/06	896	793	862
Bear Sterns	20/Nov/06	951	904	851
Ahorro Corporacion	10/Nov/06	895	926	915
Ixis	10/Nov/06	930	871	855
Median		**941**	**888**	**859**

B. Analysts' adjusted EPS estimates for PT

Adjusted EPS estimates on December 2006 (€MM), as disclosed by the analysts (€/share)

Analyst	Date	2006E	2007E	2008E
Bernstein Research	13-Dec-06	0,54	0,69	0,72
Millennium bcp Investment	1-Dec-06	0,66	0,55	
Deutsche Bank	28/Nov/06	0,72	0,40	0,49
Bear Sterns	20/Nov/06	0,57	0,51	0,50
Ahorro Corporacion	10/Nov/06	0,60	0,64	0,73
Ixis	10/Nov/06	0,35	0,41	0,51
Median		**0,59**	**0,53**	**0,51**

Adjusted EPS estimates on December 2006 (€MM) adjusted by tax one-off's (€/share)

Analyst	Date	2006E	2007E	2008E
Bernstein Research	13-Dec-06	0,36		
Millennium bcp Investment	1-Dec-06	0,45	0,55	
Deutsche Bank	28/Nov/06	0,53		
Bear Sterns	20/Nov/06	0,40		
Ahorro Corporacion	10/Nov/06	0,60	0,64	0,73
Ixis	10/Nov/06	0,35	0,41	0,51
Median		**0,42**	**0,55**	**0,62**