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December 14, 2006

Mr. Brian V. Breheny  
Chief, Office of Mergers and Acquisitions  
Ms. Christina Chalk  
Special Counsel, Office of Mergers and Acquisitions  
Division of Corporation Finance

Securities and Exchange Commission  
100 F Street, N.E.  
Washington D.C. 20549

Dear Mr. Breheny and Ms. Chalk:

**Re: Offers for Portugal Telecom, SGPS, S.A.**

We are writing on behalf of our client, Sonaecom, SGPS, S.A. ("**Sonaecom**"), a *sociedade anónima* organized under the laws of Portugal, which announced on February 6, 2006, together with Sonae, SGPS, S.A. ("**Sonae**" and, together with Sonaecom and Sonaecom B.V. ("**Sonaecom B.V.**") a private limited liability company organized under the laws of the Netherlands, the "**Bidders**"), a *sociedade anónima* organized under the laws of Portugal, (the "**Preliminary Announcement**") its intent to launch a public tender offer to acquire all the issued and outstanding (i) ordinary shares, nominal value €0.35 per share (the "**Ordinary Shares**"), including all the American Depositary Shares, each representing one Ordinary Share (the "**ADs**" and together with the Ordinary Shares, the "**Shares**"), of Portugal Telecom, SGPS, S.A., a *sociedade anónima* organized under the laws of Portugal ("**PT**" or the "**Target**" or the "**Company**"), and (ii) Class A Shares, nominal value €0.35 per share ("**Class A Shares**") of PT.

We are respectfully requesting exemptive relief from the staff of the Securities and Exchange Commission (the "**Commission**") from (i) Rule 14d-10(a)(1) ("**Rule 14d-10(a)(1)**") promulgated under the Securities Exchange Act of 1934, as amended (the "**Exchange Act**") to permit the dual offer structure, and (ii) Section 14(d)(5) of the Exchange Act ("**Section 14(d)(5)**"), to permit the Bidders to terminate withdrawal rights in the U.S. Offer during the period from the expiration of the initial offer period (or extension thereof) until acceptance of tenders under the U.S. Offer, which shall be on the third Portuguese business day following a special session of Euronext Lisbon that will be

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convened on the Portuguese business day immediately following expiration of the offer period. The Bidders have provided the information forming the basis of this letter and have authorized us to request relief from Rule 14d-10(a)(1) and Section 14(d)(5) pursuant to this letter on their behalf.

The proposed offer will be made through two separate offers, which are expected to close simultaneously:

- a U.S. offer open to holders of Ordinary Shares who are located in the United States and to all holders of ADSs, wherever located (the "**U.S. Offer**"); and
- a Portuguese offer open to holders of Ordinary Shares and Class A Shares located in Portugal and (except for holders in the United States) outside of Portugal, if, pursuant to the local laws and regulations applicable to those holders, they are permitted to participate in the Portuguese offer (the "**Portuguese Offer**" and, together with the U.S. Offer, the "**Offers**").

The Portuguese Offer will not be open to holders of ADSs as according to Article 108.1 of the Portuguese Securities Code and the rules and regulations of the Portuguese *Comissão do Mercado de Valores Mobiliários* ("**CMVM**"), the Portuguese Securities Code and the CMVM do not have jurisdiction over an offer exclusively addressed to persons not resident or established in Portugal. In particular, with respect to the ADSs, PT has a sponsored American Depositary Receipts program with the Bank of New York in the United States, acting as depositary, pursuant to which the ADSs are issued and the American Depositary Receipts program is managed and the ADS are listed and traded only on the New York Stock Exchange (the "**NYSE**"). Accordingly, as the Bidders have no knowledge of any person resident or established in Portugal who holds any ADSs, the Bidders have concluded that the ADSs are outside the jurisdiction of the Portuguese Securities Code and the CMVM and have structured the U.S. Offer to extend to all holders of the ADSs, wherever located.

Together, the Offers are being made for all issued and outstanding Ordinary Shares, ADSs and Class A Shares. All offers to purchase and all purchases made pursuant to the Portuguese Offer will be made outside of the United States. The Offers are expected to be made to holders of all issued and outstanding Shares and Class A Shares at a price of €9.50 per share (or the U.S. dollar equivalent of €9.50 per ADS). Each of the U.S. and Portuguese Offers will be made on terms at least as favorable to shareholders as the other Offer, and completion of each of the Offers will be subject to the same conditions. The terms and conditions of the Offers are described in greater detail below.

The Offers have not commenced as of the date of this letter. Sonaecom anticipates commencing the Offers as soon as practicable after compliance with applicable Portuguese legal requirements, including the registration of the Offers with the CMVM and the fulfillment of all outstanding pre-commencement conditions, such as antitrust clearance.

As of the date of this letter, the Bidders, through Sonaecom, own 11,291,657 Ordinary Shares, representing approximately 1.0% of the share capital of PT. As of the date of this letter, the Bidders do not own any Class A Shares.

## **Background**

### ***PT***

Given the unsolicited nature of the Offers, the Bidders have not obtained any of the following information from PT and, as a result, all of the following information is based upon publicly available information that has not been independently verified by the Bidders.

According to publicly available information, PT is a foreign private issuer as defined in Rule 3b-4(c) promulgated under the Exchange Act and its Ordinary Shares and ADSs are registered with the Commission pursuant to Section 12(b) of the Exchange Act. PT files reports with the Commission pursuant to Section 13(a) or 15(d) of the Exchange Act.

PT's principal executive office is at Avenue Fontes de Pereira de Melo, 40, Lisbon Codex, Portugal. PT describes itself as a global telecommunications operator and a "national leader in all of the sectors in which it participates." PT's activities cover all segments of the telecommunications sector, including fixed, mobile, multimedia, data and corporate solutions. PT has stated that it offers a full range of wire line services, including fixed line telephone services for retail and wholesale customers, leased lines, interconnection, distribution of programming for television and radio broadcasters, internet access, data and business solutions, portal and e-commerce services. PT also claims to offer mobile telecommunications services, multimedia services and sales of telecommunications equipment. PT's telecommunications and multimedia services are available in Portugal, Brazil and in other international markets. According to publicly available information, PT's net income for the nine months ended September 30, 2006 was approximately €527 million.

PT's Ordinary Shares are listed and traded on Euronext Lisbon. PT's ADSs, which are represented by American Depositary Receipts, are listed and traded on the NYSE. Each ADS evidences one Ordinary Share. PT has a sponsored American Depositary Receipts program with the Bank of New York acting as depositary. The Class A Shares are not publicly traded and, according to PT's Annual Report on Form 20-F, filed with the Commission on April 21, 2006, all of the 500 Class A Shares are held by the Portuguese government.

In proposing the dual offer structure and in conducting the U.S. Offer on the terms described in this letter and in the Schedule TO (as defined below), Sonaecom is relying on Rule 14d-1(d) under the Exchange Act ("**Rule 14d-1(d)**"), which provides exemptive relief from otherwise applicable rules to persons conducting a tender offer under certain conditions. In order for Sonaecom to qualify for exemptive relief under Rule 14d-1(d)

("Tier II"), among other conditions, holders who are resident in the United States must not hold more than 40% of the outstanding Shares.

As at the time that the Bidders announced the Offers on February 6, 2006 and as of the date hereof, neither Sonaecom nor Sonae has entered into an agreement with PT. Accordingly, in determining that the U.S. Offer qualifies for the Tier II exemption under Rule 14d-1(d), the Bidders concluded that less than 40% of the Shares were held by U.S. holders because:

- (1) the aggregate trading volume of the Shares, as reported on the NYSE or on the OTC market in the United States in the 12 calendar-month period ending December 12, 2006, was less than 40% of the worldwide aggregate trading volume of the Shares over the same period. Based on data from Bloomberg, during the 12 calendar-month period ended December 12, 2006, the worldwide aggregate trading volume of the Shares was 1,225,172,406 of which 27,702,500, or approximately 2.26%, were Shares that were traded on the New York Stock Exchange or on the OTC market in the United States;
- (2) According to PT's Annual Report on Form 20-F, filed with the Commission on April 21, 2006, U.S. holders do not hold more than 40% of the outstanding Shares. As of March 31, 2006, approximately 22% of PT's issued share capital was held as Ordinary Shares by approximately 150 U.S. residents. As of March 31, 2006, approximately 5% of PT's issued share capital was held in the form of ADSs by 117 holders of record. According to publicly available information on PT's website, as of November 17, 2006, approximately 26.4% of the outstanding Shares were held by U.S. and Canadian residents; and
- (3) Sonaecom does not know and has no reason to know that U.S. ownership exceeds 40% of the outstanding Shares. Portuguese law requires shareholders in public companies to notify the CMVM, the Company, and managing entities of regulated markets in which the securities issued by the Company are admitted of their share ownership in the Company within three calendar days if such shareholding reaches, exceeds or falls below certain thresholds, which are 2%, 5%, 10%, 20%, 33.33%, 50%, 66.67% and 90% of voting rights in the share capital. According to publicly available data provided by the Company on its website, as of November 17, 2006 and the date hereof, no PT shareholder holds 10% or more of the Shares, and eleven shareholders subject to the above reporting requirements own in the aggregate approximately 46.94% of the Shares. The information provided by the Company does not state whether any such shareholders are U.S. persons. However, as of November 17, 2006 and the date hereof, from publicly available information on the websites of PT and the CMVM, it appears that approximately 12.1% of the 46.94% of the Shares may be owned by U.S. persons. Accordingly, the Bidders believe that U.S. persons do not beneficially own more than 40% of the Shares.

Prior to commencement of the Offers, Sonaecom will update the calculation of the trading volumes described in (1) above for the 12 calendar-month period ending 30 days before the commencement of the Offers.

### ***Sonaecom, Sonae and Sonaecom B.V.***

Sonaecom is a foreign private issuer as defined in Rule 3b-4(c) promulgated under the Exchange Act and its ordinary shares are not registered with the Commission pursuant to Section 12(b) of the Exchange Act. Sonaecom is registered with the Maia Commercial Registry in Portugal under no. 45 466. Its registered office and business address is at Lugar do Espido, Via Norte, in the parish and county of Maia, Portugal. Sonaecom's share capital amounts to €366,246,868.00 divided into 366,246,868 ordinary shares. Sonaecom is an approximately 50.4% owned subsidiary of Sonae. Sonae is also a foreign private issuer as defined in Rule 3b-4(c) promulgated under the Exchange Act and its ordinary shares are not registered with the Commission pursuant to Section 12(b) of the Exchange Act. Sonae manages a portfolio of diversified businesses through four subsidiaries: Sonaecom (telecommunications), Modelo Continente (food and non-food retail), Sonae Sierra (shopping centers), and Sonae Capital. Sonae is the holding company of the Sonae Group and focuses its activities on the financial coordination of the Sonae Group and on the development of its management resources. Sonaecom is currently the second largest telecommunications company in Portugal and actively participates in the integrated management of its business units. Sonaecom B.V. is a wholly-owned subsidiary of Sonaecom formed for the principal purpose of acquiring PT. Sonaecom B.V. is not listed on any stock exchange, and it has not entered into any obligations other than in connection with the Offers and the financing thereof. Sonaecom's and Sonae's shares are each listed and traded on Euronext Lisbon. Net profits of Sonaecom for the nine months ended September 30, 2006 were approximately €35.4 million and net profits of Sonae for the nine months ended September 30, 2006 were approximately €185.6 million.

### **Structure of the Offers**

Sonaecom's primary objective in structuring the Offers is to allow for participation by holders of PT Ordinary Shares, ADSs and Class A Shares in Portugal, the United States and elsewhere to the greatest extent practicable.

The Portuguese Offer will be structured to comply with the applicable rules and regulations of Portuguese law, in particular the Portuguese Securities Code and regulations and instructions promulgated thereunder (such regulations and instructions collectively referred to as the "**Portuguese Rules**"). The U.S. Offer will be structured to comply with, except as otherwise requested herein, the requirements of Sections 14(d) and 14(e) and Regulations 14D and 14E of the Exchange Act and the rules and regulations promulgated thereunder as they apply to offers that satisfy the conditions of Tier II (the "**U.S. Rules**").

Sonaecom will make an application for registration of the Portuguese Offer to the CMVM prior to commencement of the Portuguese Offer, to formally register the Portuguese Offer with the Portuguese authorities. The CMVM will consider the application and may comment on the application. Once the CMVM's comments have

been addressed and the conditions to commencing the Portuguese Offer have been satisfied (including the receipt of all necessary antitrust clearances), the CMVM will grant registration of the Portuguese Offer. Sonaecom will commence the Portuguese Offer by disclosing a prospectus (in Portuguese) (the "**Prospectus**") shortly following the CMVM's registration of the Portuguese Offer in compliance with Portuguese Rules. Also, as required by Portuguese law, Sonaecom will publish a definitive announcement disclosing key terms and conditions of the Portuguese Offer (the "**Definitive Announcement**") in a Portuguese newspaper of general circulation and the bulletin of the Euronext Lisbon shortly following registration of the Portuguese Offer. Under Portuguese law, the Portuguese Offer may only start on the business day after the publication of the Definitive Announcement and disclosure of the Prospectus. The Bidders intend to commence the U.S. Offer on the same date as the Portuguese Offer by publishing a summary advertisement in a U.S. paper of national circulation in accordance with Rule 14d-4(a)(2) of the Exchange Act and filing a Schedule TO in accordance with U.S. Rules with the Commission (and related documentation, including a letter of transmittal) (the "**Schedule TO**"), thereby permitting PT's security holders in the U.S. to be capable of accepting the U.S. Offer. The Bidders will mail a U.S. Offer to Purchase to the PT shareholders subject to the U.S. Offer in accordance with U.S. Rules.

The initial acceptance period of the Offers is expected to be eight to ten weeks following publication of the Prospectus and filing of the Schedule TO. Holders of Shares will be permitted to accept the Offers at any time prior to the expiration of the Offers.

Under Portuguese Rules, a tender offer, once launched, is irrevocable during the offer period, although a bidder is permitted to modify the offer (i) if another person or group publishes a more favorable competing offer to acquire the target company, or (ii) to increase the offer consideration by at least 5%. The bidder may also modify or withdraw the offer if so authorized by the CMVM when there is an unforeseeable and substantial change of circumstances upon which, in a manner known by the target company's shareholders, the decision to launch the offer was based, exceeding the risks inherent in the offer. The offer may be subject to satisfaction of conditions that correspond to the offeror's legitimate interest and do not affect the normal functioning of the market. In the present case, the Offers will be conditioned, among other things, on shareholders tendering a minimum number of Shares such that, at the expiration of the offer period, Sonaecom will hold at least 50.01% of the total number of issued and outstanding Shares on a fully diluted basis.

The Ordinary Shares are held in book-entry form through financial intermediaries located in Portugal. As a result, once the Offers commence, shareholders will accept the Offers for the Ordinary Shares by informing either any member of Euronext Lisbon or the bank, financial institution, brokerage or other intermediary (an "**Intermediary**") at which the shareholder maintains an account for the Ordinary Shares, at any time prior to or on the expiration date of the Offers, of the holder's desire to tender its Ordinary Shares. The Intermediary or member of Euronext Lisbon will not immediately tender such Ordinary Shares into the Offers, but instead will hold such Ordinary Shares until the expiration of the Offers pursuant to such shareholder's sale order.

Following the expiration of the Offers, the sale orders of holders of Ordinary Shares will be aggregated through Euronext Lisbon. With respect to Ordinary Shares tendered in the Portuguese Offer, sale orders transmitted by shareholders can be cancelled at any time prior to the fifth calendar day before the expiration of the Portuguese Offer. After this time, any Ordinary Shares tendered are "blocked" until a special stock exchange session is held to determine and announce the results of the Offers. The respective Ordinary Shares continue to be registered in the name of the respective holder until it has been determined that the Offer succeeds. Under Portuguese law, Euronext Lisbon is responsible for supervising the aggregation and settlement process and publishing the number of Ordinary Shares tendered in the Offers.

Once the Offers have expired, a special stock exchange session will be held to determine and announce the results of the Offers. Three Portuguese business days following such session, the Offers will settle. It is expected that all Ordinary Shares (including Ordinary Shares represented by ADSs) and Class A Shares tendered to Sonaecom in the Offers pursuant to a sale order will be delivered to Sonaecom against payment in cash by Sonaecom on the third Portuguese business day following the special stock exchange session to determine the outcome of the Offers.<sup>1</sup> If the Offers do not succeed, the block on any Ordinary Shares delivered for tender pursuant to a sale order is removed immediately and the respective holders of such Ordinary Shares regain the ability to dispose of them.

In addition, the U.S. Offer will comply with the U.S. Rules, except to the extent they may be exempted therefrom.

#### **Rule 14d-10(a)(1)**

##### ***General Application of Rule 14d-10(a)(1) to the Offers***

There are several potential points of conflict between the U.S. tender offer rules and Portuguese law and practice. The Bidders believe that the best method of reconciling these potential conflicts is a dual offer structure that permits holders of Ordinary Shares located in the United States and holders of ADSs, wherever located, to participate in the transaction through the U.S. Offer on terms at least as favorable as those offered to holders located in other jurisdictions that may participate in the Portuguese Offer.

The U.S. Offer will be open to holders of Ordinary Shares who are located in the United States and to all holders of ADSs, wherever located, and the Portuguese Offer will be

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<sup>1</sup> It is expected that consideration to be paid to shareholders who tender into the U.S. Offer will be transferred to the U.S. Receiving Agent at the same time as the consideration will be paid to shareholders who tender into the Portuguese Offer. It is also expected that the consideration will be paid to holders of ADSs who tender into the U.S. Offer within one to two business days of such transfer of funds to the U.S. Receiving Agent to allow for the conversion of the consideration from Euro to U.S. dollars.

open to holders of Ordinary Shares (other than ADSs) and Class A Shares who are located in Portugal or who are located outside of Portugal and the United States, if, pursuant to the local laws and regulations applicable to such holders, they are permitted to participate in the Portuguese Offer.

The Commission has adopted certain exemptive rules for cross-border tender and exchange offers, business combinations and rights offerings relating to the securities of foreign companies. The Promulgating Release indicates that the purpose of granting exemptions to Rule 14d-10 is to facilitate U.S. investor participation in these types of transactions. Rule 14d-10(a)(1) provides that no person shall make a tender offer unless the offer is open to all security holders of the class of securities subject to the tender offer. The offer to U.S. holders must be made on terms at least as favorable as those offered to any other holder of the same class of securities that is the subject of the tender offers. Rule 14d-1(d)(2)(ii) provides exemptive relief from Rule 14d-10(a)(1) and allows a bidder conducting a tender offer for a foreign private issuer that qualifies for a Tier II exemption and otherwise complies with all applicable U.S. tender offer regulations to separate the offer into two offers: one offer made only to U.S. holders and another offer made only to non-U.S. holders. Here, however, as discussed above, the U.S. Offer will be made to U.S. holders of Ordinary Shares and to all holders of ADSs, wherever located.

Literal application of Rule 14d-10(a)(1) could be read to prohibit the dual structure of the Offers. In addition, because the U.S. Offer would be made to all holders of ADSs, wherever resident, literal application of the Tier II exemption would not exempt the dual offer structure described in this letter from the prohibition imposed under Rule 14d-10(a)(1). We do not believe that these technical differences should, however, disqualify the Offers from the exemptive relief available under Rule 14d-1(d)(2)(ii).

#### ***Requested Rule 14d-10(a)(1) Exemptive Relief***

Sonaecom believes that the differences between the Offers should not prevent Sonaecom from obtaining the exemptive relief available under Rule 14d-1(d)(2)(ii). The Portuguese Offer will be made only to non-U.S. holders of PT securities. Any U.S. holder of Shares (as well as some non-U.S. holders of ADSs) will be tendering in an offer that is conducted in accordance with the Exchange Act. No U.S. holder is eligible to tender into the Portuguese Offer, and no PT securities held by U.S. holders will be purchased except pursuant to the U.S. Offer, which will be conducted in accordance with the U.S. federal securities laws, including the U.S. Rules, except to the extent of any exemptive relief granted pursuant to this letter. The Portuguese Offer will not be open to holders of ADSs as according to Article 108.1 of the Portuguese Securities Code and the rules and regulations of the CMVM, the Portuguese Securities Code and the CMVM do not have jurisdiction over an offer exclusively addressed to persons not resident or established in Portugal. In particular, with respect to the ADSs, PT has a sponsored American Depositary Receipts program with the Bank of New York in the United States, acting as depositary, pursuant to which the ADSs are issued and the American Depositary Receipts program is managed and the ADS are listed and traded only on the NYSE. Accordingly, as the Bidders have no knowledge of any person resident or established in Portugal who



holds any ADSs, the Bidders have concluded that the ADSs are outside the jurisdiction of the Portuguese Securities Code and the CMVM and have structured the U.S. Offer to extend to all holders of the ADSs, wherever located.

We note that a similar structure was approved by the Commission in 2004 in connection with the triple-offer by Sanofi-Synthelabo for ordinary shares and ADSs of Aventis S.A., and we note that the Commission has permitted other similar dual offer structures involving U.S. offers made for both ordinary shares held by U.S. holders and for ADSs held by holders, wherever located, even where the Tier II exemption under Rule 14d-1(d) was not available due to the level of U.S. ownership. See Alcan/Pechiney No-Action Letter (October 7, 2003); Serono/Genset No-Action Letter (September 12, 2002); and Saipem SpA No-Action Letter (July 29, 2002).

In view of the fact that the U.S. Offer would be made to holders of Ordinary Shares who are located in the United States and holders of ADSs, wherever located, and that the Portuguese Offer would be made to holders of Ordinary Shares and Class A Shares outside of the U.S., we respectfully request that the U.S. Offer be exempt from compliance with Rule 14d-10(a)(1) to permit the Offers to be conducted according to the dual-offer structure described in this letter, notwithstanding that read literally, Rule 14d-1(d)(2)(ii) contemplates Tier II exemptive relief only for a dual offer structure in which one offer is made "only" to U.S. holders and "another offer" is made only to non-U.S. holders.

#### **Section 14(d)(5)**

##### ***General Application of Section 14(d)(5) to the U.S. Offer and Requested Exemptive Relief***

Section 14(d)(5) provides that the securities tendered in a tender offer may be withdrawn at any time after 60 days from the date of the original offer. The Portuguese Offer and the U.S. Offer are expected to commence on the same day and to have an eight to ten week initial offer period. Accordingly, it is possible that the initial offer period will extend beyond the 60th day from commencement of the U.S. Offer and shareholders who tender their Shares into the U.S. Offer would be able to withdraw their Shares after the expiration of the initial offer period. Portuguese law, however, does not provide for withdrawal rights after the expiration of the initial offer period. This is in part because the results of a Portuguese offer are not calculated upon expiration of the offer, as is the case in the United States, but are assessed by a special session of Euronext Lisbon that is convened on the Portuguese business day immediately following expiration of the offer period.

Permitting withdrawals during the period while the results of the Offers are being determined and prior to settlement of the Offers would conflict with the counting procedures and policies underlying the Portuguese Rules in tabulating the number of Shares validly tendered and not withdrawn and would enable withdrawals from the U.S. Offer to frustrate the satisfaction of the minimum condition of the Offers. Accordingly, we respectfully request that the U.S. Offer be exempt from compliance with the

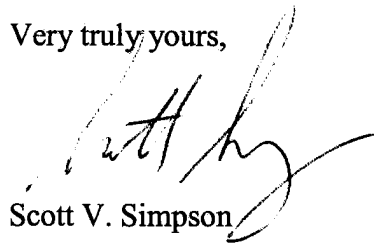
provisions of Section 14(d)(5) during the period while the results of the Offers are being determined until acceptance of tenders under the U.S. Offer, which shall be three Portuguese business days following a special session of Euronext Lisbon that will be convened on the Portuguese business day immediately following expiration of the offer period, insofar as that section would permit holders who tender into the U.S. Offer to withdraw their Shares at any time which is both (a) after 60 days from the commencement of the U.S. Offer and (b) during the period following the expiration of the U.S. Offer in which the results of the Offers are being determined and arrangements are made for payment in accordance with Portuguese law and practice.

We note that the Commission has granted similar relief permitting termination of withdrawal rights upon the expiration of the initial offering period. See BCP Crystal Acquisition No-Action Letter (February 3, 2004); Alcan/Pechiney No-Action Letter (October 7, 2003); Serono/Genset No-Action Letter (September 12, 2002); and TotalFina No-Action Letter (October 15, 1999).

### **Conclusion**

We appreciate your prompt consideration of the above matters and respectfully request that the Commission issue the requested exemptive relief as soon as practicable. If you require any further information or have any questions, please contact the undersigned on +44 20 7519 7040 or my colleague Michal Berkner on +44 20 7519 7074.

Very truly yours,



Scott V. Simpson

cc: Christopher Lawrie, Sonaecom, SGPS, S.A.

MORAIS LEITÃO, GALVÃO TELES, SOARES DA SILVA

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Mr. Brian V. Breheny  
Chief, Office of Mergers and Acquisitions  
Ms. Christina Chalk  
Special Counsel, Office of Mergers and Acquisitions  
Division of Corporation Finance

December 14th, 2006

Securities and Exchange Commission  
100 F Street, N.E.  
Washington D.C. 20549

Dear Ms. Chalk and Mr. Breheny:

**Re: Offers for Portugal Telecom, SGPS, S.A.**

We refer to the letter dated December 14<sup>th</sup> 2006 (the "**Letter**") sent from Skadden, Arps, Slate, Meagher & Flom (UK) LLP ("**Skadden, Arps**") to you on behalf of Sonae, SGPS, S.A., Sonaecom, SGPS, S.A. and Sonaecom B.V. (the "**Bidders**"). In the Letter, Skadden, Arps requests confirmation from the Staff of the Division of Corporation Finance that, among certain other things, it will not recommend any enforcement action to the United States Securities and Exchange Commission (the "**Commission**") against the Bidders if they terminate withdrawal rights in the U.S. Offer (as defined in the Letter) during the period from the expiration of the initial offer period (or extension thereof) until acceptance of tenders under the U.S. Offer, so long as acceptance of tenders under the U.S. Offer shall be on the third Portuguese business day following a special session of Euronext Lisbon that will be convened promptly following expiration of the offer period.

We are acting solely as Portuguese Counsel to the Bidders in connection with the Offers and have consulted with Skadden, Arps with respect to the legal and regulatory requirements in Portugal and takeover practice in Portugal, in each case, applicable to the Offers and relevant to the relief sought. This letter is rendered at your request solely in connection with the Letter and is limited to matters of Portuguese law and practice. This letter is provided incidentally to, and in the ordinary course of, my practice of Portuguese law in Portugal, does not purport to cover any aspects of U.S. law and without prejudice to my status as a "non-appearing foreign attorney" for purposes of the Commission's rules and practice.

We hereby acknowledge that we are Portuguese Counsel to the Bidders in connection with the Offers and that reference in the Letter to discussions with us regarding the legal and regulatory requirements in Portugal applicable to the Offers and takeover practice in Portugal are correct. We have reviewed the Letter, and we believe the descriptions of the legal and regulatory requirements in Portugal applicable to the Offers and of takeover practice in Portugal contained therein are accurate. The statements of Portuguese legal and regulatory requirements and practice contained in the Letter consist of brief summaries only and should not be construed as a comprehensive description of all relevant issues.

*Calvin Henrique Santos*