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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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A LIST OF THE FIRM'S PARTNERS IS OPEN TO INSPECTION AT THE ABOVE ADDRESS.

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.



















MORAIS LEITÃO, GALVÃO TELES, SOARES DA SILVA

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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*