1. Report on Corporate Governance

1.1. Compliance with CMVM Recommendations

Sonaecom is compliant with all the CMVM recommendations on Corporate Governance with the exception of Recommendation IV-8, which recommends that the remuneration of all the members of the Board of Directors should be disclosed on an individual basis (see section 3.7.3.3. below).

1.2. Governing Bodies – Constitution and Organization

Sonaecom’s Board of Directors comprises 9 members, including 5 Non-Executive Directors and 4 Executive Directors. Three of the Non-Executive Directors are independent, in that they are not associated with special interest groups related to the Company nor to its reference shareholder, in accordance with the criteria established by the CMVM Regulation no. 11/2003 for Independent Directors. These Independent Directors exercise an important influence over the decision-making process and development of company strategy and policy and as such the Board of Directors exhibits a clear balance between the number of Directors that represent reference shareholders and the number of Independent Directors.

Sonaecom’s CEO, CFO and the CEO’s of the 2 main business units, together with the Advisor to the Board of Directors, integrate the Executive Committee.

(1) Subsequent to year-end 2004, the Management Team has undergone changes, explained in section “Subsequent Events” of the Consolidated Management Report.

Our Directors

Belmiro de Azevedo  Non-Executive Chairman of the Board of Directors of Sonaecom and Executive Chairman of Sonae SGPS, non-executive member of the World Business Council for Sustainable Development and member of the European Advisory Board of London Business School.

Previous Functions  Director of Research and Development of Sonae, CEO and General Manager of Sonae, and Director of the Association for European Monetary Union.

Academic qualifications  Degree in Industrial-orientated Chemical Engineering from the Faculty of Engineering of Porto University, PMD from Harvard Business School, and attended Financial Management Programme of Stanford University.
António Borges (independent)  
Non-Executive Director of Sonaecom and Vice-President of Goldman Sachs International.  
Previous Functions  
Dean of Insead, Vice Governor of the Bank of Portugal, member of the Monetary Committee for the European Community, and Chairman of the Monetary Policy Subcommittee of the European Committee of Central Bank Governors.  
Academic qualifications  
Degree from Lisbon Technical University, MA and PhD in Economics from Stanford University in California.

Jean-François Pontal (independent)  
Non-Executive Director of Sonaecom.  
Previous Functions  
CEO of Orange, Group Executive Vice-President in charge of Mass Market Products & Services of France Telecom; Various senior executive positions in Carrefour; member of the Board, CEO of PRYCA. Consultant.  
Academic qualifications  
Degree in Engineering from the French Centre d’Études Supérieures des Techniques Industrielles.

Richard O’Toole (independent)  
Non-Executive Director of Sonaecom, and advisor and consultant to various private and public sector bodies on trade, competition and regulatory issues.  
Previous Functions  
Special Assistant at the Office of the Executive Director of the OECD International Energy Agency, European Political Correspondent of Ministry of Foreign Affairs, Chief at the Office of the European Commission, Executive Director of the GPA Technology Division, Assistant Director General of the World Trade Organisation (WTO), Head of Global Government Affairs at ABB and Board Director of Esat Telecom plc of Ireland.  
Academic qualifications  
B.Sc. and M.Sc. degrees from National University of Ireland.

David Bain  
Non-Executive Director of Sonaecom and CFO of Efanor Investimentos SGPS.  
Previous Functions  
CFO of Sonaecom, Inparsa and Sonae SGPS. Previously CFO of the Auto-Sueco Group and CFO of the Taylor / Fonseca Port Wine Group.  
Academic qualifications  
Degree in Economics from Bristol University and Fellow of the Institute of Chartered Accountants of England and Wales.

Paulo Azevedo  
Chairman of Sonaecom’s Executive Committee and Chairman of the Board of Novis. Paulo Azevedo is also a Non-Executive Director of the Board of Sonae Indústria and an Executive Director of the Board of Sonae SGPS.  
Previous Functions  
Chairman of the Executive Committee of Optimus and Executive Director of Modelo Continente SGPS.  
Academic qualifications  
Degree in Chemical Engineering from École Politechnique Federal, Lausanne and MBA from the Higher Institute of Business Studies of Porto University.

Luís Filipe Reis  
Executive Director of Sonaecom, Chairman of the Executive Committees of Matrix and Novis, non-executive director of Optimus and Sonaecom Sistemas de Informação. Luís Reis is also a Non-Executive
António Casanova  
Previous Functions CEO of Optimus; Board Member responsible for Sales and Marketing for Optimus, Deputy Chairman at Lever Portugal, Marketing Co-ordinating Director at Banco Fonseca & Burnay (Group BPI) and Senior Associate at McKinsey & Co.  
Academic qualifications B.Sc. (Honours) Economics from London School of Economics; MBA from Universidade Nova de Lisboa; AMP from Harvard Business School.

Chris Lawrie  
Previous Functions Advisor to the Board and the Executive Committee of Sonaecom; worked in investment banking in the areas of M&A, general advisory, equity capital markets and debt financing (covering Southern Europe); Director at CSFB in its European Telecoms Group, Director at BZW and worked at Schroders in the banking and corporate financing areas.  
Academic qualifications Degree with distinction in Business Studies and Finance.

In order to improve the operational efficiency of the Board of Directors and meet best practice in Corporate Governance, the Board of Directors has created 2 Board Committees, the Board Audit and Finance Committee and the Board Nomination and Remuneration Committee.

**BOARD COMMITTEES**

<table>
<thead>
<tr>
<th>Board Audit and Finance Committee</th>
<th>Board Nomination and Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Richard O'Toole (independent)</td>
<td>Belmiro de Azevedo</td>
</tr>
<tr>
<td>Jean François Pontal (independent)</td>
<td>António Borges (independent)</td>
</tr>
<tr>
<td>David Bain</td>
<td>Jean François Pontal (independent)</td>
</tr>
<tr>
<td></td>
<td>Paulo Azevedo</td>
</tr>
</tbody>
</table>
1.2.1. The Board

Under the company statutes, Sonaecom’s Board of Directors may consist of an odd number of members – three, five, seven or nine members, elected at the Shareholder’s General Meeting. The Board mandate is of four years, with the possibility of re-election. The current Board mandate covers the period 2004 to 2007. The Board of Directors shall elect its Chairman. Currently, Sonaecom’s Board of Directors has nine members, including 4 executive members and 5 non-executive members, 3 of whom are independent (as previously identified in this section).

The Board meets at least four times a year, as stipulated by the company statutes. There were 5 Board meetings in 2004 of which one was specifically dedicated to Strategic Development. The quorum for any Board Meeting requires that the majority of Directors are present or represented by proxy. Decisions are taken by a majority of votes cast.

During 2004 the Board Nomination and Remuneration Committee (BNRC) carried out an internal evaluation of the Board and looked at how the Board functions and its overall performance. A more formal Board evaluation process is planned for 2005 with the help of an external consultant specialising in these matters and this will include evaluation of individual Board members.

1.2.2. The Executive Committee

The company statutes permit the Board to delegate company business, duties and responsibilities, as considered appropriate, to an Executive Committee. The Executive Committee will comprise members of the Board of Directors selected for this purpose. Under the delegated powers approved by the Board, a unanimous vote of the Executive Committee is necessary for the approval of any of its decisions.

The Executive Committee may only deliberate on matters that relate to general management of the company and not on matters that are exclusively of the competence of the Board of Directors. The Executive Committee is conferred the powers and responsibility to manage and execute day to day operations of the Company except:

- a) to appoint the Chairman of the Board;
- b) to co-opt a substitute for a member of the Board;
- c) to convene Shareholders’ General Meetings;
- d) to approve the Annual Report and Accounts;
- e) to grant any pledge, guarantees or charges over the assets of the Company, if those are in excess of an accumulated value of 500,000 euros in any financial year;
- f) to decide to change the Company’s registered office or to approve any share capital increases;
- g) to decide on mergers, de-mergers, modifications to the corporate format of the Company and any other projects relating to the association of the Company with other legal entities to form new companies;
- h) to approve the Company’s Business Plan and Annual Budget;
- i) to define the key features of personnel policies, including deferred performance bonus plans and variable remuneration plans applicable to senior Directors (above Level XIV), in areas that do not require decisions from the Shareholders’ Remuneration Committee (“Comissão de Vencimentos”) or deliberations at Shareholder General Meetings;
- j) to define or change major accounting policies of any company included in the consolidation perimeter of the Group;
- k) to approve the Company’s quarterly Accounts and half year Report and Accounts;
l) to sell, acquire directly or by long term lease or transact in any other way, investments classified as tangible fixed assets where the individual transaction value is in excess of 1,000,000 euros, unless covered by the Annual Budget or the Business Plan duly approved by the Board;

m) to purchase or subscribe for new shares in the share capital of any subsidiary companies where the accumulated amount exceeds 5,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan duly approved by the Board;

n) to invest in any other companies or in other financial assets when the accumulated value is in excess of 1,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan duly approved by the Board;

o) to make any other financial investments which exceeds the accumulated amount of 1,000,000 euros in any financial year, unless covered by the Annual Budget or the Business Plan duly approved by the Board;

p) to dispose of assets or make other divestments, if such transaction has a significant effect on the operating results of the Company (defined as equal or greater than 5%) or affects the jobs of more than 100 employees, unless covered by the Annual Budget or the Business Plan duly approved by the Board.

To ensure that the Board of Directors is kept well informed by the Executive Committee, all significant decisions taken by the Executive Committee are systematically extracted from the minutes of the meeting and reported, in writing, to the Board of Directors.

The Executive Committee currently meets at least once every month and the Group CEO acts as Chairman of the Executive Committee. There were 21 meetings of the Executive Committee in 2004.

1.2.3. The Board Audit and Finance Committee

Sonaecom has a Board Audit and Finance Committee ("BAFC") that consists of 3 members who are appointed by and from among the members of the Board. The BAFC meets at least 5 times a year. In 2004, there were 5 BAFC meetings. The BAFC is responsible for monitoring and auditing the company's financial reporting processes and accounting policies, for evaluating risk associated with the company's activities on behalf of the Board, and overseeing Corporate Governance within the Company. The BAFC also meets directly with the external auditors and the internal audit team. The Committee is currently composed of 3 Non-Executive Directors and is chaired by an independent Non-Executive Director.

1.2.4. The Board Nomination and Remuneration Committee

The Sonaecom Board Nomination and Remuneration Committee ("BNRC") consists of 4 members: the Chairman of the Sonaecom Board, the Sonaecom CEO, and two independent Non-Executive Directors. The BNRC meets at least once a year. There were 2 BNRC meetings in 2004. It is responsible for identifying candidates for appointment to the Board of Directors or Senior Management positions within the Sonaecom Group and for supervising the preparation of proposals on remuneration and other compensation on behalf of the Board. The BNRC reports to the Board and liaises with the
Sonaecom Shareholders’ Remuneration Committee (“Comissão de Vencimentos”). It may also receive assistance from external entities, which ensure absolute confidentiality in relation to the information obtained as a result of that cooperation.

1.3. Voting Rights and Shareholder Representation

The Board of the Shareholders’ General Meeting is comprised of a Chairman, Vice-Chairman and a Secretary and is elected by the shareholders for a four-year mandate. Shareholders’ General Meetings are convened and conducted by the Chairman or, in his or her absence, by the Vice-Chairman.

In accordance with article 20 of the Company Statutes, the Shareholders’ General Meeting may only be attended by Shareholders with the right to vote based on shares they own or equivalent subscription rights, which, in the eight days prior to the General Meeting, have:

a) registered the shares in their name, in the Company's share register, if they are registered shares; or

b) registered them in their name in the Company's share register or alternatively deposited them with a financial intermediary, if they are bearer shares;

c) entered them in an electronic shareholding account in their names (at the Stock Market Authority and at the Company), if the shares are kept in electronic (non-titled) form.

The deposit with a financial intermediary and the entry referred to in c) of the previous paragraph have to be confirmed in writing by the respective institution and this letter must be received by the Company at least eight days before the General Meeting is held.

Each group of five hundred shares corresponds to a vote; therefore, shareholders have as many votes as the integer part resulting from dividing the number of shares owned by five hundred.

Sonaecom’s Statutes allow postal voting for amendment of the statutes and for nomination of new Board members. Voting bulletins must be received at least 3 days before the Shareholder's Meeting at the Company's Head Office and must be addressed to the Chairman of the Board of the Shareholder’s Meeting. The Chairman of the Board of the Shareholders’ General Meeting is responsible for verifying that written voting papers comply with all the requirements and for ensuring that confidentiality is kept.

Under Sonaecom’s statutes, shareholders may be represented at a Shareholders’ General Meeting. An individual shareholder may be represented by their spouse, ascendant, descendant, a member of the Board of Directors or another shareholder, by means of a letter addressed to the Chairman of the Board of the Shareholders’ General Meeting, indicating the name and address of the representative nominated, as well as the date of the meeting. A corporate shareholder may be represented at a Shareholders’ General Meeting by a person designated by means of a letter addressed to the Chairman of the Board of the Shareholders’ General Meeting, the authenticity of which will be considered by the Chairman of the Board of the Shareholders’ General Meeting.

Filipa Santos Carvalho is company secretary and Vera Lopes Pereira is substitute company secretary. David Bain is the Board Member responsible for the relationship with the Portuguese Stock Market Authority (“CMVM”).
1.3.1. Limitations to Voting Rights

No shareholders have special voting rights. The Board of Directors is unaware of any special voting rights or shareholder agreements and the company has no measures in place which could compromise the success of a public tender offer.

The information relating to the organization of the Shareholders’ General Meetings such as the agenda, notice of meeting, and shareholder procedures are available for consultation on Sonaecom’s website www.sonaecom.pt.

1.4. Sonaecom Shareholders’ Remuneration Committee (“Comissão de Vencimentos”)

The Shareholders’ Remuneration Committee (“Comissão de Vencimentos”) is appointed by the Board of the Shareholders General Meeting and is responsible for, on behalf of the shareholders, authorising the remuneration and other compensation of members of Sonaecom’s Board of Directors and of other governing bodies and Committees. This Committee meets at least once a year and is comprised of the following Corporate Shareholders: Sonae SGPS, Sonae Investments BV and Efanor Investimentos SGPS.

1.5. Risk Management

Sonaecom is committed to developing and maintaining best practice Risk Management policies and believes this to be one of the foundations of sound Corporate Governance. Accordingly, Risk Management forms an integral part of all management processes, and all managers at the various levels of the organization, are conscious of and responsible for, Risk Management.

Risk Management is aimed at helping management identify, evaluate and manage risks that can affect Sonaecom’s businesses, anticipating factors that might compromise the objectives of the business, and implementing actions to manage those risks.

Sonaecom is focused on strategic risks, which are high impact and probability risks that may make it difficult to pursue the objectives and the creation of value within the company.

The approach adopted in the management of strategic risks makes it possible to align the Risk Management Cycle with the Strategic Planning Cycle of Sonaecom’s subsidiaries. This approach is structured into the following stages:

- Prioritising critical business risks
- Identifying and investigating the sources of risk
- Measuring risk exposure
- Implementing actions to place risks on defined levels
- Monitoring actions and risk levels.

Both Optimus and Público have completed the Risk Management cycle processes. The results obtained from these two processes will allow us to structure and implement similar Risk Management cycles with more confidence in all of the most relevant businesses of Sonaecom’s portfolio during 2005.
As part of our overall Risk Management policy, we will pay close attention to safety risks involving tangible assets and people, which although not highly probable risks, nevertheless have a potentially high impact.

The Business Continuity Project has become a high priority. The aim of this project is to lessen the risk of business interruption caused by catastrophes or technical and operating failures. This project has 5 stages:

- Business Understanding
- Devising Recovery Strategies
- Developing and Implementing Recovery Plans
- Communicating and Implementing a culture of Business Continuity Management (BCM)
- Testing, maintaining and auditing Recovery Plans (transitions from the project into the process)

In 2005, Optimus will implement stage 3 of the BCM. Novis and Clix are at the beginning of the cycle and their implementation of Stage 1 – Business Understanding is scheduled for 2005.

Together with the Business Continuity project, Sonaecom periodically performs diagnosis and tests to the physical safety of its critical facilities, namely switch centres (e.g. MSCs), data centres and call centres, in order to obtain a better perception of the risks that they are exposed to and to implement corrective measures.

The Internal Audit team reports on a quarterly basis to Sonaecom's Board Audit and Finance Committee summarizing all relevant findings of the audits carried out. Under the scope of this reporting, special emphasis is made to Risk Management and Business Continuity issues.
1.6. Sonaecom and the Equity Capital Markets

1.6.1. Share Price Performance in 2004

Sonaecom’s share price increased by 60% during 2004, closing at 3.8 euros on 31 December, resulting in a market capitalization of 860 million euros. This increase represents an outperformance of the following indices: the main Portuguese Stock Market Index (PSI20) by 51%; the Morgan Stanley European Small Cap Index by 40%; and the main European Telecom’s Index (DJ Eurostoxx Telco) by 41%.

The average daily volume traded during 2004 was 344 thousand shares for Sonaecom, which represents circa 1% of the company’s free-float (which in turn represents 17.54% of share capital). The good share price performance results from the continued delivery of solid financial and operating results and the improvements achieved in Sonaecom’s capital structure, which have met and in many cases have exceeded, market expectations. Sonaecom’s share price also benefited from the improving market sentiment towards the Telecom sector in the last quarter of 2004.

During 2004, Sonaecom participated in a number of investor conferences and organised various management road-shows, both in Portugal and in Europe:

- **February** • Road-show Paris
- **March** • Road-show Lisbon / London / N York / Boston
- **May** • Road-show London
- **June** • Iberian Small & Mid Caps Conference - Lisbon
  • X SCH Telecommunications Seminar - Marbella
- **September** • Euronext NextEconomy Event - Paris
- **November** • Road-show Frankfurt / London / Edinburgh
- **December** • Road-show Madrid

1.6.2. Investor Relations Department

Sonaecom has an Investor Relations Department (“IRD”) that is responsible for managing the relationship between the Company and shareholders, investors, analysts and market authorities including the Portuguese Stock Market Authority, the CMVM.

Every quarter, the IRD is responsible for coordinating the preparation of an earnings announcement issued to the market and also provides statements whenever necessary to
disclose or clarify any relevant fact or event that could influence the share price. The IRD is available at all times to answer general questions posed by the market.

As part of its commitment to shareholders, the Company is available to meet with investors either in road-shows organized by the Company or “one on one” meetings upon request.

The Sonaecom Investor Relations Department may be contacted by email: investor.relations@sonae.com or by telephone: +351 93 100 2270. Sonaecom’s Investor Relations Officer is Maria João Carrapato.

In addition, Sonaecom has an institutional site (www.sonaecom.pt) that posts all earnings announcements, statements, reports and accounts and any other public documents, press releases or general news items on the Company.

Sonaecom’s formal representative for equity market relations (Representante para as Relações com o Mercado) is David Bain, who can be contacted via the Investor Relations Department or, if required, directly by email: david.bain@sonae.com.

1.7. Duty to Inform

1.7.1. Sonaecom Remuneration and Other Compensation Policy

The Sonaecom remuneration and other compensation policy for all employees includes two components: "Fixed Remuneration", which is paid as an Annual Salary (salaries are paid 14 times per annum in Portugal); and a "Performance Bonus", which is paid in the first quarter of the following year. In addition, a discretionary third component may be awarded on the 31 March of the following year, in the form of deferred compensation under the Sonaecom "Deferred Performance Bonus Plan" ("Sonaecom DPBP” or “DPBP”). The Sonaecom DPBP is described in more detail in the following section.

Sonaecom employees are attributed a “Sonaecom Group Level” using Hay’s international model for classification of corporate functions and these levels are used to structure remuneration and other compensation, as they facilitate market comparisons as well as helping to promote internal equity.

Annual Salaries are defined as a function of individual levels of responsibility. Salary levels are reviewed annually and increases reflect primarily the enlargement of responsibilities and to a lesser extent inflation adjustments.

The Performance Bonus is aimed at rewarding the achievement of certain pre-defined annual objectives, which are linked to both "Key Performance Indicators of Business Activity (Business KPIs)" and "Personal KPI's". The target amounts attributed correspond to a percentage of the Fixed Remuneration, which varies between 50% and 80% depending on Sonaecom Group Level. Business KPIs (including economic and financial indicators based on approved budgets, share price performance, individual business unit performance as well as the performance of the Group as a whole) derive 70% of the Performance Bonus and are normally objective indicators. The remaining 30% of the Performance Bonus is derived from Personal KPIs, which are a mix of objective and subjective indicators. Actual amounts paid are based on the real performance achieved or assessed and can represent anything from 0% to 120% of the target amount attributed.
1.7.2. **Sonaecom Deferred Performance Bonus Plan ("Sonaecom DPBP" or "DPBP")**

In addition to Fixed Remuneration and the Performance Bonus, the more senior Sonaecom employees (Sonaecom Group Levels 9 and above) are eligible to participate in the Sonaecom DPBP. The DPBP is a discretionary deferred compensation plan, which is equity based, and has a three year deferral period between the award date and the date when the benefit vests. The decision to make DPBP awards for any year is taken by the BNRC on behalf of the Board. The values awarded are derived from the Performance Bonuses actually paid for the same “performance year”.

As described in the section above, the Sonaecom DPBP is a discretionary third component of Sonaecom’s remuneration and other compensation policy. The DPBP is aimed at enhancing loyalty and increasing employees’ awareness of the importance of their performance on the overall success of Sonaecom, as reflected by the Company’s share price.

In the past, participants in the Sonaecom DPBP were given the alternative of choosing between share options (the “Sonaecom Share Options Plans”) or shares (the “Sonaecom Share Plans”). As from the awards made in March 2004 (relating to 2003 performance – the “2003 Plan”), all participants now receive shares.

All Group employees that are Level 9\(^1\), or higher, are eligible to participate in the Sonaecom DPBP, as long as their entry date is before 31 December of the previous year (Deferred Performance Bonus Plans are awarded in March each year, in respect of performance during the financial previous year).

The value awarded is determined by applying the following percentages to the Performance Bonuses paid, according to employee levels in the Group (see footnote):

<table>
<thead>
<tr>
<th>Level</th>
<th>Up to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 9</td>
<td>60%</td>
</tr>
<tr>
<td>Level 10 &amp; 11</td>
<td>70%</td>
</tr>
<tr>
<td>Level 12</td>
<td>80%</td>
</tr>
<tr>
<td>Level 13 &amp; 14</td>
<td>90%</td>
</tr>
<tr>
<td>Level 15 and higher</td>
<td>100%</td>
</tr>
</tbody>
</table>

For the most senior Sonaecom employees, of Sonaecom Group Levels 16 and above, awards under the DPBP also includes a part that is linked to Sonae SGPS shares (the "Sonae Share Plans"), this amount can represent up to 40% of the total value awarded each year, depending on the Sonaecom Group Level. In the case of the Sonae Share Plans, the BNRC has the option to pay the cash equivalent at the vesting date, in lieu of shares. This element of the DPBP was introduced by Sonaecom consistent with the Sonae group-wide practice to: incentivise cooperation between Group companies, maximize Group synergies where possible and to stimulate the exchange of knowledge, without compromising individual company objectives. In the case of Sonaecom, our companies have clearly benefited from the association with the Sonae Group through partnership agreements and through the sourcing of senior management talent, particularly in the early phase of development of Sonaecom.

In June 2000, at the time of the IPO, the first DPBP was established in the form of options only, at an exercise price of 10 euros per share (The “IPO Plan”). The IPO Plan lapsed in 2003. Four other DPBPs have been awarded to date between 31 March 2001 (the 2000 Plan) and 31 March 2004 (the 2003 Plan).

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1 Sonaecom Group Levels are attributed according to Hay’s international model for classification of corporate functions. Sonaecom has defined internally that Managers with levels equal to or higher than 14 are “Top Managers” and those with levels equal to or higher than 15 may be Executive Committee members on Sonaecom Group companies.
For the DPBPs based on options, the underlying value of each share option is determined by using the ‘Black-Scholes Option Pricing Model’. The number of share options awarded is calculated by dividing the value of the DPBP awarded by the share option value. The Share Options can be exercised as from the vesting date, which is the third anniversary of the award date, during a pre-determined exercise period of 12 months. The exercise price for the options is equal to the average share price in the month prior to the award date.

For the DPBPs based on shares, the number of shares to be awarded is calculated by dividing the value of the DPBP awarded by the average share price in the month prior to the award date. The shares vested are transferred to the beneficiaries on the third anniversary of the award date at zero cost or, in the case of Sonae SGPS shares, the cash equivalent at that date, may be paid.

The Sonaecom Share Plans outstanding during 2004 can be summarised as follows:

<table>
<thead>
<tr>
<th>Share price at award date</th>
<th>Vesting period</th>
<th>Exercise period</th>
<th>At 31 December 2004</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Award date</td>
<td>Vesting date</td>
<td>From</td>
</tr>
<tr>
<td>Sonaecom Options</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000 Plan</td>
<td>6,265</td>
<td>31-Mar-01</td>
<td>31-Mar-04</td>
</tr>
<tr>
<td>2001 Plan</td>
<td>3,014</td>
<td>31-Mar-02</td>
<td>31-Mar-05</td>
</tr>
<tr>
<td>2002 Plan</td>
<td>1,694</td>
<td>31-Mar-03</td>
<td>31-Mar-06</td>
</tr>
<tr>
<td>2003 Plan</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sonaecom Shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2000 Plan</td>
<td>6,265</td>
<td>31-Mar-01</td>
<td>31-Mar-04</td>
</tr>
<tr>
<td>2001 Plan</td>
<td>3,014</td>
<td>31-Mar-02</td>
<td>31-Mar-05</td>
</tr>
<tr>
<td>2002 Plan</td>
<td>1,694</td>
<td>31-Mar-03</td>
<td>31-Mar-06</td>
</tr>
<tr>
<td>2003 Plan</td>
<td>3,190</td>
<td>31-Mar-04</td>
<td>31-Mar-07</td>
</tr>
</tbody>
</table>

* Average share price in the month prior to the award date.

The number of awarded, unvested, vested, cancelled or lapsed and exercisable Sonaecom options and Sonaecom shares under the DPBP for the year ended 31 December 2004, are shown in the following table:

<table>
<thead>
<tr>
<th></th>
<th>Sonaecom options</th>
<th>Sonaecom shares</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aggregate number of participants</td>
<td>Aggregate number of options</td>
<td>Aggregate number of participants</td>
</tr>
<tr>
<td>Outstanding at 31.12.2003</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Exercisable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unvested</td>
<td>259</td>
<td>2,931.393</td>
<td>713</td>
</tr>
<tr>
<td>Total</td>
<td>259</td>
<td>2,931.393</td>
<td>713</td>
</tr>
<tr>
<td>Movements in the year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Awarded</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vested</td>
<td>(25)</td>
<td>(65,940)</td>
<td>(182)</td>
</tr>
<tr>
<td>Exercisable</td>
<td>25</td>
<td>65,940</td>
<td>-</td>
</tr>
<tr>
<td>Cancelled/Lapsed</td>
<td>(25)</td>
<td>(252,024)</td>
<td>(81)</td>
</tr>
<tr>
<td>Outstanding at 31.12.2004</td>
<td>25</td>
<td>65,940</td>
<td>-</td>
</tr>
<tr>
<td>Exercisable</td>
<td>25</td>
<td>65,940</td>
<td>-</td>
</tr>
<tr>
<td>Unvested</td>
<td>209</td>
<td>2,613.429</td>
<td>856</td>
</tr>
<tr>
<td>Total</td>
<td>234</td>
<td>2,679.369</td>
<td>856</td>
</tr>
</tbody>
</table>

The Sonae SGPS Share Plans are similar to Sonaecom Share Plans except that it is current practice to pay the cash equivalent at the vesting date rather than transfer actual shares at zero cost. Under the DPBP, four annual plans have been awarded to date between 31 March 2001 (the 2000 Plan) and 31 March 2004 (the 2003 Plan).

The Sonae SGPS Share Plans outstanding during 2004 can be summarised as follows:
The number of awarded, unvested, vested and cancelled or lapsed Sonae SGPS shares under the DPBP for the year ended 31 December 2004, are shown in the following table:

<table>
<thead>
<tr>
<th>Sonae SGPS Shares</th>
<th>Share price at award date</th>
<th>Award date</th>
<th>Vesting date</th>
<th>Aggregate number of participants</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 Plan</td>
<td>1.12</td>
<td>31-Mar-01</td>
<td>31-Mar-04</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2001 Plan</td>
<td>0.92</td>
<td>31-Mar-02</td>
<td>31-Mar-05</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2002 Plan</td>
<td>0.36</td>
<td>31-Mar-03</td>
<td>31-Mar-06</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2003 Plan</td>
<td>0.93</td>
<td>31-Mar-04</td>
<td>31-Mar-07</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Sonaecom SGPS has signed agreements to cover the execution and hedging all of its DPBP and related obligations. In turn, Sonaecom SGPS has entered into mirror agreements with its subsidiaries to pass on the corresponding commitments to each Sonaecom subsidiary.

The effect of these agreements is that Sonaecom’s liability, related to the Sonaecom Shares Plans, under the DPBP is capped at a maximum share price of Euro 2.25 per share (plus interest that accrues on payments that are deferred), for the 2001 Plan, the 2002 Plan and the 2003 Plan and a share price of Euro 3.14 (plus interest that accrues on payments that are deferred), for the 2004 Plan. Taking into account these hedging arrangements, Sonaecom’s total liability as at 31 December 2004 was Euro 11,977,529, which is included under “Other Liabilities” in the accounts.

The cost of the DPBP is recognised in the accounts over the respective deferral period of each annual plan. As at 31 December 2004, 7 million euros had been expensed as a cost (3.9 million euros during 2004 and 3.1 million euros in previous years, including 0.7 millions related with the DPBP vested during 2004) and the remaining 5.6 million euros has not yet been expensed and has been accounted for as a “Deferred Cost”.

### 1.7.3. Directors’ Remuneration and Other Compensation Policy

The Sonaecom BNRC is responsible for identifying candidates for appointment to the Board of Directors and for supervising the preparation of proposals relating to the remuneration and other compensation of the Board of Directors (including both Executive and Non-Executive Directors). The composition and functioning of the BNRC is described in section 1.2.4 above. Remuneration and compensation proposals for Executive Directors (excluding the Sonaecom CEO) are based on proposals made by the Sonaecom CEO, which are prepared taking into account: (i) market comparables; (ii) other Sonae Group comparables; and (iii) individual appraisals of each Executive Director. The remuneration and other compensation proposals for the CEO and the fixed remuneration proposals for the Non-
Executive Directors are based on proposals made by the Sonaecom Chairman, using the same methodology.

Formally, the Board of Directors is responsible for remuneration and other compensation policy and for proposing the amounts attributed to each Director, but the Board delegates prime responsibility to the BNRC as well as the responsibility for liaising with the Shareholders’ Remuneration Committee (see section 1.4 above), which has to approve the final proposals on Board remuneration and other compensation, on behalf of Sonaecom’s shareholders.

The remuneration policy of Board of Directors of Sonaecom SGPS is aimed at remunerating in a fair, efficient and competitive manner, taking into consideration the individual responsibilities and performance of each Director, both at subsidiary company and at Sonaecom Group level.

The Executive Directors are remunerated and benefit from other compensation, within the Sonaecom Group Policy that applies to all employees of level 9 and above, as described in Section 1.7.1 to 1.7.2 above. The Executive Directors receive both Fixed Remuneration and a Performance Bonus and also participate in the Sonaecom DPBP.

For each Non-Executive Director, Fixed Remuneration assumes an agreed commitment of time for the year. This includes preparing and attending at least 5 Board Meetings each year. In addition, the members of the Board Committees benefit from an additional 10% of Fixed Remuneration. In the case of the Chairman of the BAFC and of the BNRC, the Fixed Remuneration is further increased by 5%. These additional amounts reflect the increased time commitment and responsibility involved. Non-Executive Directors do not receive Performance Bonuses nor do they participate in the Sonaecom DPBP.

### 1.7.3.1. Directors’ Remuneration and Other Compensation

In 2004, the Remuneration of Directors including Fixed Remuneration and Performance Bonus (both computed on an accruals basis) was as follows:

<table>
<thead>
<tr>
<th>Amounts in euros</th>
<th>Fixed Remuneration</th>
<th>Performance Bonus</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Individual breakdown</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chairman (Non-Executive)</td>
<td>50.000</td>
<td>-</td>
<td>50.000</td>
</tr>
<tr>
<td>CEO (Executive)</td>
<td>324.285</td>
<td>264.450</td>
<td>588.735</td>
</tr>
<tr>
<td>Average of the remaining 3 Executive Directors</td>
<td>205.231</td>
<td>128.043</td>
<td>333.274</td>
</tr>
<tr>
<td>Average of the remaining 4 Non-Executive Directors</td>
<td>34.141</td>
<td>-</td>
<td>34.141</td>
</tr>
</tbody>
</table>

| **Aggregate** | | | |
| Executive Directors (4) | 939.978 | 648.579 | 1,588.557 |
| Non-Executive Directors (5) | 186.563 | - | 186.563 |
| **Total** | **1,126,541** | **648,579** | **1,775,120** |

Non-Executive Directors do not receive Performance Bonuses. The Performance Bonuses of the Executive Directors in the table above represent the best estimate as at 31 December 2004 for their Performance Bonuses for performance during 2004. The final values will be determined and paid in March 2005, after actual performance has been fully assessed and after the resulting bonuses have been approved by the Board Nomination and Remuneration Committee, on behalf of the Board, and by the Shareholders’ Remuneration Committee, on behalf of the shareholders.
In addition to the values shown above, Executive Directors have been awarded other compensation under the Sonaecom Deferred Performance Bonus Plan as explained in section 1.7.3.2 below.

1.7.3.2. Directors’ Participation in the Sonaecom Deferred Performance Bonus Plan

Non-Executive Directors do not participate in the Sonaecom Deferred Performance Bonus Plan. The shares and options awarded to Executive Directors as part of the Sonaecom Deferred Performance Bonus Plan, up to 31 December 2004, that vested, were exercised or remain unvested during 2004, can be summarised as follows:

<table>
<thead>
<tr>
<th></th>
<th>Vested</th>
<th>Unvested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award date</td>
<td>31-Mar-01</td>
<td>31-Mar-02</td>
</tr>
<tr>
<td>Vesting date and Beginning of the exercise period (for options)</td>
<td>31-Mar-04</td>
<td>31-Mar-05</td>
</tr>
<tr>
<td>Sonaecom share price:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At award date*</td>
<td>6,265</td>
<td>3,014</td>
</tr>
<tr>
<td>At vesting date</td>
<td>3,05</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2004</td>
<td>-</td>
<td>3,80</td>
</tr>
<tr>
<td>Sonaecom options:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strike price*</td>
<td>6,265</td>
<td>3,014</td>
</tr>
<tr>
<td>Value at award date</td>
<td>2,192</td>
<td>1,273</td>
</tr>
<tr>
<td>Value at 31 December 2004</td>
<td>-</td>
<td>0,931</td>
</tr>
<tr>
<td>Sonae SGPS share price:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>At award date</td>
<td>1,12</td>
<td>0,92</td>
</tr>
<tr>
<td>At vesting date</td>
<td>0,93</td>
<td>-</td>
</tr>
<tr>
<td>At 31 December 2004</td>
<td>-</td>
<td>1,07</td>
</tr>
<tr>
<td>CEO (Executive)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Sonaecom shares</td>
<td>14,092</td>
<td>36,828</td>
</tr>
<tr>
<td>Number of Sonaecom options</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Sonae SGPS shares</td>
<td>52,552</td>
<td>80,436</td>
</tr>
<tr>
<td>Value at award date</td>
<td>147,145</td>
<td>185,000</td>
</tr>
<tr>
<td>Value at vesting date</td>
<td>91,854</td>
<td>-</td>
</tr>
<tr>
<td>Value at 31 December 2004</td>
<td>-</td>
<td>226,012</td>
</tr>
<tr>
<td>Average of the remaining Executive Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of the remaining Executive Directors</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Number of Sonaecom shares</td>
<td>9,001</td>
<td>21,580</td>
</tr>
<tr>
<td>Number of Sonaecom options</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Sonae SGPS shares</td>
<td>21,578</td>
<td>30,310</td>
</tr>
<tr>
<td>Value at award date</td>
<td>161,113</td>
<td>185,000</td>
</tr>
<tr>
<td>Value at vesting date</td>
<td>47,519</td>
<td>-</td>
</tr>
<tr>
<td>Value at 31 December 2004</td>
<td>-</td>
<td>114,464</td>
</tr>
<tr>
<td>Total of the remaining Executive Directors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Sonaecom shares</td>
<td>18,001</td>
<td>43,175</td>
</tr>
<tr>
<td>Number of Sonaecom options</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Sonae SGPS shares</td>
<td>43,155</td>
<td>60,630</td>
</tr>
<tr>
<td>Value at award date</td>
<td>161,113</td>
<td>185,000</td>
</tr>
<tr>
<td>Value at vesting date</td>
<td>95,037</td>
<td>-</td>
</tr>
<tr>
<td>Value at 31 December 2004</td>
<td>-</td>
<td>228,928</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of Sonaecom shares</td>
<td>32,093</td>
<td>80,003</td>
</tr>
<tr>
<td>Number of Sonaecom options</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Number of Sonae SGPS shares</td>
<td>95,707</td>
<td>141,054</td>
</tr>
<tr>
<td>Value at award date</td>
<td>308,257</td>
<td>370,900</td>
</tr>
<tr>
<td>Value at vesting date</td>
<td>186,891</td>
<td>-</td>
</tr>
<tr>
<td>Value at 31 December 2004</td>
<td>-</td>
<td>454,940</td>
</tr>
</tbody>
</table>

* Average share price in the month prior to the award date.
(1) Vested on 31 March 2004. In the case of Sonae SGPS shares, the cash equivalent was paid, rather than shares being transferred at zero cost.
The cost of the DPBP is recognised in the accounts over the respective deferral period of each annual plan. When the responsibilities are not hedged, the accumulated accruals are marked-to-market on a monthly basis for changes in share prices and option values (which may result from changes in volatility, maturity, interest rate or share price). The total accumulated costs of all plans awarded up to 31 December 2004, relating to Directors, have been or will be expensed, as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>2001 - 2004</td>
<td>308,257</td>
<td>161,667</td>
<td>40,417</td>
<td>53,889</td>
<td>53,889</td>
<td>13,472</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>2002 - 2005</td>
<td>370,900</td>
<td>299,619</td>
<td>-</td>
<td>74,004</td>
<td>99,873</td>
<td>99,873</td>
<td>24,968</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>2003 - 2006</td>
<td>403,900</td>
<td>699,097</td>
<td>-</td>
<td>-</td>
<td>174,774</td>
<td>233,032</td>
<td>233,032</td>
<td>58,258</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>2004 - 2007</td>
<td>533,991</td>
<td>521,649</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>130,412</td>
<td>173,883</td>
<td>173,883</td>
<td>43,471</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

(1) Total liabilities at current market price (using the Black Scholes option pricing model for options), net of benefits of hedging operations, except for the 2000 plan, which vested on 31 March 2004 and is valued at that date, net of benefits of hedging operations.

### 1.7.3.3. Compliance with CMVM and European Union Recommendations

The Sonaecom Group has been progressively adapting its policy and disclosure in relation to the remuneration and other compensation of the Board of Directors, to comply with international Corporate Governance guidelines and best practices. In this respect, Sonaecom is compliant with all the CMVM (the Portuguese Stock Market Regulator) recommendations on Corporate Governance with the exception of Recommendation IV-8, which recommends that the remuneration of all members of the Board of Directors should be disclosed on an individual basis. Sonaecom has provided aggregate information regarding the Fixed Remuneration and the Performance Bonuses of Sonaecom’s Board of Directors as well as extensive information on the Board’s participation in the Sonaecom DPBP. Sonaecom has not disclosed the remuneration of the Board of Directors on an individual basis, as this is not yet a general practice in Portugal nor is it a legal requirement under Portuguese company law.

Consistent with the disclosure policy in our 2003 Management Report and Accounts, the Board decided to continue to disclose Directors’ remuneration and other compensation, with the following analysis: Chairman (Non-Executive), CEO (Executive), average for the remaining 3 Executive Directors, average for the remaining 4 Non-Executive Directors, and aggregates for the Executive Directors only and for the Non-Executive Directors only. The Board’s decision is based on the fact that individual figures for all Directors are not generally being disclosed by other listed Portuguese companies, including Sonaecom’s close competitors. The Board believes that the disclosure made is adequate to separately assess the remuneration of the four main components of the Board: being the Chairman, the CEO, the Executive Committee and the Non-Executive Directors.

The disclosure of Directors’ Remuneration in this section also complies with all the main Draft European Commission Recommendations for the remuneration of directors of listed companies, with the exception of: (i) the individual remuneration disclosure; and (ii) the inclusion as an explicit item on the agenda of the Annual General Meeting, of remuneration policy or significant changes thereto.

### 1.7.4. Share Dealing Guidelines and Notification Rules

In October 2004, the Sonaecom Board approved formal guidelines regarding Share Dealings by Sonaecom Directors and “Relevant Employees”. The agreed scope of coverage,
including the meaning of Directors and Relevant Employees, within the Sonaecom Group, is the following:

- Members of the Board of Directors of Sonaecom SGPS;
- Members of the Board of Directors of all other Sonaecom Group companies;
- Sonaecom Group Employees working in areas that tend to have access to Price Sensitive Information (PSI), which includes: Planning & Control, Treasury & Finance, Investor Relations and Accounting & Administration.

These rules will also apply to “Connected Persons” of Directors and Relevant Employees.

These guidelines, summarised below, are based on current practice in the UK for listed companies as set out in “Chapter 16 – Directors” of the UK Listing Rules issued by the UK Listing Authority, with the exception of the notification rules, which are based on the CMVM regulations currently applying in Portugal.

- Directors and relevant employees of Sonaecom should not deal for short-term purposes (i.e. should not “trade”);
- Directors and Relevant Employees of Sonaecom should always obtain formal clearance (in writing) from a second designated officer to deal in securities of Sonaecom SGPS (“Sonaecom”);
- Dealings in Sonaecom shares will be prohibited under the following circumstances:
  - In a “Close Period” being the period before (but not after) an Earnings Announcement, where the close period is defined as 2 months for year-end Earnings Announcements and 1 month for the half-year and other quarters;
  - When any matter exists which represents unpublished price sensitive information (PSI);
  - Any other period that the Director responsible for clearance believes may result in dealing in breach of these guidelines;
  - However, there is an “exceptional personal financial circumstances” clause allowing sales but not purchases.

Clear internal procedures have been established and communicated regarding implementation of these share dealing guidelines. The “designated officer” for Directors is the Chairman of the Board Audit and Finance Committee, Richard O’Toole, who is an independent Non-Executive Director.

The CMVM notification rules require notification from: (a) Directors of Sonaecom SGPS; (b) Directors of companies that control Sonaecom SGPS; (c) companies controlled by any of the above Directors; or (d) persons who act on behalf of any of the Directors or companies above. The notification has to be made to Sonaecom SGPS within the 7 working days following the dealing in shares or initial listing of shares and Sonaecom SGPS must inform the CMVM immediately after receiving this information.

The notification must include: (a) the legal form of the acquisition or disposal and the respective date; (b) the number of shares involved and the number of shares held after the transaction; and (c) the price.

1.7.5. Material Non-Operational Transactions with Related Parties

No material non-operational transactions were made during the year with the Companies’ Officers (which includes Members of the Board of Directors and the Statutory Auditor), owners of qualified shareholdings or with controlling or Group companies with the exception of the agreement signed with Sonae Investments BV and Sonae SGPS, relating to hedging the Sonaecom Deferred Performance Bonus Plan. In the course of normal treasury management, Sonaecom places its excess liquidity with Sonae SGPS earning a rate of
EURIBOR flat. As at 31 December 2004, Sonaecom’s total liquidity was 53.3 million euros, of which 35.4 million euros was placed with Sonae SGPS.

On 16 December 2003 and 30 July 2004, Sonaecom SGPS signed agreements with Sonae Investments and Sonae SGPS to cover the execution and hedging all of its DPBP (Deferred Performance Bonus Plan) and related obligations. In turn, Sonaecom SGPS has entered into mirror agreements with its subsidiaries to pass on the corresponding commitments to each Sonaecom subsidiary.

In 4Q04, Optimus pre-paid 39 million euros outstanding regarding the acquisition of Oniway assets in 2002, which was due to be paid in 2005. This prepayment was structured as a transfer to Sonae SGPS of the obligation to pay for these assets.

1.7.6. Auditor’s Fees

During 2004, the Sonaecom Group paid the following fees to the Statutory and External Auditors, Deloitte and their network of companies:

<table>
<thead>
<tr>
<th>Service</th>
<th>Legal Certification of Accounts</th>
<th>Other Compliance &amp; Assurance Services</th>
<th>Tax Consultancy Services</th>
<th>Other Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deloitte Group</td>
<td>201,633</td>
<td>5,976</td>
<td>46,474</td>
<td>442,186</td>
<td>696,269</td>
</tr>
</tbody>
</table>

Other services shown above include one-off projects related to UMTS obligations, IAS training and certain services that were transferred from Deloitte to other service providers, as from October 2004. Excluding these one-off projects and the services already moved to third party service providers, we estimated that audit fees would have represented circa 63% of total fees during 2004. The level of “one-off” projects during 2004 has once again been much higher than that considered acceptable by the Board Audit and Finance Committee and this is not expected to be repeated during 2005.

Our Risk Management Policy (described earlier in this Appendix), which is supervised by the Board Audit and Finance Committee, monitors the services requested from our Statutory and External Auditors and their respective network of companies, in order to ensure that their independence is not compromised. Annual fees paid by Sonaecom to the Deloitte Group represented less than 1% of their total global fees in Portugal. In addition, an ‘Independence Letter’ is obtained each year from Deloitte confirming that they meet international guidelines on auditor independence.

1.7.7. Other Positions held by our Directors

Belmiro Mendes de Azevedo  
CASACRO AGRÍCOLA DE AMBRÃES, S.A. (Chairman of the Board of Directors, executive)  
EFANOR INVESTIMENTOS, SGPS, S.A. (Chairman of the Board of Directors, executive)  
IMOCAPITAL - SGPS, S.A. (Chairman of the Board of Directors, non-executive)  
MODELO CONTINENTE, SGPS, S.A. (Chairman of the Board of Directors, non-executive)  
PRAÇA FOZ - SOCIEDADE IMOBILIÁRIA, S.A. (Chairman of the Board of Directors, executive)  
SETIMANALE - SGPS, S.A. (Chairman of the Board of Directors, non-executive)  
SONAE - SGPS, S.A. (Chairman of the Board of Directors, executive)  
SONAE CAPITAL, SGPS, S.A. (Chairman of the Board of Directors, non-executive)  
SONAE IMOBILIÁRIA - SGPS, S.A. (Chairman of the Board of Directors, non-executive)  
SONAE INDÚSTRIA - SGPS, S.A. (Chairman of the Board of Directors, non-executive)
SONAE PRODUTOS E DERIVADOS FLORESTAIS, S.A. (Member of the Board of Directors, non-executive)
SPRED - SGPS, S.A. (Chairman of the Board of Directors, non-executive)

António Castelo Branco Borges
BANCO SANTANDER DE NEGÓCIOS PORTUGAL, S.A. (Chairman of the Statutory Fiscal Board)
GOLDMAN SACHS INTERNATIONAL (Vice-Chairman of the Board of Directors)
JERÓNIMO MARTINS, SGPS, S.A. (Member of the Board of Directors)
CNP Assurances (Member of the Supervisory Board)
Caixa Seguros (Member of the Board of Directors, non-executive)
SCOR (Member of the Supervisory Board)
Heidrick & Struggles (Member of the Board of Directors)

David Graham Shenton Bain
ANTIQUIMO- SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
BA CAPITAL SGPS, S.A. (Member of the Board of Directors, non-executive)
CASA AGRÍCOLA DE AMBRÃES, S.A. (Member of the Board of Directors, non-executive)
EFANOR – SERVIÇOS DE APOIO À GESTÃO, S.A. (Member of the Board of Directors, executive)
IMOEOQUIP – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
IMOESPIDO – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
IMOPINCel – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
IMOSOALHO – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
LAMIRÊ – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
LIAMAN, S.A. (Member of the Board of Directors, non-executive)
LINHACOM SGPS, S.A. (Member of the Board of Directors, non-executive)
MAGNOIMO – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
MIGRACOM – SGPS, S.A. (Member of the Board of Directors, non-executive)
PAREURO, BV (Company Director, non-executive)
PLANTIMO – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
REALEJO – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)
RETAILBOX, BV (Company Director, non-executive)
SETIMANALE SGPS, S.A. (Member of the Board of Directors, non-executive)
SONAE TELECOM, BV (Company Director, non-executive)
TOTAL SHARE SGPS, S.A. (Member of the Board of Directors, non-executive)
VISTAS DA FOZ – SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors, non-executive)

Jean-François René Pontal
ING DIRECT, France (Member of the Advisory Board)

Richard Henry O'Toole
Hutchison Europe Limited, United Kingdom (Member of the Board of Directors, non-executive)
Duarte Paulo Teixeira de Azevedo
CLIXGEST - INTERNET E CONTEÚDOS, S.A. (Chairman of the Board of Directors)
EFANOR INVESTIMENTOS, SGPS, S.A. (Member of the Board of Directors)
ENABLER - INFORMÁTICA, S.A. (Chairman of the Board of Directors)
GLUNZ, A.G. (Member of the Supervisory Board)
IMPARFIN, SGPS, S.A. (Member of the Board of Directors)
MIGRACOM - SGPS, S.A. (Chairman of the Board of Directors)
NOVIS TELECOM, S.A. (Chairman of the Board of Directors)
PRAÇA FOZ - SOCIEDADE IMOBILIÁRIA, S.A. (Member of the Board of Directors)
PÚBLICO COMUNICAÇÃO SOCIAL, S.A. (Member of the General Council)
SONAE, SGPS, S.A. (Member of the Board of Directors, executive)
SONAE INDÚSTRIA, SGPS, S.A. (Member of the Board of Directors, non-executive)
SONAE MATRIX MULTIMÉDIA, SGPS, S.A. (Chairman of the Board of Directors)
SONAE TELECOM, SGPS, S.A. (Chairman of the Board of Directors)
SONAE COM – Sistemas de Informação, SGPS, S.A. (Chairman of the Board of Directors)
TABLEROS DE FIBRAS, S.A. (Chairman of the Board of Directors, non-executive)
WEDO CONSULTING - SISTEMAS DE INFORMAÇÃO, S.A. (Chairman of the Board of Directors)

António José Santos Silva Casanova
EUROCASH, S.A. (Member of the Supervisory Board)
PER - MAR, SOCIEDADE DE CONSTRUÇÕES, S.A. (Chairman of the Board of Directors)
PÚBLICO - COMUNICAÇÃO SOCIAL, S.A. (Member of the General Council)
OPTIMUS TOWERING – GESTÃO DE TORRES DE TELECOMUNICAÇÕES, S.A. (Chairman of the Board of Directors, executive)
SONAE TELECOM SGPS, S.A. (Member of the Board of Directors, executive)
WEDO CONSULTING - SISTEMAS DE INFORMAÇÃO, S.A. (Member of the Board of Directors, non-executive)

George Christopher Lawrie
SONAE MATRIX MULTIMÉDIA, SGPS, S.A. (Member of the Board of Directors, non-executive)
OPTIMUS TELECOMUNICAÇÕES, S.A. (Member of the Board of Directors, non-executive)
WEDO CONSULTING - SISTEMAS DE INFORMAÇÃO, S.A. (Member of the Board of Directors, non-executive)

Luís Filipe Campos Dias de Castro Reis
CLIXGEST – INTERNET E CONTEÚDOS, S.A. (Member of the Board of Directors, executive)
ENABLER – INFORMÁTICA, S.A. (Member of the Board of Directors, non-executive)
EXIT TRAVEL – AGÊNCIA DE VIAGENS E TURISMO ONLINE, S.A. (Chairman of the Board of Directors, executive)
JAUA, SGPS, S.A. – (Chairman of the Board of Directors, executive)
KPNWEST PORTUGAL – TELECOMUNICAÇÕES, S.A. – (Managing Director)
MIAUGER – ORGANIZAÇÃO E GESTÃO DE LEILÕES ELECTRÔNICOS, SA (Chairman of the Board of Directors, non-executive)
MODELO CONTINENTE, SGPS, SA (Member of the Board of Directors, non-executive)
NORIEMA, SGPS, S.A. – (Chairman of the Board of Directors, executive)
NOVIS TELECOM, S.A. (Member of the Board of Directors, executive, CEO)
OPTIMUS – TELECOMUNICAÇÕES S.A. (Member of the Board of Directors, non-executive)
PÚBLICO – COMUNICAÇÃO SOCIAL, S.A. (Member of the General Council)
SONAE MATRIX MULTIMÉDIA, SGPS, S.A. (Member of the Board of Directors, executive)
SONAE TELECOM, SGPS, S.A. (Member of the Board of Directors)
SONAE COM - SISTEMAS DE INFORMAÇÃO, SGPS, S.A. (Member of the Board of Directors, executive)
WEDO CONSULTING – SISTEMAS DE INFORMAÇÃO, S.A. (Member of the Board of Directors, non-executive)