

PORTUGAL TELECOM SGPS SA
Form SC TO-C
October 10, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE TO

(RULE 14d-100)

Tender Offer Statement Under Section 14(d)(1) or 13(e)(1)

of the Securities Exchange Act of 1934

PORTUGAL TELECOM, SGPS, S.A.

(Name of Subject Company (Issuer))

SONAE, SGPS, S.A.

SONAECOM, SGPS, S.A.

(Names of Filing Persons (Offerors))

ORDINARY SHARES

AMERICAN DEPOSITARY SHARES

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(Title of Class of Securities)

Ordinary Shares (ISIN: PTPTC0AM0009)

American Depositary Shares (CUSIP: 737273102)

(CUSIP Number of Class of Securities)

Andre Sousa

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(Name, address and telephone numbers of person authorized

to receive notices and communications on behalf of filing persons)

CALCULATION OF FILING FEE

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Transaction Valuation(1)
Not Applicable

Amount of Filing Fee(1)
Not Applicable

- (I) No filing fee is required pursuant to General Instruction D of Schedule TO.
- Check the box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid:

Filing Party:

Form or Registration No.:

Date Filed:

- Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer:

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

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Item 12: EXHIBITS

- (a)(5)(i) English translation and original Portuguese text of a letter sent by email from Carlos Osório de Castro, as Portuguese counsel to Sonaecom, to the Comissão do Mercado de Valores Mobiliários ("CMVM"), the Portuguese securities authority, dated October 4, 2006.

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This press document does not constitute an offer or invitation to purchase any securities or a solicitation of an offer to buy any securities, pursuant to the proposed offer (the Offer) for the shares of Portugal Telecom, SGPS, S.A. (PT), or otherwise. The Offer will be made solely by an offer document containing and setting out the terms and conditions of the Offer (the Offer Document) and the letter of transmittal and form of acceptance (the Acceptance Forms), which will contain details of how the Offer may be accepted. In the United States, Sonaecom, SGPS, S.A. (Sonaecom) will be filing a Tender Offer Statement containing the Offer Document, the Acceptance Forms and other related documentation with the US Securities and Exchange Commission (the SEC) on Schedule TO (the Tender Offer Statement) and PT is expected to file a Solicitation/Recommendation Statement on Schedule 14D-9 (the Solicitation/Recommendation Statement) with the SEC after the Offer Document is made available to PT shareholders. Free copies of the Schedule TO, the Schedule 14D-9 and the other related documents to be filed by Sonaecom and PT in connection with the Offer will be available from the date the Offer Document is made available to PT shareholders on the SEC's website at <http://www.sec.gov>. The Offer Document and the Acceptance Forms will be made available by Sonaecom or its duly designated agent to all PT shareholders at no charge to them. PT shareholders are strongly advised to read the Offer Document and the Acceptance Forms, and any other relevant documents filed with the SEC, as well as amendments and supplements to those documents because they will contain important information. PT shareholders in the United States are also advised to read the Tender Offer Statement and the Solicitation/Recommendation Statement because they will contain important information.

Unless otherwise determined by Sonaecom and permitted by applicable law and regulation, the Offer will not be made, directly or indirectly, in or into, or by use of the mails of, or by any other means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or of any facility of a national securities exchange of Canada, nor will it be made in or into Australia or Japan and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities from or within Australia, Canada or Japan. Accordingly, unless otherwise determined by Sonaecom and permitted by applicable law and regulation, neither copies of this document nor any other documents relating to the Offer are being, or may be, mailed or otherwise forwarded, distributed or sent in or into Australia, Canada or Japan and persons receiving such documents (including custodians, nominees and trustees) must not distribute or send them in, into or from such jurisdictions.

Notwithstanding the foregoing, Sonaecom retains the right to permit the Offer to be accepted and any sale of securities pursuant to the Offer to be completed if, in its sole discretion, it is satisfied that the transaction in question can be undertaken in compliance with applicable law and regulation. The availability of the Offer to persons not resident in Portugal or the United States may be affected by the laws of the relevant jurisdiction. Persons who are not resident in Portugal or the United States should inform themselves about and observe any applicable requirements.

The Offer will be made by Sonaecom and/or its affiliates and (outside the United States) by Banco Santander de Negócios Portugal, S.A., on its or their behalf.

* * *

COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS

Chairman of the Board of Directors

Mr. Carlos Tavares

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Avenida da Liberdade, n.º 252

1056 801 Lisboa

Fax: 21 353 70 77

Sent by e-mail

Porto, 4 October 2006

Concerning: A decrease of the offer price in the Public Tender Offer (the Offer) for Portugal Telecom (PT) following the PT dividend distribution.

Dear Mr. Chairman:

Pursuant to the resolution passed at PT's Annual General Meeting of Shareholders on 21 April 2006 approving a dividend distribution of 0.475 per share, in light of the assumption expressly made by Sonaecom in the preliminary announcement relating to the intention to launch the Offer that no resolutions would be passed that would involve distributing assets or reserves of the Target Company, without prejudice to the distribution of only an amount of 0.385 Euros per share, as dividends distribution in relation to 2005's financial year, and without waiving any other possible amendments to the terms of the Offer pursuant to circumstances that occurred or were made public after the release of the preliminary announcement, Sonaecom hereby respectfully requests that you:

confirm that Sonaecom, following the above mentioned event, is required, in accordance with article 175, 2- a) of the Portuguese Securities Code, to launch the Offer with a price of 9.41 per share and not with a price of 9.50 per share as mentioned in the preliminary announcement; or, in the alternative, authorize Sonaecom, pursuant to the same above mentioned event, to launch the Offer with a price of 9.41 per share and not 9.50 per share, should this be decided by Sonaecom's management.

Annexed hereto: legal opinion of Prof. António Pinto Monteiro on this issue.

The attorney,

Carlos Osório de Castro / s

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COMISSÃO DO MERCADO DE VALORES MOBILIÁRIOS

À atenção do Ex.mo Senhor Presidente do Conselho Directivo

Dr. Carlos Tavares

Avenida da Liberdade, n.º 252

1056 801 Lisboa

Fax: 21 353 70 77

Enviada por correio electrónico

Porto, 4 de Outubro de 2006

Assunto: Redução da contrapartida na OPA sobre a Portugal Telecom (PT) em

virtude da distribuição de dividendos

Exmo Senhor Presidente,

Na sequência da aprovação pela assembleia geral da PT, em 21 de Abril de 2006, de um dividendo no montante de 0,475 Euros por acção, a Sonaecom, tendo em conta o pressuposto, expressamente comunicado no anúncio preliminar, de que a decisão de lançamento da OPA se fundou no pressuposto de que não seriam aprovadas deliberações no sentido de distribuir bens ou reservas da Sociedade Visada, sem prejuízo apenas da distribuição de 0,385 Euros por acção, a título de dividendos relativos ao exercício de 2005 , e sem prescindir de eventuais outras modificações aos termos da oferta decorrentes de situações ocorridas ou tornadas públicas após a publicação do anúncio preliminar, vem respeitosamente requerer a V. Ex^a que:

confirme que a Sonaecom, por força da circunstância acima referida, está obrigada, nos termos do art. 175.º, n.º 2, al. a), do CodVM, a lançar a oferta oferecendo apenas uma contrapartida de Euros 9,41 por acção, e não a contrapartida de Euros 9,50 referida no anúncio preliminar;

ou quando assim se não entenda,

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autorize a Sonaecom, por força da mesma circunstância, e caso assim venha ser deliberado pelo seu órgão de administração, a lançar a oferta oferecendo uma contrapartida de Euros 9,41 por acção, e não de Euros 9,50.

Junta: Parecer do Prof. António Pinto Monteiro sobre a matéria.

O Advogado,

Carlos Osório de Castro / s