



ZON MULTIMÉDIA – SERVIÇOS DE TELECOMUNICAÇÕES E MULTIMÉDIA, SGPS, S.A.

**General Meeting of Bondholders 21 February 2013
Issuance of 3,150 Bearer Book-Entry Bonds, with a nominal value of EUR 50,000.00 each,
representing the bond loan – Bonds ZON Multimédia 2010-2014 – in the total amount
of EUR 157,500,000.00
("Bonds ZON Multimédia 2010-2014")**

BOARD OF DIRECTORS PROPOSAL

WHEREAS:

- A)** The Boards of Directors of ZON MULTIMÉDIA - SERVIÇOS DE TELECOMUNICAÇÕES E MULTIMÉDIA, SGPS, S.A. ("ZON Multimédia" or the "Company") and the company OPTIMUS SGPS, S.A. ("Optimus") approved on 21 January 2013 a project for the merger by incorporation of Optimus ("merged company") in ZON Multimedia ("merging company"), with the consequent extinction of the merged company and the global transfer of their assets and liabilities to the merging company ("Merger");
- B)** The terms and conditions of the bonds issued under the 3,150 bearer book-entry bonds with a nominal value of EUR 50,000.00 each, representing the bond loan "ZON Multimédia Bonds 2010-2014", in the total amount of EUR 157,500,000.00 ("Bonds ZON Multimédia 2010-2014"), allow the Bondholders to request ZON Multimédia early repayment thereof, as well as the payment of interest due up to the date on which such repayment is made, in case of merger of ZON Multimédia or of its Subsidiaries or in the event of a change of the shareholders structure that leads to the acquisition of control by an entity or group of shareholders of ZON Multimédia;

Subject to the bondholders non-opposition to the Merger and the subsequent implementation of the same, we hereby propose the Bondholders to resolve under the Second Item of the agenda of the general meeting of bondholders, on the modification of the terms and conditions of the "Bonds ZON Multimédia 2010-2014" as follows:

- 1. Amendment of paragraph c) of Point 19.1.13 (Amortization and Early Repayment Options) and the title "Acceleration" of Point 0.1 (Characteristics of the Issuance) of the Prospectus for admission to trading on Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. of Bonds ZON Multimédia 2010-2014:**

"19.1.13

(...)



c) If the **Issuer** or any of the Subsidiaries cease payments, or are subject to demerger, or are part of a merger - unless the **Issuer** or any of the Subsidiaries is the merging company, or regardless the Issuer or any of the Subsidiaries being the merging company, the General Meeting of Bondholders favorably resolve on the relevant merger - or require the application of a measure for recovery, transfer of payments, creditors' arrangement ("concordata"), creditors' agreement, apply for bankruptcy proceedings or if the bankruptcy is required by third parties, or if it gives rise to interruption, suspension or amendment of their business activities or to the decreasing of their guarantees of solvency, provided that, in any of the aforementioned events, it seriously affect the compliance of the obligations undertaken by the **Issuer**,"

and

"Acceleration (...)

c) If the **Issuer** or any of the Subsidiaries cease payments, or are subject to demerger, or are part of a merger - unless the **Issuer** or any of the Subsidiaries is the merging company, or regardless the Issuer or any of the Subsidiaries being the merging company, the General Meeting of Bondholders favorably resolve on the relevant merger - or require the application of a measure for recovery, transfer of payments, creditors' arrangement ("concordata"), creditors' agreement, apply for bankruptcy proceedings or if the bankruptcy is required by third parties, or if it gives rise to interruption, suspension or amendment of their business activities or to the decreasing of their guarantees of solvency, provided that, in any of the aforementioned events, it seriously affect the compliance of the obligations undertaken by the **Issuer**,"

2. **Deletion of paragraph e) of Point 19.1.13 and title "Acceleration" of Point 0.1 (Characteristics of the Issuance) of the Prospectus for admission to trading on Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. of Bonds ZON Multimédia 2010-2014, which sets forth: "Change in the shareholders structure that leads to the acquisition of control by an entity or group of shareholders".**

In case the proposal above is approved, **paragraph 19.1.13 ("Amortization and Early Repayment Options") and the title "Acceleration" of point 0.1 (Characteristics of the Issuance)** of the Prospectus for admission to trading on Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. of Bonds ZON Multimédia 2010-2014, shall be read as follows:

"19.1.13. Amortization and early repayment options

The **Bond Loan** has a maximum term of 4 years as from the Subscription, Issuance and Payment Date. According to the terms and conditions for the issuance, the **Bond Loan** cannot be early repaid at the option of the **Issuer** or at the option of the **Bondholders**.

Upon request of any Bondholder, the **Issuer** undertakes to immediately repay the Bonds and to pay the related accrued interest until the date on which such repayment is made in any of the following situations:



- a) Delay in the payment of principal and / or interests on this bond loan if not remedied within 3 (three) "TARGET Business Day";
- b) If there is a delay or breach of any obligations under loans, other credit facilities or other commitments with financial implications, entered by the **Issuer** with the Portuguese or foreign financial system, or of payment of obligations arising out of issuances of monetary values or securities of any nature;
- c) If the **Issuer** or any of the Subsidiaries cease payments, or are subject to demerger, or are part of a merger - unless the **Issuer** or any of the Subsidiaries is the merging company, or regardless the Issuer or any of the Subsidiaries being the merging company, the General Meeting of Bondholders favorably resolve on the relevant merger - or require the application of a measure for recovery, transfer of payments, creditors' arrangement ("concordata"), creditors' agreement, apply for bankruptcy proceedings or if the bankruptcy is required by third parties, or if it gives rise to interruption, suspension or amendment of their business activities or to the decreasing of their guarantees of solvency, provided that, in any of the aforementioned events, it seriously affect the compliance of the obligations undertaken by the **Issuer**;
- d) If the **Issuer**, while the obligations arising out of this Bond Loan are not fully satisfied, give as security, or otherwise encumber or dispose of the goods that integrate or will integrate its current or future assets, except for:
- i) the guarantees that may be granted with the prior and express consent of bondholders, obtained by simple majority in accordance with Article 355(7) of the Companies Code;
 - ii) the guarantees that may be granted over any fixed assets to be acquired by the **Issuer** and which are given as bail for the respective price or for the credit granted for such purpose, provided that the acquisition is not set up as a mere replacement of assets;
- e) If the ratio of Net Debt / EBITDA related with ZON SGPS consolidated accounts for June and December of each year, exceeds 3.0x, measured semiannually and is not remedied in a 90 day-term;
For the purposes of this condition, the ratio of Net Debt / EBITDA means:
- NET DEBT** - Includes any type of long, medium and short term interest-bearing indebtedness, either senior or subordinated, existing on the date of ratio calculation, notably: debt to credit institutions; bond loans; commercial paper programs; shareholders loans; debt in the form of support programs, redeemable incentives non-convertible in non-redeemable incentives regardless of being subject to payment of interest, factoring with recourse; leasing; discounted bills and other loans, net of cash, transponders contracts, long term telecom contracts and rights of the league. This value is measured with reference to the latest quarterly or annual consolidated accounts of ZON SGPS;
- EBITDA**: means the sum of Operating Income with Amortizations for the fiscal year and Provisions for the year. These installments will be calculated as follows:
- i. If the most recent consolidated accounts are the annual accounts: use of the values contained in the Profit and Loss Statement;
 - ii. If the most recent consolidated accounts are the half-yearly accounts: the sum of the values obtained from the semi-annual Profit and Loss Statement of the relevant year with the values inferred for the second half of the previous year. For this purpose, it is considered that the values of the second half are those resulting from the difference between the Annual Profit and Loss Statement and the Profit and Loss Statement for the 1st half of the year.
- f) In the event of the failure by the **Issuer** of any obligation, pecuniary or non-pecuniary, positive or negative, resulting from this Bond Loan.



g) In an event or circumstance that could reasonably result in a material adverse effect on (i) the Assets, business or financial condition of the **Issuer**; or (ii) the ability of the **Issuer** to fulfill its obligations arising out of the Bond Loan;

The Bondholders intending to exercise the option of early repayment in the situations above described, shall communicate their intention, by registered letter addressed to the Board of Directors of the **Issuer**, with the acknowledgement of the Paying Agent; the **Issuer** shall make the repayment of the Bonds and the connected payment of interest due up to the date on which the repayment is made, within 10 (ten) business days after such communication.”

“Acceleration:

Upon request of any Bondholder, the **Issuer** undertakes to immediately repay the Bonds and to pay the related accrued interest until the date on which such repayment is made in any of the following situations:

a) Delay in the payment of principal and / or interests on this bond loan if not remedied within 3 (three) "TARGET Business Day”;

b) If there is a delay or breach of any obligations under loans, other credit facilities or other commitments with financial implications, entered by the **Issuer** with the Portuguese or foreign financial system, or of payment of obligations arising out of issuances of monetary values or securities of any nature;

c) If the **Issuer** or any of the Subsidiaries cease payments, or are subject to demerger, or are part of a merger - unless the **Issuer** or any of the Subsidiaries is the merging company, or regardless the **Issuer** or any of the Subsidiaries being the merging company, the General Meeting of Bondholders favorably resolve on the relevant merger - or require the application of a measure for recovery, transfer of payments, creditors' arrangement (“concordata”), creditors' agreement, apply for bankruptcy proceedings or if the bankruptcy is required by third parties, or if it gives rise to interruption, suspension or amendment of their business activities or to the decreasing of their guarantees of solvency, provided that, in any of the aforementioned events, it seriously affect the compliance of the obligations undertaken by the **Issuer**;

d) If the **Issuer**, while the obligations arising out of this Bond Loan are not fully satisfied, give as security, or otherwise encumber or dispose of the goods that integrate or will integrate its current or future assets, except for:

i) the guarantees that may be granted with the prior and express consent of bondholders, obtained by simple majority in accordance with Article 355(7) of the Companies Code;

ii) the guarantees that may be granted over any fixed assets to be acquired by the **Issuer** and which are given as bail for the respective price or for the credit granted for such purpose, provided that the acquisition is not set up as a mere replacement of assets;

e) If the ratio of Net Debt / EBITDA related with ZON SGPS consolidated accounts for June and December of each year, exceeds 3.0x, measured semiannually and is not remedied in a 90 day-term;

For the purposes of this condition, the ratio of Net Debt / EBITDA means:

NET DEBT - Includes any type of long, medium and short term interest-bearing indebtedness, either senior or subordinated, existing on the date of ratio calculation, notably: debt to credit institutions; bond loans; commercial paper programs; shareholders loans; debt in the form of support programs, redeemable incentives non-convertible in non-redeemable incentives regardless of being subject to payment of interest, factoring with recourse; leasing; discounted bills and other loans, net of cash, transponders contracts, long term telecom contracts and rights of the league. This value is measured with reference to the latest quarterly or annual consolidated accounts of ZON SGPS;



EBITDA: means the sum of Operating Income with Amortizations for the fiscal year and Provisions for the year. These installments will be calculated as follows:

i. If the most recent consolidated accounts are the annual accounts: use of the values contained in the Profit and Loss Statement;

ii. If the most recent consolidated accounts are the half-yearly accounts: the sum of the values obtained from the semi-annual Profit and Loss Statement of the relevant year with the values inferred for the second half of the previous year. For this purpose, it is considered that the values of the second half are those resulting from the difference between the Annual Profit and Loss Statement and the Profit and Loss Statement for the 1st half of the year.

f) In the event of the failure by the **Issuer** of any obligation, pecuniary or non-pecuniary, positive or negative, resulting from this Bond Loan.

g) In an event or circumstance that could reasonably result in a material adverse effect on (i) the Assets, business or financial condition of the **Issuer**; or (ii) the ability of the **Issuer** to fulfill its obligations arising out of the Bond Loan;

The Bondholders intending to exercise the option of early repayment in the situations above described, shall communicate their intention, by registered letter addressed to the Board of Directors of the **Issuer**, with the acknowledgement of the Paying Agent; the **Issuer** shall make the repayment of the Bonds and the connected payment of interest due up to the date on which the repayment is made, within 10 (ten) business days after such communication."

Lisbon, 21 January 2013.

The Board of Directors.