

CORPORATE GOVERNANCE REPORT **2012**

0	Introduction	3
	Introduction	3
	Declaration of compliance	3
	Additional information	15
1	General Meeting	17
	Composition and Workings of the General Meeting	17
	Participating in the General Meeting and Exercising Voting Rights	18
	Quorum and Decisions (Including changes to the articles of association)	20
	Information Made Available about the General Meeting	21
	Intervening at the General Meeting as regards:	21
	Measures regarding company control	23
	Measures that may interfere with the success of takeover bids	24
2	Board and supervisory bodies	26
	General topics	26
	Organisational diagrams showing the division of liabilities	27
	The Board of Directors: Administrative body and executive committee	30
	Specific commissions set up by the company	47
	Corporate supervision – Audit commission and chartered accountant	50
	Internal regulations and code of conduct	57
	Remuneration Policy of Board and Oversight Committee Members	60
	Board directors’ remuneration	64
	Risk Control System	66
	Irregularity communication policy	71
3	Information	73
	Capital structure and main shareholders	73
	Limits on the transmission of shares, shareholder agreements and share ownership	77
	Share Price Performance	78
	Dividend Distribution	79
	Share plans or options	79
	Relevant dealings with members of the company committees, qualified shareholders or with group companies or others under the control of the company	83
	Investor Relations	85
	External Auditors	87
	Annex I	90

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Introduction

Introduction

ZON Multimédia is firmly committed to creating sustainable value for its shareholders.

In this vein, seeing corporate governance as a tool for competitiveness and the creation of wealth and as it is aware of the growing importance of this topic for the day-to-day life of the company and society in general, ZON Multimédia intends to be a national and international benchmark in terms of governance and how it informs stakeholders about the company, actively improving this practice.

The ZON Multimédia governance practice, since they are a company-wide commitment, are based on the following principles: i) commitment towards the shareholders; ii) transparency; iii) independence; iv) oversight; v) risk management.

ZON Multimédia uses these principles throughout its organisation to foster a culture of governance to optimise the alignment between management and shareholders.

Declaration of compliance

This report complies with the obligation to publish a detailed annual report into the structure and practice of corporate governance pursuant to article 245-A of the Securities Code (SC) that applies to companies that issued shares that are traded on the regulated market that are located or working in Portugal.

The report also gives the structure and workings of the corporate governance adopted by the company in compliance with the Portuguese Stock Exchange Commission (CMVM) into the governance of quoted companies as published in January 2010 along with best international practice in corporate governance and has been drawn up in accordance with the provisions contained in article 7 of the SC and article 2 point 1 of CMVM regulation 1/2010.

These texts are available from www.cmvm.pt.

The company has adopted the CMVM recommendations on the governance of quoted companies, published in January 2010.

Note that like in the previous governance report, ZON Multimédia now complies with recommendation I.6.1 since on 23 December 2011 the shareholders requested a general meeting, which was held on 30 January 2012, where they decided to "eliminate article 12 points 6, 7 and 8 of the company articles of association and renumber points 9 to 14 in that article." This decision eliminated the precept that limited voting rights by not counting the votes issued by a shareholder of ordinary shares personally or through a representative in their own name or representing another shareholder that exceeded 10% of all the votes corresponding to the share capital, and consequently ZON Multimédia adopted recommendation I.6.1.

Likewise and for the same reason, ZON Multimédia now considers that having removed the statutory precept referred to above, it can consider adopting recommendation 1.3.3., regardless of the fact that the ZON Multimédia articles of association do not establish the principle that each share corresponds to one vote, this does not stop that recommendation from being adopted inasmuch as:

(i) that principle is merely preferential so not following it does not necessarily mean not complying with the recommendation;

(ii) the fact that the Articles of association attribute one vote to every 400 shares does not breach the proportionality between the number of shares held and the voting rights.

The following table shows: i) a summary of CMVM recommendations into the governance of quoted companies, according to the version published in January 2010; ii) respective level of compliance by ZON Multimédia as at 31 December 2012; and iii) the chapters in this Company Governance Report where the measures taken by the company to comply with these CMVM recommendations are described.

CMVM RECOMMENDATION	COMPLIANCE	REPORT
<p><u>I – General Meeting:</u></p> <p><u>I.1 Presiding Board of the general meeting</u></p> <p>1.1. The Chairperson of the Presiding Board of the general meeting has the proper human and logistic resources as required.</p> <p>1.2. The remuneration of the Chairperson of the Presiding Board of the general meeting must be published in the annual corporate governance report.</p>	<p>YES</p> <p>YES</p>	<p>Chapter 1 Point 1</p> <p>Chapter 1 Point 1</p>

<p><u>I.2 Participation in the general meeting</u></p> <p>2.1. The notice imposed for the presiding board to receive declarations of deposit or blockage of the shares to participate in the general meeting must not be longer than five working days.</p> <p>2.2. If the general meeting is suspended, the company shall not have to be blocked during the period of time until the session is resumed, just the advance notice required for the first session.</p>	<p>NOT APPLICABLE</p> <p>NOT APPLICABLE</p>	<p>Chapter 1 Point 2</p> <p>Chapter 1 Point 2</p>
<p><u>I.3 Voting and exercising voting rights</u></p> <p>3.1. Companies should not foresee any statutory restrictions to voting by mail or when adopted and admissible, voting by email.</p> <p>3.2. The statutory time limit for receiving voting declarations by mail must not be more than three working days before the general meeting.</p> <p>3.3. Companies must ensure proportionality between voting rights and shareholdings, preferably through a statutory provision where one vote is attributed to each share. Companies do not comply with this proportionality in cases where: i) there are shares without voting rights; ii) they decide that voting rights are not counted above a certain number, when issued by a single shareholder or shareholders related to them.</p>	<p>YES</p> <p>YES</p> <p>YES</p>	<p>Chapter 1 Point 2</p> <p>Chapter 1 Point 2</p> <p>Chapter 1 Point 2</p>
<p><u>I.4 Quorum and decisions</u></p> <p>4.1. Companies must not set a quorum to take decisions that is higher than foreseen by law.</p>	<p>YES</p>	<p>Chapter 1 Point 3</p>
<p><u>I.5 Minutes and information on the decisions taken</u></p> <p>5.1. Summaries of the minutes of general meetings or equivalent documents must be made available to shareholders on the company's Internet site within five days of the general meeting, though it does not have to give privileged information. The information must include the decisions that were taken, the capital represented and the results of the votes. This information must remain on the Internet site for at least three years.</p>	<p>YES</p>	<p>Chapter 1 Point 4</p>

<p>adopted and how effective they are; <i>vi</i>) adoption of internal information and communication mechanisms regarding the various system components and risk alerts; <i>vii</i>) periodical assessment of the system and adoption of modifications that appear necessary.</p>		
<p>1.1.3. The management body must ensure the internal control systems and risk management are set up and work properly, while the supervisory body is responsible for assessing these systems and proposing any adjustments that would benefit the company.</p>	YES	Chapter 2 Points 5 and 10
<p>1.1.4. In their annual corporate governance reports, companies shall: <i>i</i>) identify the main economic, financial and legal risks the company is exposed to in its activity; <i>ii</i>) describe the workings and effectiveness of the risk management system.</p>	YES	Chapter 2 Point 10
<p>1.1.5. The management body and supervisory body must have regulations and these must be published on the company's Internet site.</p>	YES	Chapter 2 Points 1 and 5
<p>II.1.2. Incompatibilities and independence</p>		
<p>1.2.1. The board of directors must include a number of non-executive members to ensure proper supervision and assessment of the activity of the executive members.</p>	YES	Chapter 2 Point 3
<p>1.2.2. Among the non-executive directors, there must be an adequate number of independent directors bearing in mind the size of the company and its shareholder structure, but which under no circumstances must be less than a quarter of all the directors.</p>	YES	Chapter 2 Point 3
<p>1.2.3. The management body's assessment of the independence of its non-executive members must take into account the legal rules and regulations in force regarding the requirements of independence and incompatibilities system that apply to the members of the other company committees ensuring that the independence criteria are applied systematically and at the same time throughout the entire company. A director will not be considered to be independent who, in another company committee, is not considered as such due to applicable standards.</p>	YES	Chapter 2 Point 3

<p>II.1.3. Eligibility and appointment</p>		
<p>1.3.1 Depending on which model is applied, the chairperson of the audit commission or financial matters commission must be independent and be properly qualified for the job.</p>	<p>YES</p>	<p>Chapter 2 Points 3 and 5</p>
<p>1.3.2 The process to select non-administrative directors must be designed to avoid interference by the executive directors.</p>	<p>YES</p>	<p>Chapter 2 Point 3</p>
<p>II.1.4. Irregularity communication policy</p>		
<p>1.4.1 The company must adopt a policy to communicate any irregularities that are allegedly committed with the following details: i) the ways irregular practice can be communicated internally and the people who can receive the communications; ii) what is to be done with the communications, including confidential handling if the informant so wishes.</p>	<p>YES</p>	<p>Chapter 2 Point 11</p>
<p>1.4.2 The outlines of this policy must be published in the corporate governance report.</p>	<p>YES</p>	<p>Chapter 2 Point 11</p>
<p>II. 1.5. Remuneration</p>		
<p>1.5.1 The remuneration of the management body members must be structured so their interests are aligned with the long-term interests of the company, based on performance assessment and discouraging excessive risk-taking. The remunerations must, therefore, be structured as follows:</p> <p>(i) The remuneration of executive directors must include a variable component that will depend on a performance assessment, conducted by the proper company bodies according to measurable, predetermined criteria that consider the real growth of the company and wealth effectively created for the shareholders, its long-term sustainability and the risks that were taken as well as compliance with the rules that apply to the company's activity.</p> <p>(ii) The variable component of the remuneration must be reasonable in comparison with the fixed component and upper limits must be set for all the components.</p> <p>(iii) A significant part of the variable component must be deferred for at least three years and its payment depend on the continuing positive</p>	<p>YES</p>	<p>Chapter 2 Point 8</p>

<p>performance of the company over that period.</p> <p>(iv) Management body members must not sign contracts either with the company or third parties that would mitigate the inherent risk in the variability of the remuneration set by the company.</p> <p>(v) Until the end of their term of office, executive directors must keep company shares they have received through variable remuneration schemes, up to twice the amount of the total annual remuneration, except for those shares they need to sell to pay taxes arising from the benefit of these shares.</p> <p>(vi) When the variable remuneration includes options, the beginning of the period of exercise the option must be deferred for at least three years.</p> <p>(vii) Proper legal instruments must be drawn up so that the compensation to a director for any kind of dismissal without fair cause is not paid if the dismissal or mutual agreement for termination is due to poor performance by the director.</p> <p>(viii) Management body non-executive member remuneration must not have any component that depends on the performance or value of the company.</p>		
<p>1.5.2 The declaration on the remuneration policy of management and supervisory bodies, referred to in article 2 of Law 28/2009 of 19 June must, apart from what is contained therein, contain sufficient information on: <i>i)</i> which company groups were used as a benchmark to set the remuneration; <i>ii)</i> payments related with dismissal or mutual agreement to terminate the appointment by directors.</p>	YES	Chapter 2 Point 8
<p>1.5.3 The declaration about the remuneration policy referred to in article 2 of Law 28/2009 must also cover director's pay as covered by article 248-B point 3 of the Securities Code where the remuneration has a significant variable component. The declaration must be detailed and the policy that is presented must take into account the long-term performance of the company, compliance with standards that apply to the company activity and containment of risks.</p>	NOT APPLICABLE	Chapter 2 Point 8

<p>1.5.4 A proposal to approve share distribution plans and/or share options or those based on share price variations for management or supervision body members or other managers covered by article 248-B point 3 of the Securities Code, must be submitted to the general meeting. The proposal must contain all the details needed for a proper assessment of the plan. The proposal must have attached the regulations for the plan or, if they have not yet been drawn up, the general conditions they have to follow. The general meeting must also approve the main guidelines of the retirement benefit system for members of the management and supervision bodies or other managers covered by article 248-B point 3 of the Securities Code.</p>	<p>YES</p>	<p>Chapter 3 Point 5</p>
<p>1.5.6 At least one member of the remuneration commission must be present at the general meeting of shareholders.</p>	<p>YES</p>	<p>Chapter 1 Point 5</p>
<p>1.5.7 The annual corporate governance report must include the overall and individual amounts received from other group companies and the pension rights acquired in the year in question.</p>	<p>YES</p>	<p>Chapter 2 Point 9</p>
<p><u>II.2. The Board of Directors</u></p>		
<p>2.1. Within the limits established by law for each management and supervision body, and unless impractical due to the small size of the company, the board of directors should delegate the day-to-day running of the company and the delegated powers should be published in the annual corporate governance report.</p>	<p>YES</p>	<p>Chapter 2 Point 3</p>
<p>2.2. The board of directors must ensure the company acts in accordance with its objectives, and must not delegate its duties with regards to: i) defining the company's general strategy and policy; ii) defining the business structure of the group; iii) decisions that can be considered to be strategic due to their amount, risk or special characteristics.</p>	<p>YES</p>	<p>Chapter 2 Point 3</p>
<p>2.3. If the chairperson of the board of directors exercises executive functions, the board of directors must find effective mechanisms to coordinate the work of non-executive members ensuring they take independent, informed decisions and these mechanisms must be</p>	<p>NOT APPLICABLE</p>	<p>Chapter 2 Point 3</p>

explained properly to the shareholders in the corporate governance report.		
2.4. The annual management report must include a description of the non-executive directors' activity with reference to any constraints.	YES	Chapter 2 Point 1
2.5. The company must explain its policy on rotating officers in the board of directors, particularly the financial officer and include information on this in the annual corporate governance report.	YES	Chapter 2 Point 3
<u>II.3. CEO, executive committee and executive board</u>		
3.1. When so requested by other company committee members, executive directors must supply the requested information in a timely manner.	YES	Chapter 2 Point 3
3.2. The chairperson of the executive committee must send the chairperson of the board of directors and if applicable, the chairperson of the audit commission notice of the meetings and copies of the minutes.	YES	Chapter 2 Point 3
3.3. The chairperson of the executive committee must send the chairperson of the general board and supervisory board and the chairperson of the financial matters commission notice of the meetings and copies of the minutes.	NOT APPLICABLE	NOT APPLICABLE
<u>II.4. General and supervisory council, financial matters commission and audit commission and commission</u>		
4.1. The general and supervisory council, apart from performing the supervisory tasks they are liable for, must play an advisory role, following the continual assessment of the company's management by the executive committee. The general and supervisory council must give their opinion on matters such as: i) defining the company's general policy and strategy; ii) the business structure of the group; and iii) decisions that are considered strategic due to their amounts, risk or special conditions.	NOT APPLICABLE	NOT APPLICABLE
4.2. The annual reports into the activities of the general and supervisory council, financial matters council, audit commission and commission must be published on the company's Internet site along with the financial statements.	YES	Chapter 2 Point 1
4.3. The annual reports into the activities of the general and supervisory council, financial matters council,	YES	Chapter 2 Point 1

<p>audit commission and commission must include a description of the supervisory activity and any constraints that were discovered.</p>		
<p>4.4. The general and supervisory council, the audit commission and the audit council, depending on the applicable method, must represent the company for all effects and purposes in communications with the external auditor and shall be responsible for proposing the respective remuneration for these services and ensure that there are proper conditions in the company for these services to be provided and serve as the first interlocutor between the company and the first addressee of these reports.</p>	<p>YES</p>	<p>Chapter 2 Point 5</p>
<p>4.5. The general and supervisory council, the audit commission and the audit council, depending on the applicable method, must assess the external auditor every year and propose their removal to the general meeting whenever there is just cause to do so.</p>	<p>YES</p>	<p>Chapter 2 Point 3</p>
<p>4.6. The internal auditing services and company compliance services must report functionally to the audit commission and the general and supervisory council, or in the case of companies that have adopted the Latin model, to an independent director or audit commission, regardless of the hierarchical relationship that these services have with the company's executive committee.</p>	<p>YES</p>	<p>Chapter 2 Point 5</p>
<p><u>II.5. Specialised commissions</u></p>		
<p>5.1. Unless the company is too small, the board of directors and the general and supervisory council, depending on the model that is adopted, must set up commissions to: i) assure a competent and independent assessment of the executive directors' performance and assess their own overall performance and that of any other commissions; ii) issue an opinion on the governance system that was adopted, checking its effectiveness and proposing improvement measures to the proper bodies; iii) identify potential candidates with the necessary profile to act as directors, in a timely fashion.</p>	<p>YES</p>	<p>Chapter 2 Point 4</p>
<p>5.2. The members of the remuneration commission or equivalent must be independent from the boards and include at least one member with knowledge and experience in remuneration policy matters.</p>	<p>YES</p>	<p>Chapter 2 Point 6</p>

<p>5.3. No individual or company must be contracted to support the remuneration commission with their tasks that provides or has provided services to any structure that answers to the board of directors, the board of directors itself or worked as a company consultant in the last three years. This recommendation also applies to any person or company that has a work contract or service provision contract with them.</p>	YES	Chapter 2 Point 6
<p>5.4. All commissions must draw up minutes of their meetings.</p>	YES	Chapter 2 Points 4 and 6
<p>III – Information and Auditing:</p> <p>III.1 <u>General information duties</u></p>		
<p>1.1. Companies must ensure there is constant contact with the market, respecting the principle of avoiding differences in access to information by investors. Companies must, therefore, have an investor support office.</p>	YES	Chapter 3 Point 7
<p>1.2. The following information on the Internet site must be published in English:</p> <ul style="list-style-type: none"> a) The name of the company, the kind of open company, headquarters and other details given in article 171 of the Portuguese Companies Code; b) Articles of association; c) Name of committee and board members and market relations representative; d) Investor support office, tasks and how to reach it; e) Financial statements; f) Half-yearly schedule of company events; g) Proposals presented for discussion and voting at general meetings; h) General meeting notice 	YES	Chapter 3 Point 7
<p>1.3. Companies must ensure auditors are changed every two or three terms of office, depending on whether these last for four or three years. Keeping the auditors longer than this must be based on a specific opinion from the supervisory body that expressly weighs the auditor's independence and the advantages and costs of their replacement.</p>	YES	Chapter 3 Point 8
<p>1.4. The external auditor must, as part of their responsibilities, check the application of</p>	YES	Chapter 3 Point 8

<p>remuneration systems and policies, the effectiveness and workings of the internal control mechanisms and report any deficiencies to the company's supervisory body.</p> <p>1.5. The company should not hire any other services except auditing services from the external auditor or any parties related to the external auditor. If there are any reasons to hire such services - which must be approved by the audit body and explained in their annual report on corporate governance - these must not exceed 30% of the total amount of services provided to the company.</p>	<p>YES</p>	<p>Chapter 3 Point 8</p>
<p><u>IV Conflicts of interest</u></p>		
<p><u>IV.1 Shareholder relations</u></p>		
<p>1.1. The company's dealings with shareholders that own a qualified holding, or with entities that have any relationship with them, pursuant to article 20 of the Securities Code, must be conducted under normal market conditions.</p>	<p>YES</p>	<p>Chapter 3 Point 6</p>
<p>1.2. Any significant dealings with shareholders that own a qualified holding, or with entities that have any relationship with them, pursuant to article 20 of the Securities Code, must be submitted for an opinion by the supervisory body. This body must establish the procedures and necessary criteria to define the significance of these dealings and any other terms.</p>	<p>YES</p>	<p>Chapter 3 Point 6</p>

(*) Recommendations I.2.1 and I.2.2 are not applicable due to the alterations that arose when Decree Law 49/2010, of 19 May came into force that did away with the system of blocking shares for participation at general meetings from the Portuguese legal system.

(**) Recommendation II.2.3 does not apply to the company as the chairman of the board of directors does not play an executive role.

(***) Recommendations II.3.3 and II.4.1 do not apply to the company as the governance model it adopted (the so-called "Anglo-Saxon" model of governance, is provided in article 278 point 1 paragraph b) of the CC.

(****) Recommendation II.1.5.3 does not apply to the company as, notwithstanding the ZON Multimédia officers - that are not members of the board or oversight of ZON Multimédia – they receive variable remuneration, this is not set by the ZON Multimédia Wage Commission, but by the wage commissions in the individual companies.

Additional information

Alteration to the articles at the general meeting to do away with limitations on voting rights (voting cap)

Considering the changes to the articles decided at the general meeting on 30 January 2012 mentioned above, and the need therefore to bring the Company Articles of Association into line, The ZON Multimédia board of directors proposed to the general meeting that was held on 27 April 2012 to change article 9 points 2 and 3, to eliminate article 9 point 1 and renumber the paragraphs in this point and likewise to alter article 11 points 2, 3 and 4 of the ZON Multimédia articles.

The proposal was passed unanimously and consequently ZON Multimédia began to fully comply with recommendations 1.3.3 and 1.6.1.

Resignation of non-executive directors

As the market was told, Luís Bordalo da Silva, Norberto Emílio Sequeira da Rosa and Jorge Telmo Maria Freire Cardoso resigned as non-executive committee members of ZON Multimédia.

Replacement of board members - Co-opted by the Board of Directors

As published in the market communiqué dated 27 November 2012, following the board meeting that was held that day to discuss the resignation before the term of office by non-executive members of the board, the board decided to co-opt Isabel dos Santos, Miguel Filipe Veiga Martins, Catarina Eufémia Amorim da Luz Tavira and André Palmeiro Ribeiro onto the board to complete the term of office for the three-year period between 2010 and 2012.

Note that pursuant to and for the purposes of article 393 point 4 of the CC, this co-option was ratified at the ZON Multimédia general meeting held on 7 March 2013.

Change of headquarters

Given the fact that ZON Multimédia employees worked in a wide range of places and the negative impact this had, after weighing up several alternatives and assessing the impact these day on the workers daily lives and their activities and hoping to obtain gains in efficiency and improved working conditions, easier follow-up and more effective business plus annual savings of costs associated with the use of out-dated premises, we told the market on 26 October 2012 the board had decided to change its headquarters to Rua Actor António Silva, number 9 – Campo Grande, district of Lumiar, 1600-404 Lisbon, and updated article 2 point 1 of the articles. The change of the ZON Multimédia headquarters was also properly registered as required by law.

Announcement of merger

As we told the market on 14 December 2012, ZON Multimédia was sent a communiqué by Sonaecom SGPS, S.A. (“Sonaecom”), Kento Holding Limited and Jadeium BV (which in the meanwhile changed its name to Unitel International Holdings, BV) (“Kento/Jadeium”), publicly announcing they had reached an agreement to ask the boards of ZON Multimédia and Optimus SGPS, S.A. (“Optimus”) to arrange a merger between the two companies by incorporating Optimus into ZON Multimédia.

In order to proceed with the merger, ZON Multimédia told the market on 21 January 2013 that the boards of the participating companies (ZON Multimédia and Optimus), appreciating the convenience and opportunity of the operation in light of the interests of both companies, approved the Merger Project by incorporating Optimus into ZON Multimédia.

Following the approval, the ZON Multimédia board of directors decided to call a general meeting of shareholders on 7 March 2013 to decide on the approval of the Merger Project as required by law. The shareholders of ZON Multimédia decided to approve the merger at the extraordinary general meeting.

1

General Meeting

Composition and Workings of the General Meeting

The members of the presiding board of the general meeting are:

- Júlio de Castro Caldas (Chairman)
- Maria Fernanda Carqueija Alves de Ribeirinho Beato (Secretary)

The members of the presiding board of the general meeting have a three-year term of office. The current term of office began on 19 April 2010 and ended on 31 December 2012, but the board members of the general meeting will stay in place until the next board election. The current members of the presiding board of the general meeting were elected for the first time on 24 April 2007 for a three-year term of office between 2007 and 2009.

In 2012, the chairman of the presiding board of the general meeting was paid €5,000, for the two meetings.

The general meeting of shareholders with voting rights is held at least once a year pursuant to article 376 of the Companies Code (CC). Pursuant to articles 23 of the SC and 375 of the CC, a general meeting is convened whenever so requested by the chairman of the presiding board of the general meeting, by the board of directors or the audit commission or by shareholders that represent at least 2% of the share capital or in special cases when convened by the audit commission.

Pursuant to the provisions in article 21-B of the SC, the notice of general meetings must be published at least 21 days beforehand on the Justice Ministry website (<http://publicacoes.mj.pt>). The notice must also be published on the company's website, the CMVM information system (www.cmvm.pt) and the Euronext Lisbon website.

The chairperson of the presiding board of the general meeting must have all the resources needed to perform their job, particularly the assistance of the company's general secretary.

Participating in the General Meeting and Exercising Voting Rights

In accordance with the company's articles of association, only shareholders with voting rights can be present at the general meeting and every 400 shares corresponds to one vote. Shareholders with fewer shares can legally join together to make up the required number or a higher number and be represented by one of their own.

Shareholders that own shares at 0 hours on the 5th dealing day before the general meeting that grant them at least one vote in accordance with the law and company contract can attend the general meeting and discuss and vote on proposals.

The rights to participate, discuss and vote at the general meeting are not prejudiced by transmission of the shares after the registration date nor do they depend on any blockage between that date and the date of the general meeting.

All shareholders who want to attend the general meeting should give written notice, through their financial broker where they opened their individual registration account, until the end of the day before the registration date. This can be done by email and sending the declaration is enough to comply with the formalities provided in article 23-C point 3 of the Stock Exchange Code, meaning no further notification need be sent to the chairman of the presiding table of the general meeting.

The financial intermediary referred to in the previous paragraph will send the chairperson of the presiding board by the end of the day on the registration date, information about the number of shares registered in the name of their client as at that date. This information may be sent by email.

Shareholders with voting rights may participate directly in the general meeting or be represented, pursuant to the provisions in article 23 of the SC and article 380(2) of the CC, by sending a signed letter to the chairperson of the presiding board of the general meeting.

Following the general meeting decision of 30 January 2012 and the subsequent removal of the former article 12 point 6 from the articles of association of ZON Multimédia, the limitation to voting rights according to which through a representative in their own name or representing another shareholder with more than 10% of the total votes corresponding to the share capital no longer apply.

The company's articles of association state that votes by mail or email may cover all matters listed in the agenda pursuant to the terms and conditions therein.

Proxy voting

ZON Multimédia does not impose any restrictions whatsoever on proxy voting which, according to the articles of association and current practice in ZON Multimédia, must be made pursuant to the following procedure:

- a) Shareholders with voting rights may, in accordance with article 22 of the SC , use a proxy vote, by signing a declaration where they clearly state how they wish to vote on each of the items on the general meeting agenda.
- b) The proxy vote must be accompanied by a legible photocopy of the shareholder's identification document. If the shareholder is a company, the proxy vote must be signed by the company's legal representative and the signature must be recognised by a notary for this purpose.
- c) The proxy votes and other documents referred to above must be sent in a sealed envelope addressed to the chairperson of the presiding board of the general meeting via registered mail;
- d) The chairperson of the presiding board must ensure the authenticity and confidentiality of the proxy votes until the time of voting.

Shareholders can get proxy vote bulletins from the company headquarters, from the company website or may be hand-delivered, sent by post or by email.

The company articles of association do not demand a minimum period between receiving the proxy vote and the date of the general meeting. The company has, however, tended to set a three-day period in the general meeting notice (in accordance with article 12 point 9 paragraph c) of the articles of association), before the general meeting for reception of proxy votes.

Electronic voting

Shareholders with voting rights may opt to exercise their voting rights via email, but email votes may be subject to security and reliability conditions set by the chairman of the presiding board of the general meeting.

Actually, shareholders with voting rights, according to practice in the company, may also vote through the company website in accordance with the requirements established therein, so long as at the date and time set on the general meeting notice, they send the chairman of the presiding board of the general meeting a communiqué drawn up in accordance with the model available on the website along with a recognised signature (or, in the case of private individuals, a simple signature and a photocopy of their ID document) giving a postal address where the password issued by the company is to be sent to.

These shareholders may exercise their voting rights in the period set in the general meeting notice.

Common provisions - Voting ballot

Votes cast by mail or email will be considered in the ballots by adding them to those cast in person in the general meeting.

Pursuant to the provisions of article 12, point 10 above of the articles of association, any votes cast by mail or email will be annulled if the shareholder or their representative is present in the general meeting when voting takes place.

In accordance with article 384 point 9 of the CC and the previous article 12 point 11 of the articles of association, votes cast by mail or email will be considered as being against any proposals that are presented after they have been cast.

Quorum and Decisions (Including changes to the articles of association)

The general meeting may take decisions, when first convened, by a majority of the votes cast, regardless of the number of shareholders that are present or represented.

However, legally, to decide on any alterations to the articles of association, merger, spin-off, transformation or dissolution of the company, or any other issues foreseen in the law, a qualified majority of two-thirds of the votes cast in the first meeting is required. In the first general meeting that discusses these issues, there must be shareholders present or represented that hold at least one third of the share capital, but at a second general meeting they can take a decision regardless of the number of shareholders that are present or represented., At the second general meeting decisions on these issues can be taken by two-thirds of the votes cast unless there are shareholders present or represented that hold at least half the share capital, in which case these decisions can be taken by a simple majority of the votes cast.

Under these terms, the articles of association of ZON Multimédia do not set any *quora* for adopting resolutions that are higher than those set by law. Actually, no statutory rules are foreseen regarding any shareholders' meeting quorum for adopting resolutions or systems with special rights regarding assets.

Information Made Available about the General Meeting

Proposals to be submitted by the board of directors to the general meeting and all records that must accompany them along with other background information as foreseen in articles 289 of the CC and 21-C of the SC must be made available to shareholders at the company headquarters and on the company website within the legal time limit.

In order to make access to these documents easier, especially for foreign shareholders, they may, upon request, be sent by mail, fax or email.

The company must publish on its website and through the Investor Relations Department extracts from the minutes of the general meetings within five days of the meeting being held with information about the decisions that were taken, the capital represented and the results of the ballots.

ZON Multimédia must also publish on its website the minutes of the general meetings once they have been concluded and properly signed.

This information must remain available on the ZON Multimédia website for at least three years.

Intervening at the General Meeting as regards:

Remuneration policy and assessment of members of the board of directors and other company officers

The general meeting is responsible for electing a remuneration commission to define the policy and set the fixed and variable remuneration of committee members, under article 13 point 4 paragraph e) of the company's articles.

The remuneration commission currently has three members: Fernando José Guimarães Freire de Sousa, Luís Manuel Roque de Pinho Patrício and Agostinho do Nascimento Pereira Miranda, who were elected at the general meeting on 19 April 2010.

The members of the remuneration commission are invited to attend the company's general meeting. One of the three members of the remuneration commission was at the general meeting on 27 April 2012.

The company's shareholders were asked to assess a declaration from the remuneration commission on the remuneration of the ZON Multimédia direction and oversight bodies in compliance with article 2 of law 28/2009, of 19 June at that general meeting.

The executive committee member assessment process and the overall assessment of the board of directors' performance is conducted by the Appointments and Assessments Commission, set up by the board of directors, which later coordinates with the remuneration commission elected by the company's shareholders.

In regards to the remuneration and assessment of other ZON Multimédia directors, covered by article 248-B point 3 of the SC, taking into account that are directors in ZON Multimédia group subsidiaries, the corresponding remuneration is established by the remuneration commissions in the respective subsidiaries (rather than the ZON Multimédia board of directors), so there is no need to submit a declaration from the board of directors about the remuneration policy of the other directors. These directors do not receive any remuneration paid by ZON Multimédia.

Proposal regarding the attribution of shares and/or options to members of the company committees, oversight commission and other directors

The first share or option plan was submitted and approved at the general meeting on 19 April 2010, while a second plan was approved at another general meeting on 19 April 2010, with details about all the points required for their discussion, including the respective regulations.

The proposed decision regarding the current plan and its regulations were available for the required period of time on the company website on a page dedicated to the general meeting. There was also a specific email address for questions related to the general meeting. Additionally, the members of the board of directors and the remuneration commission were available during the general meeting to offer any clarifications the shareholders asked for.

The ZON Multimédia share or option attribution regulations were approved at the general meeting on 19 April 2010, and can be read on the company website.

The terms and condition of the ZON Multimédia group share or option attribution plan are given in more detail in Chapter 3 point 5 below.

Approval of the main features of the retirement benefit system for members of the board of directors, oversight commission and other directors

There are no retirement benefit systems for members of the board of directors, oversight commission and other directors covered by article 248-B point 3 of the SEC.

Measures regarding company control

ZON Multimédia has not adopted any defensive measures that would automatically degrade company assets if there was a change in control or a change in the composition of the board of directors.

ZON TV Cabo Portugal (100% owned by Grupo ZON Multimédia) signed a contract with Vodafone Portugal in 2008 regarding the ZON Mobile service, which foresees the possibility of Vodafone terminating the agreement if (i) a Vodafone competitor, individually or in conjunction, directly or indirectly holds more than 10% of the share capital of ZON TV Cabo Portugal or ZON Group and/or a shareholding that individually or in conjunction gives that entity the right to appoint a members of the management body, or the general and supervisory council of ZON TV, Cabo Portugal or (ii) if ZON TV Cabo Portugal or a ZON Group company, individually or in conjunction, directly or indirectly holds more than 10% of the share capital or voters or a Vodafone or Vodafone Group competitor and/or a shareholding that individually or in conjunction grants the right to appoint a member of the management body or the general and supervision council of this entity or, (iii) the sale by its shareholders of a shareholding in ZON TV Cabo Portugal equal or greater than 50% to an entity that is not a competitor of Vodafone and/or a shareholding that grants this entity the right to appoint half or more of the members of the management body of ZON TV Cabo Portugal. This contract is still in force.

The company, alone or together with other group companies, has signed financing contracts with financing bodies which anticipate the possibility of terminating if there are any significant alterations in the company shareholder structure and/or respective voting rights.

There are no other significant agreements signed by ZON Multimédia or its affiliates that include change of control provisions (including following a public takeover) i.e. that come into force, are altered or cease in the case of a change of control as well as the respective effects.

There are no agreements between the company and board members or other ZON Multimédia company officers, covered by article 248-B point 3 of the SC that foreseen compensation in the case of resignation, dismissal with fair cause or termination of the labour relation following a change to the control of the company.

Note, notwithstanding, that pursuant to article 7 point 3 and article 2 paragraph n) of the ZON Multimédia Action Plan regulations, approved in the general meeting on 19 April 2010, in case of merger, spin-off or alteration to the direct or indirect shareholder control of ZON Multimédia following a successful takeover bid for ZON Multimédia or any alteration to the direct or indirect shareholder control of any of the group companies, there will be an automatic investiture of all shares and/or options that have been attributed with reference to the moment of receiving notification from the board of directors to this effect, unless if the board of directors decides otherwise, notwithstanding compliance with individual agreements that govern these matters.

If the company cannot comply with the obligations arising from the exceptional anticipation of the investiture of the shares and options and the right to exercise these options, these will be complied with as soon as possible or legally allowed.

Information about the payments due in case of early termination of directors' contracts is described in Chapter 2 point 8 below.

Measures that may interfere with the success of takeover bids

Although ZON Multimédia continues to believe its articles of association do not contain any defensive provisions that may automatically degrade its assets in case of a change of control or the composition of the management body, it has described and noted the measure that until now, according to the CMVM, could influence the success of takeover bids.

For instance:

Limits on each shareholder's voting rights (that was eliminated by general meeting decision on 30 January 2012)

According to the previous wording of article 12 point 6 of the articles of association, ordinary share votes cast by a shareholder personally or by a representative in their own name or representing another shareholder that exceeded 10% of all the votes corresponding to the share capital would not be counted. The ZON Multimédia articles of association did not contain any rule for the periodic maintenance or elimination of this provision to be decided by the general meeting.

Even if it was considered that this provision constituted an impediment to takeover bids, ZON Multimédia is of the opinion that these comply fully with the interests of the company and its shareholders. In fact, this statutory provision expanded minority shareholder democracy , reducing the power of larger shareholders and boosting the power of the smaller ones. Additionally, it also works as an important mechanism to ensure shareholder stability avoiding merely speculative stock market movements.

Further note that, following the transposition of shareholder rights by Decree Law 49/2010 of 19 May, shareholders who own shares representing at least 2% of the capital could, in legal terms, if they so wanted, propose the removal or alteration of the statutory provision in question to the general meeting.

Therefore, ZON Multimédia considered that this issue was subject to shareholder scrutiny, and the shareholders should have the possibility of proposing and voting decisions in line with their shareholding.

It should be noted that this is what actually happened on 23 December 2011, when shareholders asked to convene a general meeting of ZON Multimédia, which was then held on 30 January 2012 with the sole purpose of deciding on whether to eliminate the voting limitations.

With the approval of the proposed resolution, the company also adopted CMVM recommendation I.6.1 and Recommendation I.3.3. on corporate governance, as published in January 2010.

Thus, ZON Multimédia believes that after this statutory change, there is no reason to disagree with its long-standing understanding, according to which there are no defensive clauses that automatically cause an erosion in the company's assets in case of change of control or change the composition of the board.

2

Board and supervisory bodies

General topics

ZON Multimédia has adopted the "Anglo-Saxon" model of government i.e. a model where the administration and supervision of the company are the liability of the board of directors and an audit commission (composed exclusively of non-executive directors) and a certified accountant respectively, as provided in CC article 278 point 1 paragraph b).

The ZON Multimédia board of directors in turn delegated the current management of the company to an executive committee.

In compliance with the applicable legal or regulatory requirements and particularly being able to take advantage of reflections, recommendations and suggestions focused on and emanating from a structure specifically aimed to discuss on them - only with auxiliary functions and decisions can only be taken by the administrative bodies - the ZON Multimédia board of directors created, in addition to the executive committee, a corporate governance committee and an appointments and assessment commission, whose composition and duties are detailed below (Chapter 2 point 4).

The ZON bodies and the corporate governance committee and the appointments and assessment commission have operating regulations, which can be found on the company *website*.

The ZON Multimédia internal control and risk management system is designed to ensure the situation of the company is appropriate for the risks that affect the activities it carries out. This control system, including the respective risks dictionary, was approved by the executive committee using the powers delegated by the board, upon the advice of the audit commission. The audit commission reviews and assesses the results of its implementation. The ZON Multimédia internal control and risk management system and the main risks, including economic, financial and legal risks, to which the company is exposed in the course of their activity, are described in point 10 below.

Management monitors the group's projected liquidity reserve, including the amounts of unused credit lines, the amounts of cash and cash equivalents, based on estimated cash flows, and takes into account compliance with any covenants on loans payable, namely: "cross default" "pari passu", "negative pledge"; debt ratio; EBITDA/net interest; "ownership-clause" and clauses relating to the maintenance of the group's activity and compliance with their obligations (operational, legal and tax).

The annual reports on the work of the audit commission include a description of the oversight and refer to the existence or absence of constraints. These reports are disclosed on the company's website together with the financial statements.

Assessment of current governance model

The ZON Multimédia board of directors believes that this model is fully and effectively implemented and is an integral part of the company culture without any constraints on its operation.

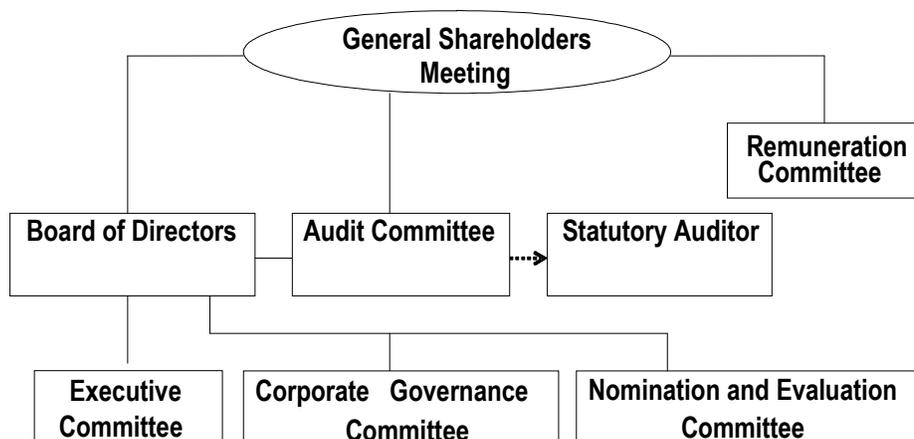
Furthermore, the current governance model has proven to be balanced and capable of adopting best international practices in matters of corporate governance.

Finally, it also believes that this structure of governance has allowed the company to operate smoothly, enabling proper, transparent dialogue between the various bodies and, between the company, its shareholders and other stakeholders.

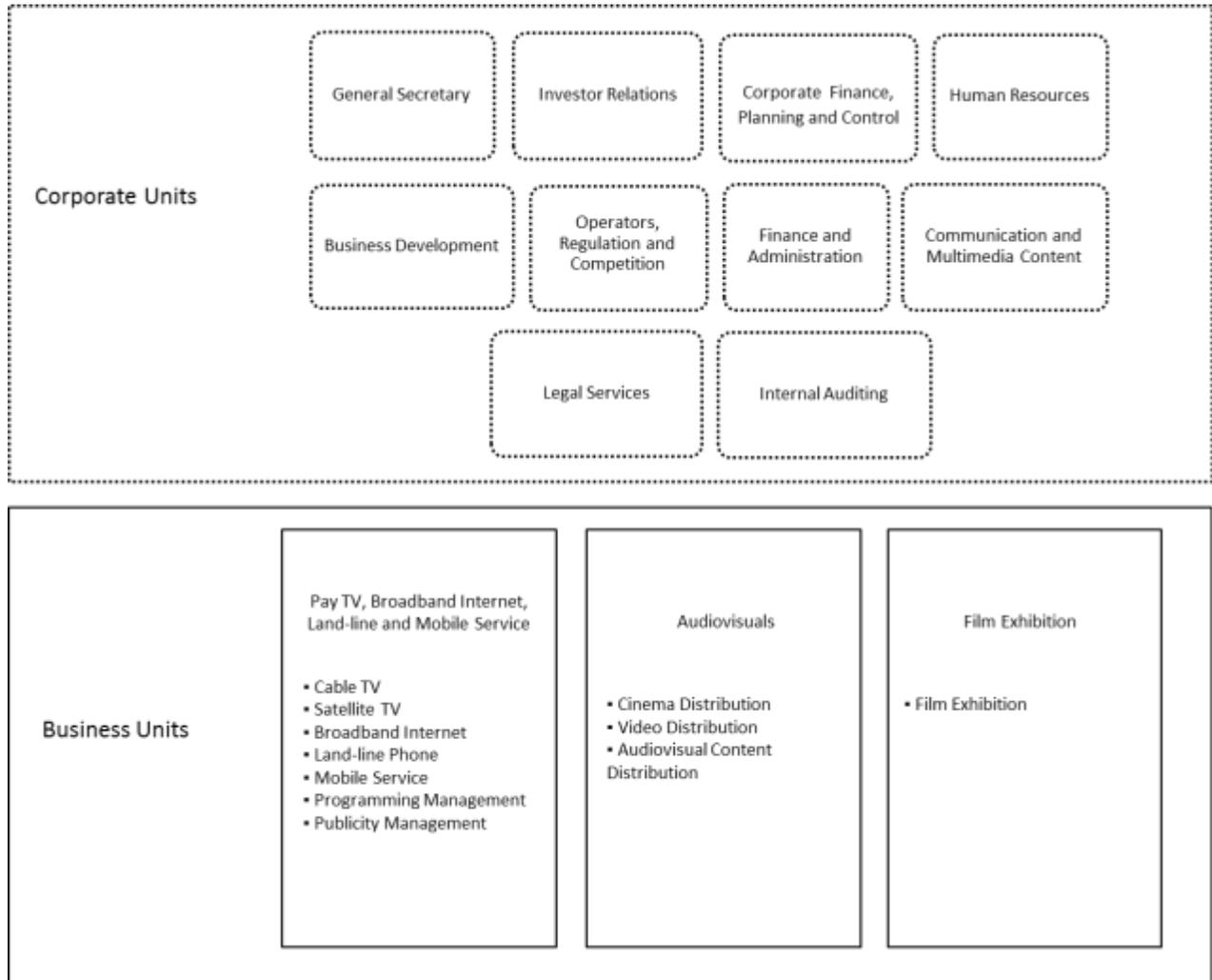
Organisational diagrams showing the division of liabilities

As mentioned above, the company has adopted the Anglo-Saxon model, where it is supervised by an audit commission composed of three non-executive members of the board of directors and a certified accountant.

The ZON board of directors is responsible for managing company business, as defined in the articles of association and their regulations. The company's current management is ensured by an executive committee.



ZON Multimédia is structured along business lines with three major centres: i) Pay TV Business, Broadband Internet, Land-line and Mobile Service; ii) Audio-visual Business; and iii) Film Exhibition Business. The business units are overseen by the executive committee with support from 10 corporate units. ZON Multimédia subsidiary reporting is functional and not hierarchical, which ensures effective articulation.



The ZON Multimédia executive committee is directly involved in the day-to-day management of the various business units, and the executive committee and/or the board of directors of the leading companies in different business units are chaired by the ZON Multimédia CEO. The aim is to have a simple structure that allows for flexible decision making and quick execution of the strategy.

The business units are, as already mentioned, aimed at coordinating the various businesses and report to the executive committee. These units and their respective powers are described in more detail below:

- General Secretary: ensures backup support for the general meetings, board meetings and the specialised commissions set up by the board, the supervisory body and the executive committee of ZON Group companies; advises the company's committees in general and other ZION Group companies on matters related with Company Law, Securities Law and Corporate Governance, ensuring compliance with all laws, regulations and recommendations; guarantees the formality and compliance of all business acts for their certification; Makes sure corporate documents are updated and published; ensures senior management has all the administrative support it requires;
- Investor relations: ensure good relationships with the financial community (investors, shareholders and market regulators), including the provision of ZON Multimédia financial and business information;
- Financial and Administrative: prepares the accounting and financial information needed to ensure compliance with the ZON Multimédia reporting obligations, ensures uniformity of accounting principles used by the group, ensures ZON Multimédia tax compliance and monitors tax operations;
- Human Resources: advises the executive committee in defining the human resources objectives and policies, develops tools for human resource management and coordinates, articulates and harmonises human resource management practices in ZON Multimédia enterprises;
- Corporate Finance, Planning and Control: develops, implements and manages the ZON Multimédia planning and control, operational and financial system and ensures the study of potential non-organic growth opportunities;
- Legal Services: ensure the uniformity of legal aid and legal procedures in ZON Multimédia companies;
- Communication and Multimedia Content: advises the executive committee in setting the various forms of corporate communication strategy and policies and identifies and manages content that can feed new delivery platforms that will be adopted by ZON Multimédia; contributes towards the development and consolidation of a strong, healthy and cohesive corporate culture projecting an external image that reflects the company's values and aspirations;
- Business Development: supports the executive committee in making and implementing strategic decisions with a high-impact on performance and organisation of the group as well as directing, supporting and promoting the profitability of ZON Multimédia;

- Operators, regulation and competition: monitors and advises ZON Multimédia and its companies on issues of competition policy and regulatory issues, liaises and coordinates with the different ZON Multimédia departments regarding compliance with competition rules and regulators' decisions and helps with requests from competition authorities and regulators, monitoring ZON Multimédia relations with other operators on the electronic communications' market and industry associations;
- Internal auditing: examines and assesses ZON Multimédia group company activities so as to ensure that business processes are being properly managed and presents recommendations to senior management regarding the internal control system and efficient management of business risks;

In point 3 below about the executive committee, there is a description of committee members' responsibilities

The Board of Directors: Administrative body and executive committee

Process of electing board members

In accordance with the provisions of article 15 of the articles of association, the ZON Multimédia board of directors is composed of up to 19 members, who are elected by the shareholders at a general meeting by a majority of votes cast.

According to corporate law, shareholders representing at least 10% and not more than 20% of the capital, who lost the election to appoint the board of directors may appoint a member of the board

The directors have a three-year term of office and the election year is considered as a full calendar year and there are no restrictions on the re-election of directors.

Under the law and articles of association, if any director can no longer attend, they will be replaced by someone else appointed at a board meeting. When the director who is definitively missing is the chairman of the board of directors, they shall be replaced by election at a general meeting. In accordance with article 16 point 3 of the articles, "a director is considered to be definitively absent when they miss two consecutive meetings or five meetings in all without justification accepted by the board in the one term of office."

Following the 19 April 2010 decision, the board of directors began a new three-year term between 2010/2012 and, in line with best corporate governance practices and compliance with the CMVM recommendations on the matter, set up an appointment and assessment commission that is responsible for assisting the board in selecting directors to co-opt and issuing, upon request, a reasoned opinion, identifying people with the best profile to fill any vacancies on the board of directors.

The appointments and assessment commission is comprised of non-executive directors and the Chief Executive Officer (CEO), Rodrigo Jorge de Araujo Costa. However, the participation of the CEO in the appointments and assessment meetings will depend on request by the chairman and shall be advisory, without any voting rights, except in the meetings that are being considered to fill vacancies on the executive committee, a matter in which the CEO shall be entitled to vote.

This way, the executive members of the board of directors cannot interfere in the selection of non-executive members.

The responsibilities and composition of this commission are detailed in point 4 below.

Composition and Characteristics of the Board of Directors

In order to let the company pursue its interests to the best of its ability, the board consists of a number of non-executive members to ensure effective supervision, monitoring and evaluation of the activity of the executive members of ZON Multimédia. Among the non-executive directors, there are an adequate number of independent directors, taking into account the size of the company and its shareholder structure. In line with CMVM recommendation II.1.2.2, more than a quarter of the ZON Multimédia board directors are independent directors (as shown below).

Accordingly, on 31 December 2012, the ZON board of directors of was composed of 17 members as shown below:

	The Board of Directors	Executive committee	Independent non-executive directors	No. of shares each owned on 31.12.2012	First appointment and term of office
Daniel Proença de Carvalho	Chairman	---	X	---	20 / 06 / 2007 31 / 12 / 2012

	The Board of Directors	Executive committee	Independent non-executive directors	No. of shares each owned on 31.12.2012	First appointment and term of office
Rodrigo Costa	Member	Chairman	---	597.720	21 / 09 / 2007 31 / 12 / 2012
José Pedro Pereira da Costa	Member	Member	---	97.620	21 / 09 / 2007 31 / 12 / 2012
Luís Lopes	Member	Member	---	100.577	21 / 09 / 2007 31 / 12 / 2012
Duarte Calheiros	Member	Member	---	48.175	14 / 05 / 2003 31 / 12 / 2012
Fernando Fortuny Martorell	Member	---	---	---	07 / 11 / 2008 31 / 12 / 2012
António Domingues	Member	---	---	---	01 / 09 / 2004 31 / 12 / 2012
László Cebrian	Member	---	X	---	21 / 09 / 2007 31 / 12 / 2012
Vítor Gonçalves	Member	---	X	---	20 / 06 / 2007 31 / 12 / 2012
Paulo Mota Pinto	Member	---	X	---	21 / 04 / 2008 31 / 12 / 2012
Nuno Silvério Marques	Member	---	X	---	20 / 06 / 2007 31 / 12 / 2012
Joaquim Oliveira	Member	---	---	---	31 / 01 / 2008 31 / 12 / 2012
Mário Silva	Member	---	---	---	19 / 04 / 2010 31 / 12 / 2012
Isabel dos Santos	Member	---	---	---	27 / 11 / 2012 31 / 12 / 2012
Catarina da Luz Tavira	Member	---	---	---	27 / 11 / 2012 31 / 12 / 2012
André Palmeiro Ribeiro	Member	---	---	---	27 / 11 / 2012 31 / 12 / 2012

	The Board of Directors	Executive committee	Independent non-executive directors	No. of shares each owned on 31.12.2012	First appointment and term of office
Miguel Veiga Martins	Member	---	---	---	27 / 11 / 2012 31 / 12 / 2012

The independence of the directors in the above table was assessed under the provisions of CMVM regulation No. 1/2010 on corporate governance and CMVM recommendation II.1.2.3, which refer to the requirements of independence and incompatibilities applicable to members of the supervisory board, pursuant to article 414 point 1 thereof, except for paragraph b), and article 414, point 5 thereof, from the CC.

Pursuant to CC article 414 point 5, members are considered independent if they are not associated with any specific interest group in the company or are in any circumstance likely to impartially assess or decide on any points in particular due to: i) holding or acting on behalf of anyone owning more than 2% of the company's capital, ii) having been re-elected for more than two terms, continuously or otherwise.

Under the ZON Multimédia board of directors' rules, the board's assessment of the independence of its members who are not members of the audit commission is based on individual questionnaires submitted by them to the chairman of the board, on its election and by 31 January each year. The rules also state that the directors must inform the chairman of the board whenever there is any situation that might change the situation reported previously.

The questionnaire also asks if there is any inconsistency in relation to any of the company directors pursuant to CC article 414-A point 1 and it was found that none of ZON Multimédia's non-executive, independent directors is in any of the conditions set forth therein, except as regards paragraph b).

Among the other non-executive company directors, none is in any of the situations listed in CC article 414-A point 1 except as regards paragraphs b) and h).

In accordance with the provisions of the company audit commission regulations, all members of the audit commission are subject to the legal and regulatory requirements in force at any moment, in terms of incompatibilities and independence.

They must, therefore, in order to measure their independence, (i) assess their independence at all times, (ii) report any situation likely to affect their independence to the audit commission and (iii) complete, when they are appointed and on 31 January each year, the approved questionnaire about incompatibilities and independence.

All the members of the company's audit commission are independent under the criteria set out in CC article 414 point 5 as mentioned above. Furthermore, no member of the audit commission is in any incompatibility situation referred to in CC article 414 point 1 (except paragraph b), which is naturally inapplicable to members of the audit commission).

In addition to the above, ZON Multimédia has not internally approved any other rules governing the independence criteria applicable to the board of directors or the audit commission as administrative and supervisory bodies and cannot foresee any other situations that could generate incompatibility among the members, in particular as regards the maximum number of accumulated positions.

The board consists of professionals with extensive management experience, particularly in the telecommunications and finance sectors. Annex I describes the jobs performed by board members in other companies, listing those undertaken in the other group companies, their professional qualifications and professional activities performed by those members over the past 5 years.

Lastly, as stated above, the non-executive board members Luis Bordalo da Silva, Jorge Telmo Maria Freire Cardoso and Norberto Emílio Sequeira da Rosa, told the chairman they would be resigning in 2012, stepping down before the ends of their terms of office. Consequently, and again as said earlier, a market communiqué dated 27 November 2012, was released following a board meeting to co-opt as non-executive members, Isabel José dos Santos, Miguel Filipe Veiga Martins, Catarina Eufémia Amorim da Luz Tavira and André Palmeiro Ribeiro, to complete the terms of office for the three-year period 2010/2012.

Below is information about the directors who stepped down in 2012 as mentioned in the previous paragraph.

	The Board of Directors	Executive committee	Independent non-executive directors	No. of shares each owned on the date they resigned	First appointment and Term of office on resignation
Luís Bordalo da Silva	Member	---	---	---	17 / 06 / 2003 31 / 07 / 2012

	The Board of Directors	Executive committee	Independent non-executive directors	No. of shares each owned on the date they resigned	First appointment and Term of office on resignation
Jorge Telmo Cardoso	Member	---	---	---	31 / 01 / 2008 31 / 08 / 2012
Norberto Emilio Rosa	Member	---	---	---	31 / 01 / 2008 31 / 07 / 2012

Board of directors' tasks and operating methods

How it functions

Under Article 18 of the company's articles of association and article 3 of the board of directors' regulations, the board shall meet at least once every two months and extraordinarily whenever convened by the chairman, by two directors or by the audit commission.

The meetings are convened in writing with at least 5 working days' notice. The agenda with the main points and documents to help reaching any decisions shall be available to directors on the second working day before the meeting.

The chairman may call a board meeting the without the above-mentioned notice in an emergency.

The board cannot function without the presence of a majority of its members in office, although the chairman of the board of directors can, in cases of recognised urgency, waive the presence of a majority if this is ensured through voting by mail or by proxy, but no director can represent more than one other director.

Board decisions are taken by majority vote and, the chairman has the casting vote.

Decisions and explanations of votes are recorded in the minutes, which must be signed by all members of the board who attend the meeting. The participants may give a summary of their interventions in the minutes.

Pursuant to article 18 point 5 of the articles of association, board meetings may be conducted by electronic means, and the company shall ensure the authenticity of the statements and security of all communications, recording the content and all those involved.

There were 16 board meetings recorded in the minutes in 2012.

The rules regarding the board of directors can be seen on the company website.

Responsibilities

Under the law and articles of association, and notwithstanding the possibility of delegating the day-to-day management of the company to an executive committee, the board of directors is generally responsible for managing the affairs of the company, including:

- The purchase, sale, lease or encumbrance of movable and immovable assets, premises, shares and vehicles.
- The signing of financing and loan contracts including medium and long term, internal or external ones;
- Representing the company actively or passively in or outside court and may give up, compromise and acknowledge any legal proceedings and arbitration agreements;
- Granting powers of attorney to those it deems appropriate, including sub-powers;
- Approving business plans and investment and operating budgets;
- Co-opting replacements for permanently absent directors;
- Draw up and submit board member and senior officer stock options for approval by the general meeting;
- Performing other duties as assigned by law, the articles of association or the general meeting

According to the articles of association, the board may to decide to increase the capital, by one or more times, up to €20 million by new cash injections, with the prior agreement of the audit commission.

Pursuant to article 7 point 2 of the articles of association, the board of directors must also decide whether to issue bearer or ordinary bonds or other securities and warrants on securities. This responsibility of the board of directors is shared with the general meeting.

Executive committee

The ZON Multimédia board of directors has created an executive committee, to which it has delegated daily management, while retaining supervision and control functions within the limits established by law to ensure the best performance of its duties.

Composition

The executive committee is composed of the following directors:

Chairman: Rodrigo Jorge de Araújo Costa
Members: José Pedro Faria Pereira da Costa
Luís Miguel Gonçalves Lopes
Duarte Maria de Almeida e Vasconcelos Calheiros

Rodrigo Costa

President of the ZON Multimédia Executive Committee since September 2007 and President of the boards of directors of various ZON Group companies.

He began his career as a programmer and systems analyst in 1979. He accepted an invitation from Microsoft in 1990 and was responsible for launching the company in Portugal

After 11 years as general director, he took over as general director of Microsoft Brazil in August 2001.

In 2002, he became Corporate Vice-President of Microsoft's OEM area based in Seattle.

After 15 years in Microsoft, Rodrigo Costa returned to Portugal where, in late 2005 he joined the board of Portugal Telecom, SGPS. S.A, as an executive member. His main responsibilities were: Executive Vice-President of PT Group, PCE of the land-line business, cross-sector leadership of the human resource, innovation and IT areas.

In the past he worked with various organisations where he held different posts: Luso-American Chamber of Trade, Portuguese Software Association, technological Plan Advisory Board, General Council of Coimbra University.

In 2006 he was decorated Great Officer of the Order of Infante D. Henriques by the president of Portugal.

José Pedro Pereira da Costa

Executive director- CFO of the ZON Multimédia Executive Committee since September 2007 and President of the boards of directors of various ZON Group companies.

He worked in Portugal Telecom group as a board member and CFO in PT Comunicações, PT.COM and PT Prime between June 2000 and September 2007, and between 2000 and 2002 he worked in Brazil as Executive Vice-President of Telesp Celular Participações.

He was on the executive committee of Banco Santander de Negócios Portugal between January 1997 and January 2000 responsible for the corporate finance area.

He began his career with McKinsey & Company in 1990, where he was project leader responsible for various strategic consulting projects for companies in Portugal and Spain in the banking and telecommunications industries.

José Pedro Pereira da Costa graduated in Business Administration from the Portuguese Catholic University and took his MBA at INSEAD in 1992.

Luís Lopes

Executive director of the ZON Multimédia and board director at various ZON Group companies since September 2007.

He was executive director at PT Comunicações and PT.com, responsible for the home business and for launching the television project. He was also non-executive director at Páginas Amarelas (Yellow Pages).

He was Associate Principal at McKinsey & Company (Lisbon and Warsaw) from 1998 to 2004 and worked on a range of projects in different European countries in the retail banking, energy, pulp and paper industry and consumer goods sectors. He was also co-leader of the Retail Bank in Europe practice.

He worked in Procter & Gamble (Lisbon and London) as Senior Analyst responsible for the Haircare sectors in Europe and Product Supply Finance for the Haircare sector globally between 1995 and 1998.

He was a researcher at INETI (national engineering, technology and innovation institute) between 1994 and 1995 and assistant in the Physics department at the Lisbon Instituto Superior Técnico.

Luis Lopes graduated in technological and physical engineering from the Lisbon Instituto Superior Técnico.

Duarte Calheiros

Executive director of the ZON Multimédia and board director at various ZON Group companies since 2003 (under another company name at that time).

He was president of the executive committee of Lusomundo Audiovisuais S.A. and Lusomundo Cinemas S.A. between 2003 and 2006.

He was a board director at PT Compras, a PT Group company, from 2005 to 2006.

Earlier, between 1989 and 1998, he was a board director at Sociedade Hispânica de Automóveis S.A., the SEAT importer for Portugal and between 1998 and 2003, he was a board director at HERTZ HR Aluguer de Automóveis S.A.

Between 1976 and 1989 he was director/board director responsible for the financial area at Indústria de Fundição de Aços Especiais in Rio de Janeiro – Brazil.

Duarte Calheiros graduated in Business Administration from the Universidade do Rio de Janeiro, with equivalence from Lisbon's Catholic University.

Executive committee's responsibilities

The board has delegated day-to-day management of the company to the executive committee giving it, notwithstanding the right to take back any of the delegated responsibilities, all powers necessary for this purpose, including:

- Setting up companies and to subscribe, purchase, encumber or dispose of shares, whose value does not exceed €5 million and do not constitute a strategic asset for the activity of the group;
- Purchasing, selling and encumbering rights, movable and immovable property, including any kind of securities, financial instruments, shares and bonds, notwithstanding the limits specified in paragraph a) above in respect of shares;
- Opening and operating bank accounts;
- Negotiating and entering into contracts intended to pursue the purpose of the company;

- Appointing trustees, with or without power of attorney to perform certain acts, or categories of acts and define the extent of their powers;
- Setting up or terminating consortia or any lasting association or cooperation agreements with other individuals or companies, particularly joint ventures, consortia and partnerships;
- Representing the company in and out of court as plaintiff or defendant, including the filing and defence of any legal or arbitration proceedings, as well as confession, withdrawal or transaction in any cases and assumption of arbitration agreements;
- Issuing binding instructions to companies that are totally controlled by the group;
- Exercising disciplinary power and deciding on any penalties for the company's employees;
- Deciding, in accordance with law and the articles of association, on the issuance of bonds and commercial paper and the taking out of borrowings on the domestic and foreign financial market, one or more times, up to an amount corresponding to three times the company's net financial debt over EBITDA;
- Deciding on providing technical and financial support to subsidiaries;
- Designating the company representatives in general meetings of its subsidiaries and indicating the persons to be appointed to the respective governing bodies;
- Proposing strategic guidelines for the group, key policies for the companies involved and control the implementation of these guidelines and policies in the companies to the group's board;
- Deciding on opening or closing establishments or important parts thereof;
- Setting standards of organisation and operation for the company and its subsidiaries, including those regarding employees and their contracts, the definition of categories and pay conditions and other employee benefits;
- Controlling group companies in terms of finance and accounting.

The powers delegated to the executive committee may be sub-delegated, in whole or in part to any of the members or company employees. The executive committee or any two of its members can issue powers of attorney as deemed convenient and in the case of a legal mandate, the signature of one of its members is all that is required.

The delegation of powers mentioned in the point above cannot include the matters given below, including, among others, matters which, under Article 407 of the CC, cannot be delegated to the executive committee:

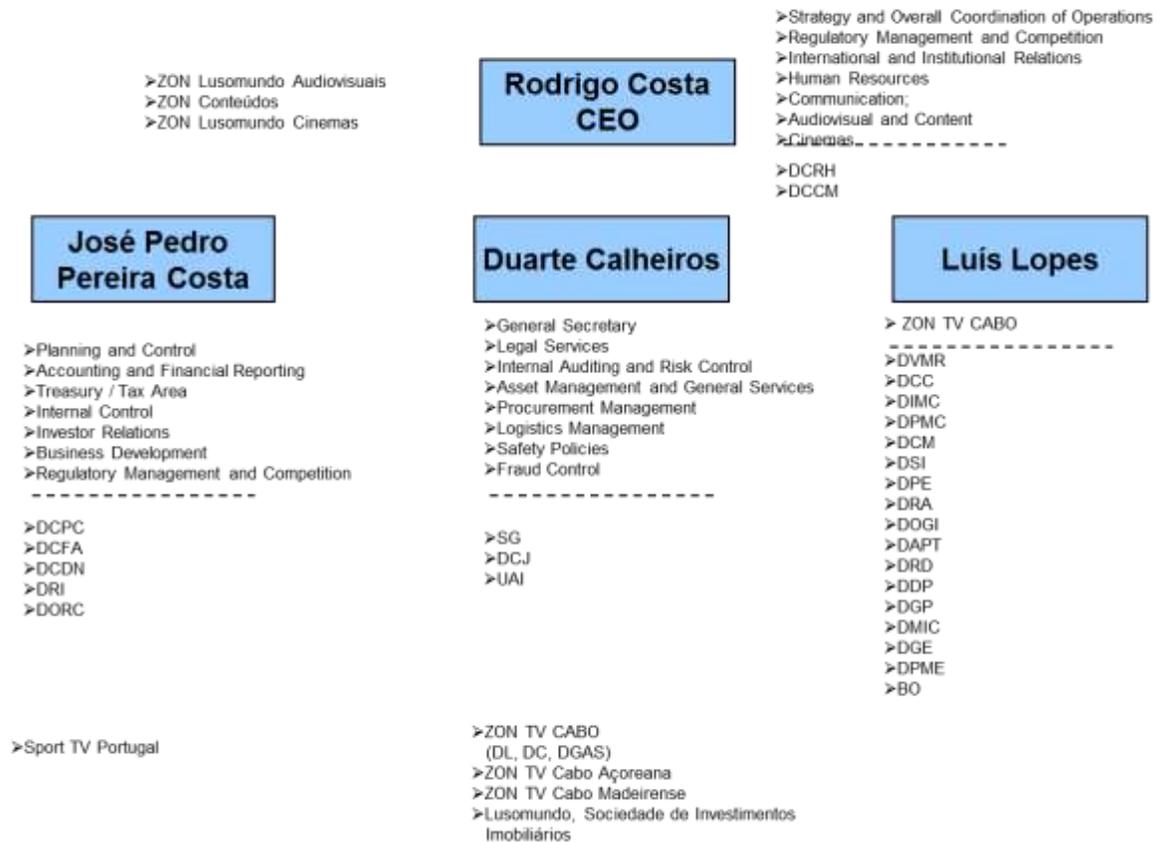
- Definition of overall objectives and founding principles of the company's policies, and the options that are considered strategic because of their size, risk or special characteristics, notably regarding any technology to be adopted and the development of networks and services;

- Expansion or significant reduction in the activity or the internal organisation of the company or the group;
- Approval of company activities, budgets and annual investment plans;
- Convening general meetings;
- Approval of annual reports and accounts to be submitted for approval by the general meeting, as well as half-yearly and quarterly reports and accounts and results to be announced to the market;
- Provision of personal or real guarantees by the company;
- Change of company headquarters;
- Approval of merger, division or transformation of the company or that involve group companies, unless, in these cases, they are just internal restructuring operations that are part of the general objectives and principles that have been adopted;
- Adoption of resolutions on the increase of the company's capital;
- Appointment of company directors;
- Appointment of the company secretary and an alternate.

Accordingly and in line with the CMVM recommendation II.2.2, the ZON Multimédia board of directors has full powers to define: i) the company strategy and general policies; ii) the group's business structure; and iii) strategic decisions due to their amount, risk or special characteristics.

The executive committee defines, on recommendation from its chairperson, the assignment of specific responsibilities or portfolios to each of its members so the committee can supervise and coordinate the different group areas. Executive committee members are currently responsible for the following areas regarding business lines and corporate governance:

Executive Committee Responsibilities



Operations

The executive committee sets the dates and frequency of its ordinary meetings and meets extraordinarily whenever convened by its chairperson, any two of its members or by the audit commission.

The executive committee cannot function without the presence of a majority of its members, but the chairperson may, in cases of recognised urgency, waive the need for the majority, if this is ensured through postal or proxy voting, by video-conference or a conference call.

Postal and proxy voting is allowed but no member of the executive committee can represent more than one other member.

Decisions are taken by majority vote and the chairperson has a casting vote.

The executive committee held 29 meetings in 2012, which were recorded in the minutes.

The decisions taken at executive committee meetings and explanations of the votes are recorded in minutes drawn up by the company secretary. The participants can dictate a summary of their interventions for the minutes.

Any delegation of powers to the executive committee, including rules on the functioning of the committee, is available for inspection on the company's website.

According to the internal rules of the company (namely, in accordance with the board of directors' and the audit commission regulations and the delegation of powers to the executive committee) and common practice, the executive directors have provided adequate and timely information as requested by the other members of the governing bodies of ZON Multimédia

Responsibilities of the chairperson of the board of directors and the chairperson of the executive committee

The responsibilities of running the board of directors and assuming the executive management of the group are separate as at 31 December 2012. Under the internal rules on the matter, particularly the board rules and the executive committee standards, the CEO is the leader of the ZON Multimédia management team, and as such responsible for its operational management.

The CEO shall:

- Coordinate the activities of the executive committee and propose the allocation of responsibilities by its members for executive committee approval;
- Convene and chair executive committee meetings;
- Ensure the correct implementation of the board and executive committee resolutions;
- Ensure compliance with the limits of any delegation of powers, the company's strategy and loyalty towards the chairperson and other members of the board and other company committees;
- Ensure that the board is informed of all relevant actions and decisions taken by the executive committee and that all clarifications requested by the board of directors are provided timely and properly.

Similarly, the chairperson of the board is assigned important duties under the law, the articles of association and its rules, namely:

- Represent the board of directors in and out of court;
- Coordinate board activities and ensure for distribution of materials to the directors when necessary;
- Convene and chair board meetings;
- Ensure the correct implementation of the board resolutions;

Policy of rotating board of directors' responsibilities

The distribution of executive committee member responsibilities is currently defined as detailed in the table above.

The current executive committee was appointed for the first time on 21 September 2007, and reappointed on 19 April 2010. Most of its members, except for Mr Duarte Calheiros, were also elected for the first time on 21 September 2007, by being co-opted. Mr Duarte Calheiros was first elected, also by being co-opted on 14 May 2003.

The executive committee member responsible for finances, Jose Pedro Pereira da Costa, was first elected on 21 September 2007, to complete the term of office in progress in the 2007/2009 triennium. Jose Pedro Pereira da Costa was re-elected on 19 April 2010 for a new term, for the three years 2010/2012, keeping his post in charge of the financial area, and this is his second term of office in ZON Multimédia.

With regards to CMVM recommendation II.2.5 of the Code of Corporate Governance, 2010, and the company's clarification of its policy to rotate board responsibilities, including those of the financial officer, ZON Multimédia, encourages where necessary or appropriate in light of developments in the activity and strategy of the company, a reflection on the distribution of responsibilities within the executive committee. Moreover, some changes have occurred in the distribution of responsibilities, particularly in terms of areas of technology and information systems, since the current executive committee was appointed.

Bearing this recommendation in mind and despite the existing practice in ZON in this regard, the board looked into adopting a rotation policy and decided to establish a policy that essentially allows it: (i) to maintain flexibility of this committee in the appointment of its executive committee and internal committee members and the co-opting of directors, and (ii) to avoid instability, waste of knowledge and the loss of key assets which could arise from a strict rotation policy.

Thus, the board of directors approved the following principles concerning the allocation and rotation of responsibilities:

1. In distributing responsibilities to the company's directors, the board will consider, among other things that it may consider relevant (i) their profile, their expertise and professional experience and (ii) the diversity of knowledge and experience within the board of directors;
2. The board will also reflect, where necessary or appropriate in view of developments in the company's business and strategy, on the rotation of responsibilities within the executive committee;
3. However, with respect to executive responsibilities characterized by a high level of technical or specific knowledge, such as highly technological or financial matters, it is not considered appropriate to adopt the principles of rotation, whilst safeguarding the properly justified interest of the company;
4. The distribution of the responsibilities mentioned in point 3 above will be guided primarily by maximising the benefits of experience and knowledge, stability in the company's management and retention of key assets;
5. The board will also reflect on the rotation of its internal committees members, where necessary or appropriate for the efficient performance of this body and the non-executive directors' tasks;
6. The rotation of company directors' responsibilities mentioned in points 2 and 5 above is not mandatory nor is it subject to fixed time limits. It is up to the board to judge whether it is relevant and appropriate in order to contribute to the reputé of the management and further the interests of the company and its shareholders.

Information to members of the board of directors and audit commission

Under the terms defined in the company's board of directors' regulations and the audit commission regulations, the directors will obtain information about the company activity in the exercise of their duties and functions and will have to request information necessary or convenient for the performance of their jobs and for the company's best interest.

Bearing in mind the internal company rules (particularly the board of directors' and audit commission's regulations and the executive committee powers of attorney) and the way these are put into practice, ZON Multimédia has the mechanisms needed to avoid any information gap between the executive members and the members of other company bodies.

The board directors who, jointly or independently want access to information included in the scope of the powers delegated to the executive committee, may ask for the information directly from the chairman of the executive committee or the chairman of the board of directors.

Furthermore, under the internal regulations on the workings of the executive committee, its chairman is responsible for "ensuring the board of directors is informed of all the executive committee's relevant actions and decisions" and thus ensure that all requests for clarifications are answered properly and timely.

It should be noted that the executive committee presents the current state of business, monthly indicators and other relevant information on the company activity at all board of director meetings where all non-executive directors (including the chairman of the board of directors) are given clear information about the decisions and measures adopted by the executive committee under the scope of their powers.

Under the audit commission regulations, the CEO is required to send the audit commission a copy of all executive committee notices and minutes of their meetings, whenever requested to do so and on a monthly basis. It is an established internal procedure to send these documents to the members of the audit commission as well every month.

This ensures: i) proper oversight and supervision of the actions of the executive committee; and ii) that each member of the board of directors and the audit commission have access to precise, relevant and up-to-date information.

Activity of the non-executive directors

The non-executive company directors have been regularly performing the tasks that they are legally responsible for and which generally consist of supervising, monitoring and evaluating the activity of the executive members. The non-executive directors have not encountered any constraints in performing these duties.

Pursuant to applicable laws and regulations, particularly article 407 point 8 of the SC, ZON Multimédia non-executive directors have complied with their duties to supervise the actions of the executive committee members. According to that provision, non-executive directors shall carry out the "*general surveillance (...) of the executive committee,*" and are responsible "*for any losses caused by acts or omissions, when, aware of such acts or omissions or the intention the practice them, do not call on the council to take appropriate action.*"

As the chairman of the ZON Multimédia board of directors does not have any executive duties in the company, and is an independent member of the board, the duties of non-executive directors are particularly easy, since the chairman can coordinate the activities of non-executive directors as a link, strengthening and facilitating dialogue with the executive committee.

It should be noted the effort that has been made to update the non-executive directors in the different areas, and their assiduous presence and active participation in the meetings of that body, which definitely contributes to the performance of their duties.

The ZON Multimédia non-executive directors have also made an important contribution to the company through their efforts on internal board committees of the (see Chapter 2, point 4).

Finally, since this report is an annex to the company's annual report, we resorted to the cross-references regarding the description of the activity (and any constraints) found by non-executive directors. In other words, in order to avoid unnecessary duplication of information the annual report refers to this Chapter of the report, which describes the activity of non-executive directors (and any constraints they encountered).

Specific commissions set up by the company

In compliance with legal or regulatory provisions, and in order to reflect upon, recommend and suggest ideas, the ZON Multimédia board of directors has appointed a corporate governance committee and an appointments and assessment committee, as detailed below. These two committees are purely for advisory purposes and the decisions are always taken by the board.

The committees have operating regulations that can be seen on the company's website.

As regards CMVM recommendation II.5.1, of the Corporate Governance Code concerning the election of governing bodies for the mandate 2010/2012, ZON Multimédia examined its corporate governance model to assess the impact of any new recommendations and made any necessary alterations. Following this discussion, the ZON Multimédia board of directors approved a new appointments and assessments committee on 19 April¹ 2010, replacing the existing assessment commission while maintaining most of the structure of the corporate governance commission in from previous term of office.

Corporate governance committee

The corporate governance committee is composed of the following members:

- Daniel Proença de Carvalho (Chairman)
- Vítor Fernando da Conceição Gonçalves
- László Istvan Hubay Cebrian

¹ The regulations of this commission were approved by the board of directors on 19 April 2010, then altered by a further board decision on 22 February 2011

In accordance with the best applicable practice, the members of this committee are wholly independent, both pursuant to article 414 point 5 of the CC and under the provisions of article 414-A of the CC on incompatibilities, that are applicable due to the provisions of CMVM regulation 1/2010 and CMVM recommendation II.1.2.3.

The mission of the Corporate Governance Committee is:

- To assist and support the board in overseeing of company activity in the area of corporate governance, rules of conduct and social responsibility;
- To study, propose and recommend the board adopts policies, rules and procedures necessary for compliance with its internal rules, laws, regulations and statutory provisions, as well as national and international recommendations, standards and best practices on matters referred to above;
- To perform any other tasks or responsibilities that the board of directors may delegate to the corporate governance committee.

The corporate governance committee can only work if the majority of its members are present or duly represented.

The corporate governance committee takes decisions by majority vote. Where the corporate governance committee is composed of an even number of members, its chairperson has the casting vote.

The corporate governance committee held 1 meeting in 2012 to assess any incompatibilities and the independence of board members and to approve the 2011 corporate governance report.

The meetings of the corporate governance committee are recorded in the minutes.

Appointment and Assessment Commission

The corporate governance committee is composed of the following members:

- Daniel Proença de Carvalho (Chairman)
- Vítor Fernando da Conceição Gonçalves
- António Domingues
- Fernando Fortuny Martorell
- Mário Filipe Moreira Leite da Silva

The committee may also include the CEO, Rodrigo Jorge de Araujo Costa, whose attendance will depend on a request from the chairman and shall be advisory in nature, without any voting rights, except in meetings discussing executive committee vacancies, a matter on which the chairman of the executive committee shall be entitled to vote.

The participation of the chairman of the executive committee is to follow up matters related to filling executive committee vacancies. In all other matters, in particular board member assessment and filling non-executive vacancies, the chairman of the executive committee is not called and can only be present at the request of the commission chairman to provide any clarification as requested and will never have any voting rights in these matters.

Two of the members of this committee must be independent directors, according to the criteria defined in article 414 point 5 or article 414-A of the CC on incompatibilities, applicable provisions under CMVM regulation 1/2010 or CMVM recommendation II.1.2.3.

The appointments and assessment committee shall:

- Assist the board in selecting directors to serve on the company's board of directors, pursuant to CC article 393 point 3 paragraph b);
- Prepare, whenever requested, a well-founded opinion, should any vacancy arise in the governing bodies or the executive committee, identifying people who, in their view, are better suited to fill this vacancy, given the skills, knowledge and experience required to perform the tasks;
- Conduct the annual assessment of executive committee members and later coordinate with the compensation committee on the next point;
- Propose, as part of the annual evaluation of executive committee members, the criteria used for setting the variable remuneration, including the objectives of individual performance, to the compensation committee;
- Assess the overall performance of the board of directors and any specialised committees under the board of directors;
- Advise the executive committee on general remuneration policy and the variable compensation programs based on allocation of ZON Multimédia shares or share options, whenever requested by the board of directors or the compensation committee.

The appointments and assessments committee deems itself to be validly constituted and able to take decisions so long as a majority of its members are present or represented.

The decisions of the Appointments and Assessments Commission shall be taken by majority vote of the members present or represented, and the chairman has a casting vote in case of a tie.

The appointments and assessments committee held two meetings in 2012. These meetings assessed issues related to company performance, human resource systems linked to the objectives and control, the legal and regulatory framework and CMVM recommendations on remuneration to help the remuneration committee evaluate executive committee posts and define criteria for setting objectives.

The appointments and assessment committee meetings were recorded in the minutes.

Corporate supervision – Audit commission and chartered accountant

The company is supervised by an audit commission and a chartered accountant ("ROC").

The ZON Multimédia audit commission is composed of:

- Vítor Fernando da Conceição Gonçalves (Chairman)
- Paulo Cardoso Correia Mota Pinto
- Nuno João Francisco Soares de Oliveira Silvério Marques

All audit commission members are independent in accordance with CC article 414 point 5 and have the necessary skills to fulfil their duties.

Annex I describes the tasks of audit commission members in other companies, particularly in the other group companies, as well as their professional qualifications and any professional activities they have performed in the last five years.

According to the company's articles of association and applicable law, members of the audit commission are appointed at the same time as other members of the board and the proposed lists for the latter body shall name those members who are intended to join the audit commission and its chairman.

CC article 423-H states that the rules applicable to the replacement of audit commission members are the same as for board members.

Responsibilities

Pursuant to the articles of association and audit commission regulations, this commission is responsible for and must comply with the duties stated in CC article 423- F and 423-G, including the following tasks:

Regarding financial information:

- Issue an opinion on the annual report and accounts and the proposals submitted by the company's board of directors;
- Review, monitor and advise on the following matters:
 - a) The company's annual, quarterly and half-yearly financial information, including the scope, process, development, dissemination and accuracy of the accounting documents;
 - b) Relevant issues related to accounting issues, audit and reporting of financial information, including the following:
 - i) Adequacy of the policies, practices, accounting procedures and valuation criteria adopted by the company;
 - ii) Regularity and quality of accounting information and supporting documentation of the company in light of accounting standards and principles;
 - iii) Any relevant changes to policies, practices, procedures or criteria referred to in b) i) above or any changes to accounting standards;
 - iv) The situation of any property or securities owned by the company;
 - v) The impact of unusual transactions and respective accounting methods and other transactions of the changes described in b) iii) above, on accounting documents.

The chartered accountant towards the external auditor shall:

- Propose the appointment of the company's chartered accountant and replacement, monitor and assess their independence, the scope of their services and the statutory audit of company accounts and statements to the general meeting;
- Assess the content of the annual certification of accounts prepared by the chartered accountant and discuss any reservations;
- Represent the company towards the external auditors;
- Propose the board hires, renews or dismisses the respective contract and remuneration of the company's external auditors at the general meeting, whenever there is just cause, and give an opinion on the possible renewal of the contract or replacement of the company's external auditor, as appropriate, at the end of three consecutive contracts, focusing specifically on the benefits and costs of their rotation and their independence;
- Ensure that within the company and the companies within or dominated by ZON Multimédia group, the company's chartered accountant and external auditors are provided with adequate conditions to conduct their services;

- Review the scope, planning and resources to be used in providing the respective services with the chartered accountant and the external auditors;
- Assess the content of the audit reports and the company's external auditors annually. The auditors shall report and be subject to audit commission supervision, in terms of their qualifications, independence and performance;
- Get an annual basis report on the substantive issues arising in the context of services provided directly from the external auditors, as well as any relationship between the company and its external auditors, including the amounts paid for audit services and additional services;
- Discuss separately with the external auditors aspects and problems related to the company's audit process of accountability documents, including the responses from the executive committee, and
- Approve the hiring of the auditor or the chartered accountant for the provision of services other than audit services in advance.

Internal control, risk management and internal auditing shall:

- Monitor the effectiveness of the company's internal control mechanisms, risk management and internal audit whenever required and propose to the board of directors and/or the executive committee, to the extent of its delegation of powers, the adjustments to those mechanisms as may be appropriate to the needs of the company;
- Discuss and revise, as necessary or appropriate, with the executive committee and the external auditors any matters relating to compliance with legal or regulatory obligations which may have a material impact on the company's financial information, auditing or accounting policies and other companies that consolidate their accounts with ZON Multimédia;
- Discuss and review the adequacy, reliability and effectiveness of the company's internal control procedures and evaluate matters relating to accounting and auditing, financial reporting, risk detection and protection of the company's assets with the executive committee and the external auditors annually;
- Evaluate internal control and risk management and propose any adjustments as required by the company;
- Review the scope and planning of activities and financial, human, technological and organisational resource requirements for adequate and effective internal audits with the executive committee annually;
- Discuss the internal control reports with the heads of internal auditing and external auditors and review the of internal audit reports, which, notwithstanding the relevant technical hierarchical dependence, are subject to the functional coordination of the audit commission;

- Issue an opinion on the appointment, replacement or dismissal of internal audit unit officers beforehand, and
- Oversee the tasks and the implementation of the measures, recommendations and plans proposed in the context of the internal control and risk management systems and the internal audit tasks within the company.

Compliance and irregularities shall:

- Oversee compliance with legal and statutory provisions applicable to the company and receive communications regarding any illegalities or irregularities from shareholders, company employees or others;
- Issue a prior opinion on any significantly relevant business to be concluded between qualified shareholders or entities with whom they are in any of the situations listed in SC article 20 in force at the time and ZON Multimédia or companies dominated by the group;
- Discuss and review any relevant matters related with the conformity of the company's business activity, with the laws, regulations and statutory provisions and with the instructions, recommendations and guidelines issued by the competent authorities with the board and/or executive committee;
- Implement an irregularity reporting policy, including any confidential and anonymous procedures needed to receive, record and process complaints received by the company, particularly those aspects related to accounting, internal control procedures for accounting matters and audit issues relating to the company;
- Ensure, within their legal and statutory powers, the functional reporting of the company services which ensure compliance with the rules applicable to the company (compliance), notwithstanding their need to report to the executive committee.

Other liabilities and tasks:

- Approve and disseminate an annual report on its supervisory activity, including a description of the activities performed in the previous year, and mentioning, in particular, any constraints that the audit commission encountered in carrying out its powers and performing their duties on the company's website along with the accounting documents;
- Approve a report on the following aspects every year advising the board of the contents;
 - i) Performance evaluation of the audit commission in accordance with its powers, duties, responsibilities and functions;
 - ii) Action plan for the current year to carry out its responsibilities and fulfil its duties, responsibilities and functions;
- Review and reassess the respective regulations and, where appropriate, propose any changes deemed necessary or convenient to the board every year.

- Establish procedures and criteria required to define the level of significant relevance of business inked between owners of qualifying holding or entities with whom they are in any of the situations listed in SC article 20 and ZON Multimédia or companies dominated by the group.

In carrying out its powers, functions and responsibilities and to comply with their duties, the activity of the audit commission, as applicable and within legal limits, includes the companies dominated by the group and ZON Multimédia and other direct or indirect subsidiaries.

Mode of operation

Notwithstanding any compliance with legal and statutory requirements, the audit commission, on its own initiative and as part of its responsibilities and legal and statutory duties and whenever deemed necessary to fulfil their responsibilities and respective duties under the regulation shall:

- Meet at least once a month;
- Meet at least once every quarter, with members of the executive committee, the head of internal auditing, the chartered accountant and the company's external auditors and, whenever it deems appropriate, at least once per year, separately or jointly with members of the executive committee, the administration and supervision bodies, responsible for internal auditing, the chartered accountant and the company's external auditors;
- Attend executive committee meetings that appraise the financial statements, and in any case, the CEO is required to send to the chairman of the audit commission copies of the minutes of the meetings of that committee, when requested for this purpose;
- Be entitled to summon the persons referred to in ii above and any directors or employees of the company and/or companies in dominated by the group:
 - participate, wholly or in part in any audit commission meetings or to meet individually with any of its Members, and
 - conduct any investigations and provide any information the audit commission deems necessary, including operations, activities or business of the company and/or companies in dominated by the group with ZON Multimédia;
- Be entitled to request the ZON Multimédia executive committee and/or board of directors to take any the steps necessary to obtain the information about the course of operations, business activities or subsidiaries, directly or indirectly, by ZON Multimédia. The committee or board should ensure the necessary collaboration and coordination with the boards of those companies;

- vi. Be entitled to hire the services of experts to assist one or more of its members in conducting their tasks, and the hiring and remuneration of these experts must take into account the importance of the subjects committed to them and the economic situation of company; and
- vii. Be generally entitled to obtain all information and financial, technical, human and material resources necessary, including a support secretariat, from the company's board of directors.

Meetings shall be convened by the chairman or at the request of any of its other members. The notice of each meeting shall be sent to the audit commission members, with at least 3 working days' notice before the date of each meeting and include the agenda and, where applicable, any supporting documentation.

The decisions of the audit commission are taken by majority of votes cast as long as most of the members in office are present, and its chairman has a casting vote.

The audit commission held 20 meetings in 2012. Minutes were taken of the meetings.

Pursuant to the ZON Multimédia regulations and applicable law, the company's accounts must be examined by a chartered accountant or a firm of accountants, appointed by the general meeting as proposed by the audit commission.

The audit provided for in CC article 446, is ensured by Oliveira, Kings & Associates, SROC, Lda, represented by Jose Vieira dos Reis and Fernando Marques Oliveira as statutory effective and alternate auditors respectively, for the current term of office.

The audit commission regulations are available for inspection at the company's website.

Remuneration committee

The remuneration committee is elected by the shareholders at their annual meeting and its purpose, in accordance with the articles of association article 13 point 4 paragraph e), is to set the remuneration of the members of the ZON Multimédia governing bodies and it is exclusively composed of members who are independent of the board of directors, according to the criteria set out in Chapter II, paragraph 14 in the annex to CMVM regulation 1/2010.

The remuneration committee has three members with great experience, especially in business, who have the knowledge necessary to deal with and decide on all matters within the jurisdiction of the remuneration commission, including remuneration policy.

In order to perform their task, the remuneration committee constantly monitors and assesses, with the support of the appointments and assessment committee, the directors' performance, verifying the extent to which their objectives were achieved, and meets whenever necessary. It should be noted that the appointments and assessment committee merely assists and does not have any power of decision, within the remit of the remuneration committee.

The members of the remuneration commission as at 31 December 2012 were:

- Fernando José Guimarães Freire de Sousa;
- Luís Manuel Roque de Pinho Patrício;
- Agostinho do Nascimento Pereira de Miranda.

The proposal and choice of remuneration commission members are carefully considered in order to guarantee impartiality and the best interests of the company, which is why none of the members have any family connection with any member of the board by marriage, blood or affinity to the third degree, making sure, by this means, the strict observance of the criteria for independence.

The company provides remuneration commission members permanent access at company expense to external consultants who specialise in various areas where the commission needs it. The remuneration commission did not contract any services to support the fulfilment of its mission in 2012.

Responsibilities

This commission was created, under the articles of association, to set the remuneration of ZON Multimédia company officers. It is also responsible for monitoring and evaluating, with the support of the appointments and assessments committee, the performance of the members according to the defined objectives.

The remuneration commission met 3 times in 2012 and decided on issues of executive committee assessment, goal setting and compensation.

Minutes were taken of the meetings.

Internal regulations and code of conduct

Ethics Code

The ZON Multimédia board of directors has adopted a code of ethics, which applies to all employees of all group companies, to ensure a common set of ethical standards. Its updating and implementation is permanently monitored by the company's corporate governance commission.

The code of ethics formalizes and explains standards of behaviour in line with the principles and values of ZON Multimédia and is a commitment towards collective responsibility of ZON Multimédia and an individual responsibility of each employee, consolidating the foundations that support the growing relations of trust between workers, other employees shareholders, customers and suppliers and service providers, as well as with regulatory authorities and the public in general.

ZON Multimédia, in meeting its ethical values:

- Establishes rules and procedures it considers most appropriate at any moment to ensure strict adherence to the legal and regulatory rules applicable to group companies and its activity, and the foundations of his conduct set out in its code of ethics;
- Welcomes the mechanisms designed to ensure that all shareholders are treated equally and assumes a transparent conduct before the shareholders, as investors, stakeholders and the market, fostering the value, credibility and good governance of the group;
- Encourages the dissemination of complete, true, current, transparent, objective and licit market information, particularly by establishing mechanisms to ensure the disclosure of financial information that accurately reflects its financial position, results and business, as well as adopting of market abuse prevention measures;
- Rejects and penalizes the use of illegal methods in achieving its business objectives, which should always be pursued in an atmosphere of healthy competition, using a policy of excellence for its products and services;
- Strives to provide its customers with products and services of the highest quality that best suit their needs and preferences and focuses on continuous innovation;
- Contributes to the motivation and remuneration of its employees, promoting equality of opportunity, human dignity and individual responsibility in its relations with employees;
- Collaborates with supervisory authorities, answering any requests they may make;
- Encourages respect for competition and labour rules while safeguarding property rights (in particular, intellectual property) and group resources;

- Creates appropriate mechanisms to ensure their suppliers and service providers respect the group's principles and values, as enshrined in the code of ethics and to comply with their legal and contractual obligations, in line with the principle of good faith;
- Imposes internally a principle of impartiality in decision making, mechanisms for preventing and resolving conflicts of interest and a duty to cooperate and encourage effective internal control system;
- Has adopted a company policy that enshrines and promotes the idea of contributing to socio-economic welfare, social responsibility and sustainable development.

The ZON Multimédia code of ethics also includes specific rules for financial officers, reinforcing the importance of specific ethical standards applicable to all group employees who are directly or indirectly involved in the preparation, analysis and dissemination of financial statements, press releases or any other management information related to ZON Multimédia. These rules aim to strengthen specific duties of confidentiality, competence and professionalism by the financial officers, as well as transparency and compliance with laws applicable to the group and the responsibility for disseminating information.

The code of ethics establishes principles of honesty and accountability, transparency and equal treatment of shareholders and regulatory aspects such as competition, intellectual property and property protection in general, prevention of conflicts of interest and impartiality, internal control system and illegitimate advantages as well as social accountability and sustainable development.

The ZON Multimédia code of ethics can be seen on the company's website.

Other codes of conduct and internal regulations

ZON Multimédia has adopted internal rules and other regulations for itself and group companies, as applicable. These codes of conduct and internal regulations are as follows:

Rules on transactions by group directors

A regulation on transactions by group directors, which regulates matters relating to the prevention of market abuse and establishes the concepts regarding "inside information", "market manipulation" and "relevant transactions" among other associated companies was approved in 2007 and revised in June 2010.

This regulation was issued in line with the SC standards and applicable CMVM regulations, namely, with the following objectives: (i) to establish rules and procedures relating to disclosure requirements regarding shares and voting rights held and any relevant transactions carried out by company officers in shares issued by ZON Multimédia and related financial instruments, and (ii) to consolidate good practice already in place at the company to improve prevention of market abuse.

Regulation on transactions with qualified shareholders

In order to accommodate the CMVM recommendations relating to transactions with qualified shareholders, and as a result of internal reflection on the matter, the audit commission and the board approved a regulation on transactions with qualified shareholders on 29 July 2010, which establishes the general principle that transactions concluded between the company or any subsidiary and any qualified shareholder or entity with which it is in one of the situations referred to in SC article 20 (related entity) should be carried out under normal market conditions.

This regulation also establishes internal procedures for monitoring transactions with qualified shareholders that are considered to be appropriate for the transparency of decision making and defines the terms of the audit commission's intervention in this process.

The contents of the internal regulation are described in Chapter 3, Section 6 below.

Regulation on the provision of services by external auditors

The audit commission approved a regulation in 2008 laying down the rules that apply to non-audit services ("Non-Audit") or audit services ("Audit Related") provided by the external auditor and/or related companies to ZON Multimédia and/or its affiliated companies included in the respective perimeter of consolidation.

According to the regulation, the provision of non-audit services or not related to audits by the company's external auditor, requires prior approval and authorisation of the audit commission and should be considered as an exception or complementarity, respectively.

Regulation on procedures to adopt regarding irregularity communication ("Whistleblowing")

The contents of the rules on reporting irregularities, approved by ZON Multimédia on 20 December 2007, is described in point 11 below, and are available for inspection on the company's website.

Remuneration Policy of Board and Oversight Committee Members

A Remuneration Committee declaration on the remuneration policy for ZON Multimédia board and oversight committee members was submitted to the company's shareholders at the ZON Multimédia general meeting on 27 April 2012, in compliance with the provision in article 2 of law 28/2009, of 19 June, a general outline of which is given below.

As regards the remuneration policy of the other ZON Multimédia directors, with the meaning given in article 248-B point 3 of the Securities Code (SC), taking into account they work on the boards of ZON Multimédia group subsidiaries, their pay is established by the respective Remuneration Committees (and not by the board of ZON Multimédia), so there is no need to submit a declaration from the board of directors about the remuneration policy of the other directors to the ZON Multimédia general meeting, which is why it is considered that Recommendation II.1.5.3 does not apply to ZON Multimédia.

Remuneration policy of executive and non-executive directors

Reward systems are a strategic part in the ability of an organisation to attract, keep and motivate the best professionals in the market.

The good practice of remuneration systems regarding quoted companies, advises models that include different components: a fixed component that works as a "base" pay and a variable part that may be an annual bonus and/or the implementation of share plans.

The components of the ZON Multimédia compensation scheme for board members is in line with what is practised by other comparable companies according to the benchmarking regarding the market value of these components. The peer groups taken for comparison considered independent studies, that encouraged an assessment of: i) benchmark PSI 20 and PSI 10; ii) benchmark Telecom – Tier 1 and Tier 2; iii) benchmark – Virgin, Telenet and Liberty Global.

The variable remuneration associated with reaching management objectives involves two components: an annual bonus and a share plan.

The annual bonus, ensuring alignment with the results, also tries to guarantee maximising the company's long-term performance.

The Share Plans and Options approved at the general meeting, aim to guarantee the alignment of individual interests with the business interests and the interests of the ZON Multimédia shareholders, rewarding met objectives, which suppose the creation of sustainable wealth.

The non-executive members of the board, as they are not responsible in putting the defined strategies into operation, have a compensation system that does not include any variable remuneration components, just a fixed amount.

Alignment of the interest of the board directors with the interest of the company

The compensation system also has to ensure the interests of the executive board members is in line with the business objectives. The success of this strategy lies in ensuring the alignment is conducted through clear objectives that are coherent with the strategy, strict metrics to assess individual performance along with correct incentives that simultaneously encourage ethical principles.

The creation of value needs not just excellent professionals but also a framework of incentives that reflect the size and complexity of the challenges.

The Remuneration Committee and the Appointments and Assessments Commission define the main variables subject to assessment and the respective objective amounts every year.

The variable remuneration was calculated using the performance of ZON Multimédia as measured by the previously defined business indicators. 2012 considered the Revenues, EBITDA (*“Earnings Before Interest, Taxes, Depreciation and Amortization”*), Operating Cash Flow, Net profit and RGUs (*“Revenue Generating Unit”*).

On the other hand, the aim of the Share Plan, apart from complying with the objectives already mentioned for the annual bonus, also ensures alignment with the creation of shareholder value and strengthens loyalty mechanisms. There are two Plans in operation, one called "Executivo Sénior" and the other "Standard".

Although the assessments regarding compliance with the objectives is the responsibility of the remuneration committee, they are supported by an opinion issued by the Appointments and Assessments Commission.

The variable remuneration, using the components referred to above, tries to consolidate a correct policy to set objectives with systems that properly reward the ability to get results and obtain ambitious performance, that discourage short-term policies and foster the development of sustainable medium- and long-term policies. The Share Plan approved at the general meeting on 19 April 2012, imposed a deferral period of three years for the Executivo Sénior plan, in compliance with the legal requirements in force regarding variable remuneration deferral and 5 years for the Standard plan.

It should also be noted that despite the current Share Plan being deferred in time, the Remuneration Committee limited the transformation of rights to shares, attributed under the Executivo Sénior Share Plan, at the end of the three-year period, depending on the profit of the company which requires compliance with the following, additional condition:

The consolidated net situation in years n+1 or n+2 or n+3, depending on the year under assessment, excluding any extraordinary movements occurred after the end of year n, and without an amount corresponding to a pay-out of 40% on the net profit in the consolidated accounts of each year in the deferral period (regardless of the actual pay out) must be higher than that found at the end of business year n. Extraordinary movements are considered, in the period between year n and n+3, namely capital increases, purchase or sale of own shares, extraordinary dividends, annual pay-out different from 40% of the consolidated profit of the respective business year or other movements that affect the net situation but do not arise from the company's operating profit. The net situation of year n+1, n+2 and n+3 must be calculated using the accounting rules used in business year n, to ensure comparability.

The distribution of shares, under the approved plans, is totally dependent on group and individual performance, primarily aims to ensure the maximum creation of value over the medium- and long-term, thus encouraging policies that are sustainable in the long term.

Note that the variable compensation attributed through the Share Plans, apart from being deferred will mostly be received after the term of office and is subject to positive performance of the company in the future as mentioned above.

These plans are described in greater detail in Chapter 3 point 5 below.

The objectives that are assessed generally correspond to profitability ratios and growth that ensure the development of the company and, consequently, indirectly the national economy and all its stakeholders.

In the case of future attribution of options, there is a three-year deferral after the date of the respective attribution.

Deferral of variable remuneration

Half of the variable compensation that was attributed, i.e. the bonuses and shares attributed under the respective plans, was deferred for three years and its payment will depend on the future positive performance. The definition of this condition on future access to the variable remuneration was explained in the previous point.

Ceilings on variable remuneration

The amount of the variable components (including the Share Plans), when the attribution is decided by the Remuneration Committee is limited to a ceiling of 1.5 times the fixed remuneration, in compliance with good corporate governance practice regarding these matters.

Guarantee of minimum variable remuneration

There are no contracts with guaranteed minimums for the variable remuneration, decoupled from company's performance, nor are there any contracts to mitigate the inherent risk of the variable remuneration.

Unfair dismissal of the board of directors

Unfair dismissal of ZON Multimédia executive directors gives them the right to receive an amount equivalent to the fixed remuneration plus the annual variable remuneration (excluding the attribution of new share rights) that they would have had the right to until the end of their term of office as compensation. The annual variable remuneration to be received until the end of the term of office will be calculated using the average annual variable remuneration (excluding the shares component) paid in the last two years.

Payments connected with the termination of board director contracts

In order to bring the company into line with good international practice regarding Corporate Governance, if a ZON Multimédia executive board director is not reappointed after terminating their term of office, they shall be paid compensation equivalent to two years average annual fixed remuneration and bonus (excluding share attribution plans) under the terms of the individual agreements. On the other hand, they cannot work in any competing company in Portugal for two years.

These board directors have no employment relationship with ZON Multimédia.

Remuneration policy of members of oversight bodies

The members of the Audit Commission, like other non-executive board directors, only receive fixed remuneration.

The certified accountant is paid in accordance with the legally established contract terms.

Given the above, ZON Multimédia believes its remuneration model is properly designed, as: i) it defines a potential, total maximum remuneration; ii) it rewards performance, through a fixed remuneration that is relatively small in comparison with the total potential remuneration, as a mechanism to defend the interest of the stakeholders; iii) it discourages adopting excessive risk, as 50% of the variable remuneration component – Annual Bonus and Share Plan – are deferred over three years; iv) it actively guarantees adopting sustainable policies over time, namely by previously defining business objectives and because of the real payment of the deferred variable remuneration components are subject to compliance with objective conditions, associated with the economic soundness of the company; v) It allows talent to be obtained and retained; and vi) it is in line with comparable benchmarking.

Board directors' remuneration

Fixed and variable remuneration of executive and non-executive board directors

The fixed and variable remuneration of executive and non-executive board directors in 2012 were as shown below:

UNIT: EUR	Fixed	Variable	TOTAL	Remun. paid in 2012	Remun. to be paid in 2013	Comments
Chairman of the Board of Directors						
DANIEL PROENÇA DE CARVALHO	250.000	0	250.000	214.286	35.714	
Executive Committee						
RODRIGO JORGE DE ARAÚJO COSTA	695.002	270.000	965.002	595.716	369.286	
JOSÉ PEDRO FARIA PEREIRA DA COSTA	405.006	225.000	630.006	347.148	282.858	
LUÍS MIGUEL GONÇALVES LOPES	405.006	225.000	630.006	347.148	282.858	
DUARTE MARIA DE ALMEIDA E VASCONCELOS CALHEIROS	350.000	90.000	440.000	300.000	140.000	
	1.855.014	810.000	2.665.014	1.590.012	1.075.002	
Non-executive Members/Audit Committee						
VITOR FERNANDO DA CONCEICAO GONCALVES	120.000	0	120.000	102.857	17.143	
NUNO JOAO FRANCISCO SOARES OLIVEIRA SILVERIO MARQUES	110.000	0	110.000	94.286	15.714	
PAULO CARDOSO CORREIA DA MOTA PINTO	110.000	0	110.000	94.286	15.714	
	340.000	0	340.000	291.429	48.571	
Non-executive Members						
FERNANDO FORTUNY MARTORELL	21.409	0	21.409	18.350	3.058	
ANTÓNIO DOMINGUES	21.409	0	21.409	18.350	3.058	
JOAQUIM FRANCISCO ALVES FERREIRA DE OLIVEIRA	21.409	0	21.409	18.350	3.058	
LASZLO HUBAY CEBRIAN	42.818	0	42.818	36.701	6.117	
MÁRIO FILIPE MOREIRA LEITE DA SILVA	21.409	0	21.409	18.350	3.058	
ISABEL JOSE DOS SANTOS	0	0	0	0	0	
MIGUEL FILIPE VEIGA MARTINS	0	0	0	0	0	
CATARINA EUFEMIA DA LUZ TAVIRA	0	0	0	0	0	
ANDRE PALMEIRO RIBEIRO	0	0	0	0	0	
JORGE TELMO MARIA FREIRE CARDOSO	11.471	0	11.471	11.471	0	Resignation date - 31/08/2012
LUIS JOÃO BORDALLO DA SILVA	18.565	0	18.565	18.565	0	Resignation date - 31/07/2012
NORBERTO EMILIO SEQUEIRA DA ROSA	0	0	0	0	0	Resignation date - 31/07/2012 without remuneration
	158.490	0	158.490	140.139	18.350	

The remuneration payable in 2013, regarding the variable, month of holidays and holiday subsidy.

The variable remuneration refers to executive board director performance in the business years ended on 31 December 2012.

ZON Multimédia executive board directors who also work in other ZON Multimédia group companies do not receive any additional remuneration or other amounts of any kind.

Attribution of shares or share options or other incentive system using shares – bonuses, benefits in kind and profit sharing

The general meeting approved a Share or Option Plan, that authorised ZON Multimédia to implement two Plans, one called Executivo Sénior and another called Standard. The executive board members are on both plans.

Following the implementation of the above plan, rights to shares under the Executivo Sénior plan and the Standard plan were attributed to members of the Executive Commission in 2012.

	Number of Shares allocated in 2012 under the Senior Executive Plan. (these shares will be vested in 2015, subject to the future positive performance of the Company)	Number of Shares allocated in 2012 under the Standard Plan. (These shares will be vested between 2013 and 2017 subject to a rate of 20% per year, and to the future positive performance of the Company)
RODRIGO JORGE DE ARAUJO COSTA	75.000	9.115
JOSE PEDRO FARIA PEREIRA DA COSTA	40.000	5.311
LUIS MIGUEL GONCALVES LOPES	40.000	5.311
DUARTE MARIA DE ALMEIDA E VASCONCELOS CALHEIROS	17.500	4.590
	<u>172.500</u>	<u>24.327</u>

These plans are described in greater detail in Chapter 3 point 5 below.

Compensation paid or due for job termination

No compensation was paid or due to former board directors for terminating their jobs.

Estimate of other benefits in kind

Apart from those described above, no significant benefits in kind were attributed.

There are no extra pension or early retirement schemes for the board directors.

Risk Control System

Main risk factors

ZON Multimédia's business is affected by several risk factors, which are grouped into risk categories, namely: Governance, strategy and planning, operations and infrastructure, compliance and reporting. The risk factors are reviewed and prioritized twice a year, updating them and subjecting them to a voting process to classify them according to their likelihood and impacts in terms of processes, people and technology. ZON Multimédia has been implementing control activities that to mitigate risks to a level set by management (level of acceptance of risk) to manage its risks.

The main risk factors identified in the last assessment were:

- Regulation: to monitor regulatory changes, given the threats and opportunities posed to the competitive position of ZON Multimédia in its business areas. The regulation risk management is the liability of the central legal department, with support from the operators, regulation and competition department, which should be aware of any new regulations issued by national and international entities that apply to business sectors where ZON Multimédia is present.
- Competition: potential reduction in the prices of products and services, reduction of market share, loss of customers, increasing difficulty in obtaining and retaining customers. This management of this risk is a constant concern of the ZON Multimédia executive committee. Competition risk management has become a strategy of investing in the continuous improvement of quality of service before the competition (Cable TV and Digital Television), launching channels (investing in exclusive channels and HD), and innovative services (time-warp), diversification of supply and the quality and diversity of the content.
- Technological developments: the need for investments in increasingly competitive business services (Multimedia, Internet and land-line and mobile voice) subjected to accelerated and sometimes unpredictable changes in technology.

ZON Multimédia sees innovation management as critical, despite the fact that you cannot accurately predict the effect of technological change on one's business or your ability to offer competitive products and services. ZON Multimédia activity and earnings may be impacted if: the group (i) does not effectively compete in new businesses and markets, (ii) cannot attract and retain employees with the necessary skills to develop new business, and (iii) does not increase the use of new services by customers, if it decreases or if its evolution is in a different direction from the technologies and businesses that ZON Multimédia is investing in.

The management of risk regarding technological change is the responsibility of the technology management and information systems units.

- Loss of customers: the inability to retain customers, either through inappropriate business practices or difficulty in monitoring its effectiveness. This management of this risk is a constant concern of the ZON Multimédia executive committee. Managing the risk of losing customers has gone through a strategy of diversifying products and services and constantly monitoring of their preferences.
- Retaining talent: the ability to ensure people have the skills and knowledge required to develop the business, are properly motivated, and positioned in the right places. Managing this risk is the responsibility of the central human resource department which, given the aggressive competition, has developed strategies for retaining resident skills and focuses on opportunities for strengthening them. The main components of these strategies have been the focus on training, outlining plans for professional development, attracting highly qualified skills and implementation of progressive reward systems increasingly focusing on merit and results.
- Tax: The changes in tax laws and possible interpretations of applying different forms of fiscal and parafiscal regulations. This risk management is the responsibility of the central financial and administrative department, which tracks all tax legislation and seeks to take advantage of tax planning opportunities. This department can request tax advice whenever issues under consideration may be more critical and, therefore, need interpretation by an independent entity.
- Revenue: Implementation and enforcement of revenue controls, regarding invoicing quality. These controls are applied in the billing area, where ZON Multimédia wants to present a better quality to reach a level of excellence.

The revenue assurance & fraud area applies procedures for monitoring revenue loss (underbilling) and cost control that allow us to present a coherent chain of revenue between the moment it enters our systems to invoicing and collection. ZON Multimédia applies fraud control procedures to prevent abnormal fraudulent situations or piracy with a direct impact on revenue.

- Collection: Reduced income from customers by ineffective or inadequate charging rules and/or amendments to legislation governing the provision of essential services and that have an impact on the recovery of debts from customers. These risks are managed by setting a monthly action plan for collecting bills where the results are monitored, validated and assessed. Where appropriate the rule and the action timings are adjusted to ensure the collection of end customer debts.

Risk management strategies

Risk management is ensured by various ZON Multimédia business units based on identifying and prioritizing critical risks and developing risk management strategies to implement any control procedures considered appropriate to reduce risk to an acceptable level.

The risk management strategies that have been adopted seek to ensure that:

- The control systems and procedures and the policies in place allow us to meet the expectations of management, shareholders and the general public;
- The control systems and procedures and policies are established pursuant to all applicable laws and regulations;
- The financial and operational information is complete, reliable, safe and reported regularly and on time;
- The ZON Multimédia resources are used efficiently and rationally;
- The shareholder value is maximised; operational management takes the necessary steps to correct any aspects that are reported.

Internal procedures to control risk

Bearing in mind the regulatory requirements ZON Multimédia is subject to, it has implemented an internal control and risk management post, approved by the executive committee, upon advice from the audit commission, which is intended primarily to ensure compliance with the objectives, policies and procedures to ensure the reliability of financial reporting, to minimize any fraud and identify the main risks related to company activity and events that could generate risks and ensure that critical risks are controlled and reduced to an acceptable level.

This task is being performed in the main ZON Multimédia subsidiaries. The programme provides for the introduction of internal control procedures and their revision, verification and continuous improvement.

In 2012, actions were implemented to correct some of the control procedures that were considered ineffective following assessments by internal and external auditing and we also reviewed the control procedures associated with risk areas that were not yet covered by the ZON Group internal control manual and extended the cover of the Manual in phases to other ZON companies in the future.

The evaluation methodology that was adopted took into account the references provided by the bodies responsible for encouraging the existence of internal control mechanisms in the capital markets, in particular by the CMVM, SEC and PCAOB that were based on an assessment of the internal control system in the light of the framework of COSO II - Enterprise Risk Management, regarding the Entity Level Controls and Process Level Controls, in accordance with the COBIT framework for Information Systems and Information Technology.

As regards the implementation of an internal control system and as a result of using the references mentioned above, a set of systems were developed that helped maintain an excellent internal control and risk management environment in ZON Multimédia, including:

- The monitoring and periodic review of the risk management process to ensure that the planning remains relevant in terms of costs and treatment options of the risks and that any changes that occur, are included in the factors that affect the likelihood and impact of the risks ensuring their level of risk is acceptable as defined by management;
- Maintaining the ZON Multimédia "Risk Dictionary", adjusting it to the reality of the ZON Multimédia group every moment and the political and economic environment of global recession and financial market instability;
- Actions to assess the risks identified in the "Risk Dictionary" in terms of i) the likelihood of occurrence and ii) potential impacts in terms of people, processes and technology, identifying priority areas for auditing the internal control manual and risk mitigation actions;
- The monitoring risk control procedure assessment, using them as warnings to: i) permanently update residual risk, ii) generate and maintain updated risk matrices and, consequently, iii) adjust priorities and actions to develop, maintain, among others, an alignment of risk actually incurred with the company's strategic option in assuming risk, and monitoring the implementation of risk management measures that were adopted and how effective they are;
- Maintaining the association between the risks and the items in the financial statements in order to assess their impact as a result of fluctuations in the levels of risk and the production of various assessment reports;
- Periodic assessment of the internal control and risk management system, including a review of the internal control manual used in the main ZON Multimédia businesses and ensuring it is continuously updated;

- Maintaining the alignment between the information systems/information technology internal control manual and the controls stated in the information security certificate (ISO 27001);
- Publication of ZON Multimédia group internal control manual on the corporate intranet to ensure most employees are aware of it, allowing for internal communication and information about the internal control and risk management system;
- Defining, monitoring and reporting the assessment of control procedures, required remediation plans to correct any identified deficiencies and any impacts of the corporate risk management model to the ZON Multimédia audit commission.

These actions assured that as at 31 December 2012, a 98% implementation of the ZON Group internal control manual, which was the percentage of the controls considered as effective in comparison with all the controls defined in the internal control manual. "Effective controls" was considered as meaning the results of the assessment actions undertaken by internal and external auditors.

Control by ZON Multimédia, business units and instrumental companies

ZON Multimédia's internal control is structured according to the following functional responsibilities:

- Entity Level Controls are defined in business terms by ZON Multimédia and apply uniformly to all group companies including ZON Multimédia and are intended to establish guidelines for the internal control of ZON Multimédia subsidiaries;
- Process Level Controls and IS/IT controls are defined corporately and are applied to ZON Multimédia subsidiaries, tailored to their specific nature, organisation and accountability processes. Given this distribution, the controls related to the collection of information needed to prepare the financial statements are located in the companies while the controls related to processing, recording and archiving accounting information is in the central financial and administrative department.

ZON Multimédia, after completing the revalidation of the model, began a systematic process to validate the controls that had been implemented and maintained by the ZON Multimédia corporate units and business units in 2011, ensuring the commitment of key reporting financial stakeholders and the permanent monitoring of the effectiveness of the design and adequacy of those controls.

Business continuity management

ZON Multimédia believes business continuity management is an essential tool to ensure that their goals can be achieved even when the organisation is exposed to a transient event that may disrupt its operations.

The business continuity management implemented by ZON recognises the strategic importance of the various stakeholders in the business and has developed a resistant structure that can respond to emergencies using a methodology based on risk assessment.

The definition and maintenance of the business continuity plan framework is the responsibility of the corporate safety committee, which must ensure the process, responsibilities, resources and methodology to develop, implement and test the business continuity plans.

This ZON Multimédia committee is also responsible for overseeing the updating of the business continuity plans for the different areas, for scheduling these tests and monitoring the implementation of improvements and changes to the various plans.

Irregularity communication policy

ZON has a policy for reporting irregularities within the company, and has had regulations on procedures to adopt regarding the communication of irregularities ("Whistleblowing"), since 2007.

Under these regulations, "irregularities" are all wilful or negligent acts or omissions that occur as part of the group's activity, that are against laws or ZON Multimédia regulations, statutory provisions, rules or ethical principles attributable to ZON Multimédia group board members or other officers, directors, staff and other workers and employees (regardless of their rank or their contractual relationship). These irregularities may include, among others, breach of rules and ethical principles in ZON Multimédia's Code of Ethics, in particular breaches related to the integrity of financial reporting and accounting practices, the rules of conflict of interest, the internal control system or competition policies.

After being implemented, these regulations were sent to all employees by email and they were published on ZON Multimédia's intranet. These regulations are also sent to all group employees by email once a year.

Any irregularity can be transmitted through the procedures and mechanisms given in the regulations. The communication of any signs of irregularities should be made in writing stamped "confidential" and addressed to the audit commission at PO Box 14026 EC, 5 de Outubro, 1064-001 Lisbon, which was opened for this sole purpose, or by email to comunicar.irregularidades@zon.pt also created exclusively for reporting irregularities.

Irregularity reports are received and processed by the audit commission, which is assisted throughout the various stages of this process by the secretary general and the internal audit unit. The audit commission is empowered to take the necessary decisions and send a copy of these to the ZON Multimédia CEO and CFO, as well as other domestic or foreign entities, whose involvement is required or justified.

In any case, the identity of the authors of the irregularities reports is kept confidential (when known), unless they unequivocally wish to declare otherwise. Under no circumstances will any retribution or retaliation be tolerated against those who send the communications.

The audit commission, within its remit, carries out an annual review of the adequacy of the procedure established by the regulation.

3

Information

Capital structure and main shareholders

The share capital of ZON Multimédia is €3,090,968.28 which is fully subscribed and paid up. The share capital is represented by 309,096,828 ordinary shares.

All ZON Multimédia shares can be traded on Eurolist by Euronext Lisbon.

With reference to communications made to the company until 31 December 2012, by issuers and their directors under CC article 447, SC article 16 or article 11 of CMVM regulation 5/2008, the structure of qualified shareholdings in ZON Multimédia, calculated pursuant to SC article 20 point 1, as at that date, is shown below:

Shareholders	Number of shares	% Voting Rights
Unitel International Holdings, B.V. ⁽¹⁾	58.147.094	18,81%
Kento Holding Limited ⁽¹⁾	30.909.683	10,00%
Banco BPI, SA	23.428.598	7,58%
Espírito Santo Irmãos, SGPS, SA ⁽²⁾	15.455.000	5,00%
Joaquim Alves Ferreira de Oliveira ⁽³⁾	14.955.684	4,84%
Fundação José Berardo ⁽⁴⁾	13.408.982	4,34%
Banco Espírito Santo, SA	10.661.737	3,45%
Ongoing Strategy Investments, SGPS, SA ⁽⁵⁾	10.162.250	3,29%
Estêvão Neves - SGPS, SA ⁽⁶⁾	9.075.782	2,94%
Grupo Visabeira, SGPS, SA ⁽⁷⁾	6.641.930	2,15%
Norges Bank	6.379.164	2,06%
Zadig Gestion (Luxembourg) S.A.	6.300.000	2,038%
SGC, SGPS, SA ⁽⁸⁾	6.182.000	2,00%
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	6.088.616	1,97%
BES Vida - Companhia de Seguros, S. A.	5.721.695	1,85%
Metalgest - Sociedade de Gestão, SGPS, SA ⁽⁴⁾	3.985.488	1,29%
Total identified	227.503.703	73,60%

(1) The qualified shareholding is attributed to Isabel dos Santos, as the sole shareholder of KENTO and the controlling shareholder of Unitel International Holdings, B.V. under article 20 point 1 paragraph b) and article 21 of the Portuguese Stock Exchange Code.

(2) The voting rights of Espírito Santo Irmãos, SGPS, S.A. are attributed to Espírito Santo Industrial, S.A., Espírito Santo Resources Limited and Espírito Santo Internacional, S.A., companies that control, in that order, Espírito Santo Irmãos.

(3) The voting rights of 4,84% of the share capital are attributed to Joaquim Francisco Alves Ferreira de Oliveira, as he controls GRIPCOM, SGPS, S.A., and Controlinveste International S.a.r.l., which respectively own 2,26% and 2,58% of the share capital of ZON Multimédia.

(4) The position of Fundação José Berardo is reciprocally attributed to Metalgest - Sociedade de Gestão, SGPS, SA.

(5) The voting rights of Ongoing Strategy Investments, SGPS S.A. are attributed to RS Holding, SGPS, S.A. as its majority shareholder and Isabel Maria Alves Rocha dos Santos, as majority shareholder of RS Holding, SGPS, S.A.

(6) The qualified shareholding of Estêvão Neves - SGPS, SA is attributed to its majority shareholder José Estêvão Fernandes Neves.

(7) Visabeira Investimentos Financeiros, SGPS, SA, owns 0,99% of the share capital and voting rights of ZON Multimédia, and 1,16% are owned directly by Grupo Visabeira, SGPS, SA. Visabeira Investimentos Financeiros, SGPS, SA, is 100% owned by Visabeira Estudos e Investimentos, SA, which is 100% owned by Visabeira Serviços, SGPS, SA, which, in turn, is owned by Grupo Visabeira, SGPS, SA.

(8) The holding of SGC, SGPS, SA is attributed to its majority shareholder João Pereira Coutinho.

Note: The qualified shareholdings by Unitel International Holdings, B.V. and Banco Espírito Santo, S.A. were updated on 31 December 2012, based on the information given in the Report and Accounts.

The following table shows the holdings of Banco Português de Investimento, S.A. ("BPI") calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Fundo de Pensões do Banco BPI (Pension Fund)	23.287.499	7,53%
BPI BI	83.800	0,03%
BPI Vida - Companhia de Seguros de Vida, SA	57.299	0,02%
Total	23.428.598	7,58%

The following table shows the holdings of Banco Espírito Santo, S.A. (“BES”) calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Banco Espírito Santo, SA	3.001.220	0,97%
Governing body members	1.517	0,00%
BES group companies or under their domination	7.659.000	2,48%
Total	10.661.737	3,45%

The following table shows the holdings of Joaquim Alves Ferreira de Oliveira, calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Gripcom, SGPS, SA	6.989.704	2,26%
Controlinveste International, S.à.r.l.	7.965.980	2,58%
Total	14.955.684	4,84%

The following table shows the holdings of Ongoing Strategy Investments, SGPS, S.A., calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Insight Strategic Investments, SGPS, SA	5.688.106	1,84%
Ongoing Strategy Investments, SGPS, SA	4.419.513	1,43%
Investoffice - Investimentos e Consultoria Financeira, SA	50.000	0,02%
Nuno Vasconcelos	4.631	0,00%
Total	10.162.250	3,29%

The following table shows the holdings of Estêvão Neves - SGPS, S.A., calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Estêvão Neves - SGPS, SA	6.991.113	2,26%
Enotel - SGPS, SA	1.785.580	0,58%
José Estêvão Fernandes Neves	299.089	0,10%
Total	9.075.782	2,94%

The following table shows the holdings of Grupo Visabeira, SGPS, S.A., calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
Grupo Visabeira, SGPS, SA	3.574.575	1,16%
Visabeira Investimentos Financeiros, SGPS, SA	3.067.355	0,99%
Total	6.641.930	2,15%

With reference to communications made to the company until 31 December 2012, by issuers and their directors under CC article 447, SC article 16 or article 11 of CMVM regulation 5/2008, the structure of qualified shareholdings in ZON Multimédia, calculated pursuant to SC article 20 point 1, as at that date, is shown below:

Shareholders	Number of shares	% Voting Rights
Unitel International Holdings, B.V. ⁽¹⁾	58.147.094	18,81%
Kento Holding Limited ⁽¹⁾	30.909.683	10,00%
Banco BPI, SA	23.428.598	7,58%
Espírito Santo Irmãos, SGPS, SA ⁽²⁾	15.455.000	5,00%
Joaquim Alves Ferreira de Oliveira ⁽³⁾	14.955.684	4,84%
Fundação José Berardo ⁽⁴⁾	13.408.982	4,34%
Banco Espírito Santo, SA	10.661.737	3,45%
Ongoing Strategy Investments, SGPS, SA ⁽⁵⁾	10.162.250	3,29%
Estêvão Neves - SGPS, SA ⁽⁶⁾	9.075.782	2,94%
Blackrock, Inc.	6.861.380	2,22%
Grupo Visabeira, SGPS, SA ⁽⁷⁾	6.641.930	2,15%
Norges Bank	6.379.164	2,06%
Zadig Gestion (Luxembourg) S.A.	6.300.000	2,038%
SGC, SGPS, SA ⁽⁸⁾	6.182.000	2,00%
ESAF - Espírito Santo Fundos de Investimento Mobiliário, SA	6.088.616	1,97%
BES Vida - Companhia de Seguros, S. A.	5.721.695	1,85%
Metalgest - Sociedade de Gestão, SGPS, SA ⁽⁴⁾	3.985.488	1,29%
Total identified	234.365.083	75,82%

(1) The qualified shareholding is attributed to Isabel dos Santos, as the sole shareholder of KENTO and the controlling shareholder of Unitel International Holdings, B.V. under article 20 point 1 paragraph b) and article 21 of the Portuguese Stock Exchange Code. Following the agreement reached between Sonaecom, Kento Holding Limited and Jadeium BV, now called Unitel Internacional Holdings, BV (Grupo KJ) and the subsequent unanimous approval by the boards of directors of ZON MULTIMÉDIA - Serviços de Telecomunicações e Multimédia, SGPS, S.A. and OPTIMUS, SGPS, S.A., of the Merger Project, both made public through communiqués on 14 December 2012 and 21 January 2013 respectively, the holding by Grupo KJ, which corresponds to 28.81% of ZON's share capital, changes as of that date to be attributable to Sonaecom, under and for the purposes of article 20, point 1 paragraph h) of the Stock Exchange Code. The holding that is attributable to Sonaecom is also attributable under article 20, point 1 paragraph b) of the Stock Exchange Code to all the dominating entities, particularly SONTEL, BV, Sona Investments, BV, SONAE, SGPS, S.A., EFANOR INVESTIMENTOS, SGPS, S.A. and Mr. Belmiro Mendes de Azevedo.

(2) The voting rights of Espírito Santo Irmãos, SGPS, S.A. are attributed to Espírito Santo Industrial, S.A., Espírito Santo Resources Limited and Espírito Santo Internacional, S.A., companies that control, in that order, Espírito Santo Irmãos.

(3) The voting rights of 4,84% of the share capital are attributed to Joaquim Francisco Alves Ferreira de Oliveira, as he controls GRIPCOM, SGPS, S.A., and Controlinveste International S.a.r.l., which respectively own 2.26% and 2.58% of the share capital of ZON Multimédia.

(4) The position of Fundação José Berardo is reciprocally attributed to Metalgest - Sociedade de Gestão, SGPS, SA.

(5) The voting rights of Ongoing Strategy Investments, SGPS S.A. are attributed to RS Holding, SGPS, S.A. as its majority shareholder and Isabel Maria Alves Rocha dos Santos, as majority shareholder of RS Holding, SGPS, S.A.

(6) The qualified shareholding of Estêvão Neves - SGPS, SA is attributed to its majority shareholder José Estêvão Fernandes Neves.

(7) Visabeira Investimentos Financeiros, SGPS, SA, owns 0.99% of the share capital and voting rights of ZON Multimédia, and 1.16% are owned directly by Grupo Visabeira, SGPS, SA. Visabeira Investimentos Financeiros, SGPS, SA, is 100% owned by Visabeira Estudos e Investimentos, SA, which is 100% owned by Visabeira Serviços, SGPS, SA, which, in turn, is owned by Grupo Visabeira, SGPS, SA. Fernando Campos Nunes owns 74.0104% of the latter.

(8) The holding of SGC, SGPS, SA is attributed to its majority shareholder João Pereira Coutinho.

Note: The qualified shareholdings by Unitel International Holdings, B.V. and Banco Espírito Santo, S.A. were updated on 31 December 2012, based on the information given in the Report and Accounts.

The following table shows the holdings of Blackrock, Inc., calculated pursuant to Securities Code (SC) article 20 point 1.

Shareholders	Number of shares	% Voting Rights
BlackRock (Luxembourg) S.A.	1.284.999	0,42%
BlackRock Advisors, LLC	4.605.300	1,49%
BlackRock Asset Management Australia Limited	795	0,00%
BlackRock Fund Advisors	9.600	0,00%
BlackRock Fund Managers Ltd	48.174	0,02%
BlackRock Institutional Trust Company, N.A.	620.533	0,20%
BlackRock International Limited	155.629	0,05%
BlackRock Investment Management (Australia) Limited	56.700	0,02%
BlackRock Investment Management, LLC	75.400	0,02%
BlackRock Japan Co Ltd	4.250	0,00%
Total	6.861.380	2,22%

There is a detailed records of the communications regarding qualified holdings on the ZON Multimédia, institutional website, on www.zon.pt/ir.

Limits on the transmission of shares, shareholder agreements and share ownership

There are no limits or restrictions on transferring shares that represent the capital of ZON Multimédia, and the company is not aware of the existence of any shareholder agreements.

In accordance with the provisions of article 11, point 1 paragraph a) of the articles of association, shareholders are obliged to inform the board of directors of the full content of any agreements they sign regarding the company.

Also, according to the articles, shareholders who directly or indirectly exercise any activity that compete with the activities undertaken by ZON Multimédia controlled companies may not hold of shares representing more than ten percent of the company's capital without the prior authorisation of the general meeting.

No special rules apply to amending the ZON Multimédia articles of association and any alterations are governed by the law in force at the time.

Equally, there are no shareholders with special rights or rules for the workers to participate in the company's capital.

Share Price Performance

The share price of ZON Multimédia closed 2012 at € 2.97, representing an appreciation of 27.9% in comparison with the end of 2011.

The share price of ZON during the year and the volume of shares traded each day, are shown in the following chart, which also highlights major events of the year, such as the presentation of results and dividend payments:

ZON Multimédia Stock Exchange Performance/ PSI20



The closing price of ZON shares reached a maximum value of € 3.30 and a minimum price of € 1.977.

A total of 108,224, 569 ZON shares were traded in 2012, which corresponds to an average of 422,752 shares per session – accounting for 0.14% of the issued shares.

The main Portuguese stock index saw a slight 2.93% rise in 2012, while the Spanish IBEX#% fell 4.66% compared to the end of 2011. Other international indexes performed well in 2012, with the FTSE100 (UK), CAC40 (France) and Dax (Germany) going up 5.84%, 15.23%, and 29.06%, respectively. The Dow Jones EuroStoxx 50 went up 13.79% in 2012.

Dividend Distribution

Dividend distribution policy

ZON Multimédia has adopted a dividend distribution policy that considers the net profit for the year, the cash flow that was generated, inorganic growth opportunities and investors' expectations, taking into consideration the opportunity cost of capital and the anticipated need for funds.

The dividend policy is explained in the articles of association in terms of the minimum percentage and is publically announced beforehand by the company's board of directors.

Actually, under the articles of association, at least 40% of the annual net profit must be distributed to the shareholders as dividends, though the general meeting may decide to reduce the dividend or even not to distribute a dividend following a qualified vote with at least two-thirds of the votes cast.

The ZON Multimédia board of directors decided on 21 January 2013 to propose the distribution of an ordinary dividend for 2012 worth €0.12 a share at the next general meeting.

Dividends distributed over the past three years

As stated above, the ZON Multimédia board of directors will propose the distribution of an ordinary dividend for 2012 worth €0.12 a share at the annual general meeting.

The gross dividends per share for the past three years are shown below:

2011 – 0.16 Euros

2010 – 0.16 Euros

2009 – 0,16 Euros

Share plans or options

The objectives of the share plan or options in force in ZON Multimédia group, submitted and approved at the general meeting on 19 April 2010, mentioning all the details needed to assess it (including the respective regulations) are:

- To ensure the loyalty of staff in the different group companies;
- To stimulate their creative and productive capacity and foster business profits;
- To create favourable recruitment conditions for senior staff members and high strategic value workers;
- To align the interest of the staff with the business objectives and the interests of ZON Multimédia shareholders, rewarding the performance depending on the creation of value for the ZON Multimédia shareholders, reflected in the value of its shares on the stock exchange.

This plan, which applies to most of the staff (including executive directors and other company managers), in the sense given in article 248-B point 3 of the Securities Code (SC) is one of the pillars that makes ZON Multimédia a benchmark company in personal and professional development matters and stimulates the development and mobilisation of staff around a common project.

The ZON Multimédia share or option plan regulations were approved at the general meeting on 19 April 2010, and can be seen on the company website.

ZON Multimédia defined three kinds of plans described in more detail below, through which a maximum number of shares can be attributed. The board of directors approves this number each year which depends exclusively on complying with objectives established for ZON Multimédia and individual performance assessments.

This compensation philosophy, integrating the share programmes referred to below, apart from helping align the staff with the creation of shareholder value, is also an important loyalty mechanism and encourages savings, apart from bolstering the ZON Group performance culture, as the attribution depends on complying with the respective objectives.

The three main objectives are to make ZON Multimédia a benchmark in terms of international remuneration practice, adopting the best models of market-leader companies: alignment with sustainable winning strategies, staff motivation and sharing created value.

“Standard” share plan

A share plan for staff members regardless of their jobs that are selected by the executive committee (or by the remuneration commission on proposal from the chairman of the board of directors if the beneficiary is a member of the ZON Multimédia executive committee).

The forfeiture period for the shares in this plan lasts five years, the first forfeiture occurs 12 months after the respective attribution at a rate of 20% a year.

“Executivos Seniores” share plan

A share and/or options plan for senior executives that are selected by the executive committee (or by the remuneration commission on proposal from the chairman of the board of directors if the beneficiary is a member of the ZON Multimédia executive committee).

In this plan the share forfeiture period is three years from the date they are attributed, i.e. they are actually handed over and made available only three years after they are attributed.

Forfeiture of the shares attributed to ZON directors under this plan, apart from being deferred for three years is also dependent on the future performance of the company under the terms referred to in Chapter 2 point 8.

Share savings plan

The shares savings plan is aimed at all group staff regardless of their jobs and they can join without any previous assessment.

The employees, in compliance with specific internal requirements, can invest up to 10% of their wages and up to €7,500 a year in the shares savings plan and the shares can be bought at a 10% discount.

Conditions

The board of directors approves the number of shares and/or options that can be attributed in each plan provided in the respective regulations on a case by case basis, depending on the annual performance assessment of ZON Multimédia.

The executive commission shall select the beneficiaries of each plan and decide on a case by case basis on attributing the shares to the eligible members of staff. The remuneration committee has this responsibility for executive commission members.

The attribution of shares to the respective beneficiaries depends entirely on performance criteria, both of the group and the individual.

Deciding on the number of shares to attribute to the beneficiaries

The number of shares to be attributed is established using the amounts that are set with reference to the percentages of the remuneration earned by the beneficiaries, taking into account the assessment of the ZON annual objectives and an assessment of the individual performance.

Share dealing restrictions

The rights to the shares that are attributed can only be sold after the forfeiture period, the length of which varies according to the share plan, three years for the senior executives and five years for the Standard plan (with annual forfeitures of 20%), according to the conditions explained above. In the case of directors who benefit from share plans, the sale of the shares depends on an extra condition related with future company profits, also described above.

Ability of the board of directors to modify the plans

The general meeting can modify the share plans notwithstanding having authorised the board of directors to introduce the changes to the respective regulations that are necessary or convenient to be properly interpreted, integrated or applied so long as those changes do not affect the basic conditions. So far however, no changes have been made.

Attribution of options

The attribution of option, only possible under the plan for senior executives, consists of the right to buy a specific number of ZON Multimédia shares at a previously fixed price, during or at the end of a particular period of time. The beneficiaries of the senior executive plan can select the composition of the plan between shares and options to adapt it to their risk profile. In this plan they can opt for the following compositions: (i) 50% shares and 50% options (ii) 75% shares and 25% options and (iii) 100% shares. The options can be exercised after the period of forfeiture and for a period of three years.

The economic value of the options corresponds to the market price of the option or if there is none, then on the Black-Scholes mathematical model.

The option exercise price corresponds to the weighted average of the quotations of ZON Multimédia shares at the close of trading in the last 15 days before the respective attribution.

The board of directors has not yet decided on whether to attribute shares or options under the senior executive plan.

Relevant dealings with members of the company committees, qualified shareholders or with group companies or others under the control of the company

ZON Multimédia did not conduct any economically significant business or operation with any of the parties involved with members of management or supervisory bodies or companies that are related or controlled by the group, that were not carried out under normal market conditions for similar operations and that are not part of the on-going activity of the company.

ZON Multimédia did not conduct any business or transaction with qualified shareholders or entities with which they are related, pursuant to SC article 20, outside normal market conditions.

The company had regular operations and contracts with various entities within the ZON Group. These operations were conducted under normal market conditions for similar transactions as part of the on-going activity of the companies involved.

The company also regularly conducts financial operations and contracts with several credit institutions that own qualified holdings in its capital, which are, however, carried out under normal market conditions for similar transactions, as part of the on-going activity of the companies involved.

Procedures and criteria for the audit commission to make a decision regarding the business to conduct with qualified shareholders

In accordance with the CMVM 2010 Corporate Governance Code, ZON Multimédia approved a regulation on transactions with qualified shareholders and/or entities with which they are one of the situations referred to in the SC article 20 (related entities) in July 2010.

This regulation establishes the procedures to control transactions with qualified shareholders that are considered to be appropriate to the transparency of decision making and defines the terms of the audit commission's involvement in this process.

In accordance with this regulation, the executive committee shall inform the audit commission of all transactions in the previous quarter with each qualified shareholder and/or related entity by the end of the month following the end of each quarter.

Transactions with qualified shareholders and/or related entities requires the prior opinion of the audit commission in the following cases: (i) transactions where the value per transaction exceeds a threshold given in the regulations as shown in the table below, (ii) transactions with a significant impact on the ZON Multimédia's activity and/or that of its subsidiaries according to their nature or strategic importance, regardless of their value, (iii) exceptional transactions conducted outside normal market conditions, regardless of the respective value.

Types and amounts of transactions to be considered for the purposes of point (i) above:

Type	Value
Transactions – Sales, services, purchases and services obtained	Over €1,000,000
Loans and other financing received and granted	Over €10,000,000
Financial investments	Over €10,000,000

No prior opinion of the audit commission is required for the transactions referred to in points (i) and (ii) above regarding: (i) interest rate hedges and/or foreign exchange hedges on the market or in auctions or (ii) financial investments on the market or in auctions.

Notwithstanding any other transactions subject to board of directors' approval, pursuant to the law and company articles of association, the board must authorise transactions between qualified shareholders and/or related entities if the audit commission opinion referred to in above is not in favour.

The executive committee shall provide the audit commission with all necessary information and a reasoned justification, so the latter can assess the transaction and issue its opinion.

The assessment to authorise and issue a prior opinion on transactions with qualified shareholders and/or related entities should take into account, among other relevant aspects, the principle of equal treatment of shareholders and other stakeholders, the interest of the company and the impact, materiality, nature and justification for each transaction.

The following table shows the values of the deals subject to the prior opinion by the audit commission in 2012 between ZON Multimédia or a company in which it has holdings of over 50% and/or management control and any qualified shareholder in accordance with SC article 16 and/or any entity that this is one of the situations referred to in SC article 20.

Number	Average Value	Maximum Value
4	€130,000,000	€200,000,000

Note that none of the deals subject to a prior opinion by the Audit Commission was conducted outside normal market conditions.

Investor Relations

The company has had an Investor Relations Department since it was first set up, to ensure proper relations with shareholders, investors and analysts, in compliance with the principle of equal treatment, as well as the financial markets in general and the regulated market in particular where the shares representing the capital of ZON Multimédia are admitted for trading and the regulator, the CMVM.

The investor relations director publishes an annual report and accounts and annual, semi-annual and quarterly information in accordance with the rules of corporate law and the laws of Portuguese capital markets. The company immediately and publicly publishes any inside information in relation to their activity or the securities it has issued and the shareholders may access it through the website (www.zon.pt/ir/). All information is available on the company website in Portuguese and English.

The investor relations director also ensures constant, updated information to the financial community about ZON Multimédia through regular press releases, presentations and communiqués on the quarterly and annual results, as well as any relevant facts that occur.

It also gives all kinds of clarification to the financial community in general - shareholders, investors (private and institutional) and analysts that help the shareholders in exercising their rights. The investor relations director sets up regular meetings between the executive management team and the financial community through specialised conferences, holding roadshows in Portugal and in major financial centres and frequently meets with investors who visit Portugal. The main investor relations events in 2012 were:

DATE	FORMAT	LOCATION
17 January/12	Espírito Santo Iberian Conference	London
18 January/12	Roadshow	London
05 March/12	Roadshow	Lisbon
13 to 14 March/12	Roadshow	NY
20 to 21 March/12	Citigroup Telecom Conference	London
28 March/12	CSFB Cable Conference	London
2 April/12	Reverse Roadshow	ZON Headquarters
3 April/12	1x1	ZON Headquarters
23 April/12	1x1	Sintra
10 and 11 May/12	Roadshow	Lisbon
22 and 23 May/12	Roadshow	Frankfurt
15 June/12	Goldman Sachs European Cable Conference	London
18, 19 and 20 June/12	Roadshow	London
22 June/12	XIX Santander Annual Telecoms Conference	Marbella - Malaga
26, 27 and 28 June/12	Roadshow	Boston
04 September/12	Barclays Select European Media & Telecom Forum	London
05 September/12	Deutsche Bank Access European TMT Conference	London
12 September/12	BBVA Iberian Conference	London
17 September/12	CSFB Telecom Conference	London
21 September/12	IX BPI's Iberian Conference	Porto

04 October/12	BES 4th Annual Cable & Pay TV Conference	London
15 October/12	Caixa BI / NYSE Portuguese Day	NY
16 October/12	Roadshow	NY
29 and 30 October/12	Investor Meetings	ZON Headquarters
14 to 15 November/12	12th Annual Morgan Stanley TMT Conference	Barcelona
30 November/12	Roadshow	ZON Headquarters
03 December/12	Roadshow	Madrid
04 December/12	10th Annual Berenberg European Conference	Bagshot, Surrey, London

The ZON Multimédia market relations representative is Maria João Carrapato.

Anyone who is interested may ask the Investor Relations Department for further details through the following contacts:

Rua Ator António Silva, No 9
 1600 - 203 Maia - Portugal
 Tel. / Fax: +(351) 21 7824725 / +(351) 21 7824735
 Email: ir@zon.pt

The Investor Relations Department functions and contacts can be found on the company website.

External Auditors

The annual external auditors' fees in 2012 were €495,819, broken down as follows:

31 December 2012

	Value	%
Statutory audit and auditing services	437,794	88%
Other reliability guarantee services	58,025	12%
Tax consulting and other services other than statutory and other auditing	0	0%
TOTAL	495,819	100%

ZON Multimédia's external auditors are independent and internationally renowned, and their actions are closely monitored and supervised by the company's audit commission. ZON Multimédia does not give the external auditors any protection against damages.

The external auditor verifies the implementation of remuneration policies and systems as well as the efficiency and effectiveness of internal control mechanisms within their competencies, reporting any deficiencies or improvement opportunities they may find to the audit commission.

In order to safeguard the independence of external auditors, the company's audit commission shall have the following powers and duties regarding the external audit:

- To represent the company for all purposes towards the external auditors;
- To propose to the board the hiring, renewing of the respective contract and remuneration of the company's external auditors and propose to the general meeting the respective dismissal, where there is just cause, and to advise on the possible renewal of the contract or replacement of the company's external auditor, as appropriate, when they have been hired by three consecutive terms of the governing bodies, paying special attention to the benefits and costs of changing them as well as their independence;
- To ensure that within the company and the companies it or ZON Multimédia controls, the company's external auditors are given adequate conditions to provide their services;
- To review the scope, planning and resources to be used in providing their services, with the external auditors;
- To assess the content of the audit reports and annually assess the company's external auditors, who shall report to and be subject to audit commission supervision, regarding their qualifications, independence and performance;
- To get an annual report on the main issues arising from the services provided directly from the external auditors, as well as any relationship between the company and its external auditors, including the amounts paid for auditing and additional services;
- To discuss any aspects and problems related with the auditing of the company's accounting documents separately with the external auditors, including the executive committee's response, and
- To give prior approval of hiring the external auditors to provide any services other than audit services.

The audit commission also adopted a regulation for the provision of services by external auditors, which defines the rules applicable to non-audit ("Non-Audit") or audit related services ("Audit Related") provided by the external auditor to ZON Multimédia and its subsidiaries included in the consolidation. This regulation applies to services provided by the external auditor and related companies.

Under that regulation, the hiring of non-audit or audit related services should be viewed as exceptional or complementary, respectively, pursuant to the rules laid down therein.

The assessment of whether the services are admissible depends on the audit commission, which will follow the following principles: (i) an auditor cannot audit their own work, (ii) an auditor cannot perform a task or job that is the responsibility of management, (iii) an auditor cannot act directly or indirectly on behalf of their client.

Moreover, pursuant to that regulation, the annual fees of non-audit or audit related services cannot generally exceed 30% of the total audit services fees.

The provision of services by the external auditor requires audit commission approval and authorisation.

The audit commission performs an overall annual assessment of the external auditor's performance and independence. The audit commission also reflects on the adequacy of the external auditor to carry out their job, whenever necessary or appropriate in light of developments in the company's activity or the market in general. As such, ZON Multimédia changed its accounting firm in 2008 so the company's current external auditor has performed their duties for four years and has not reached the limit of three board terms of office as set out in CMVM recommendation III 1.3.

Annex I

Tasks performed by members of the company's administrative bodies in other companies

- **Daniel Proença de Carvalho**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Member of the Banco Espírito Santo, S.A. remuneration commission
- Chairman of the presiding board of the shareholder's meeting of BESI - Banco Espírito Santo de Investimento, S.A.
- Chairman of the presiding board of the shareholder's meeting of Caixa Geral de Depósitos, S.A.
- Chairman of the presiding board of the shareholder's meeting of Socitel – Sociedade Industrial de Trefilaria, S.A.
- Chairman of the presiding board of the shareholder's meeting of Portugália – Administração de Patrimónios, S.A.
- Chairman of the presiding board of the shareholder's meeting of Mague – SGPS, S.A.
- Chairman of the presiding board of the shareholder's meeting of Almonda – Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the presiding board of the shareholder's meeting of Renova – Fábrica de Papel do Almonda, S.A.
- Chairman of the presiding board of the shareholder's meeting of Cabo Raso – Empreendimentos Turísticos, S.A.
- Chairman of the presiding board of the shareholder's meeting of SOGEB – Sociedade de Gestão de Bens, S.A.
- Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola Belo de Mértola, S.A.
- Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola dos Namorados, S.A.

- Chairman of the presiding board of the shareholder's meeting of Coaltejo – Criador de Ovinos Algarve e Alentejo, S.A.
- Chairman of the presiding board of the shareholder's meeting of Sogesfin – Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the presiding board of the shareholder's meeting of da 3 Z – Administração de Imóveis, S.A.
- Chairman of the presiding board of the shareholder's meeting of Sétimos - Participações, SGPS, S.A.
- Chairman of the presiding board of the shareholder's meeting of Confiança Participações, SGPS, S.A.
- Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola da Serra Branca, S.A.
- Chairman of the presiding board of the shareholder's meeting of Confiança Participações, SGPS, S.A.
- Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola da Apariça, S.A.
- Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola das Polvorosas, S.A.
- Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola de Corona, S.A.
- Chairman of the presiding board of the shareholder's meeting of Herdade do Monte da Pedra, S.A.
- Chairman of the presiding board of the shareholder's meeting of TRABELIBEX - Investimentos Imobiliários, S.A.
- Chairman of the presiding board of the shareholder's meeting of ÉCAMPO - Cinegética e Turismo, .S.A.
- Chairman of the presiding board of the shareholder's meeting of FREIXAGRO - Empresa Agrícola do Freixo, S.A.
- Chairman of the presiding board of the shareholder's meeting of INTEROCEÂNICO - CAPITA, SGPS, S.A.

- **Rodrigo Jorge de Araújo Costa**

Positions held in ZON Multimédia group companies:

- Chairman of the board of directors of ZON Televisão por Cabo, SGPS, S.A.
- Chairman of the board of directors of ZON – TV Cabo Portugal, S.A.

- Chairman of the board of directors of ZON TV Cabo Açoreana, S.A.
- Chairman of the board of directors of ZON TV Cabo Madeirense, S.A.
- Chairman of the board of directors of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A.
- Chairman of the board of directors of ZON Audiovisuais, SGPS, S.A..
- Chairman of the board of directors of ZON Lusomundo Audiovisuais, S.A.
- Chairman of the board of directors of ZON Cinemas, SGPS, S.A.
- Chairman of the board of directors of ZON Lusomundo Cinemas, S.A.
- Chairman of the board of directors of mSTAR, S.A.
- Chairman of the board of directors of ZON Lusomundo TV, S.A.
- Vice-Chairman of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A.

Positions held in other companies:

Director of Omnivalor, Lda.

- **José Pedro Faria Pereira da Costa**

Positions held in ZON Multimédia group companies:

- Chairman of the board of directors of ZON II – Serviços de Televisão, S.A.
- Chairman of the board of directors of Upstar Comunicações, S.A
- Chairman of the board of directors of ZON III – Comunicações Eletrónicas, S.A.
- Vice-Chairman of ZON – TV Cabo Portugal, S.A.
- Director of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A.
- Director of ZON Televisão por Cabo, SGPS, S.A
- Director of ZON Lusomundo TV, S.A.
- Director of ZON Audiovisuais, SGPS, S.A.
- Director of ZON Lusomundo Audiovisuais, S.A.
- Director of ZON Cinemas, SGPS, S.A.
- Director of ZON Lusomundo Cinemas, S.A.

- Director of Lusomundo, Sociedade de Investimentos Imobiliários, S.A.
- Director of Lusomundo Imobiliária 2, S.A.
- Director of Sport TV, S.A.
- Director of Teliz Holding, B.V.
- Director of Dreamia Holdings, B.V.
- Director of Dreamia – Serviços de Televisão, S.A.
- Director of Finstar – Sociedade de Investimentos e Participações, S.A.
- Director of mSTAR, S.A.
- Director of ZON Finance BV
- Manager of Lusomundo España, SL

Positions held in other companies:

Not applicable

- **Luís Miguel Gonçalves Lopes**

Positions held in ZON Multimédia group companies:

- Director of ZON Televisão por Cabo, SGPS, S.A
- Vice-chairman of ZON – TV Cabo Portugal, S.A.
- Director of ZON Lusomundo TV, S.A.
- Director of ZON TV Cabo Açoreana, S.A.
- Director of ZON TV Cabo Madeirense, S.A.
- Director of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A.
- Director of ZON Audiovisuais, SGPS, S.A.
- Director of ZON Lusomundo Audiovisuais, S.A.
- Director of ZON Cinemas, SGPS, S.A.
- Director of ZON Lusomundo Cinemas, S.A.
- Director of ZON III – Comunicações Eletrónicas, S.A.

Positions held in other companies:

Not applicable

- **Duarte Maria de Almeida e Vasconcelos Calheiros**

Positions held in ZON Multimédia group companies:

- Director of ZON Televisão por Cabo, SGPS, S.A
- Director of ZON TV Cabo Portugal, S.A.
- Director of ZON TV Cabo Madeirense, S.A.
- Director of ZON TV Cabo Açoreana, S.A.
- Director of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A.
- Director of ZON Lusomundo TV, S.A.
- Director of ZON Audiovisuais, SGPS, S.A.
- Director of ZON Lusomundo Audiovisuais, S.A.
- Director of ZON Cinemas, SGPS, S.A.
- Director of ZON Lusomundo Cinemas, S.A.
- Chairman of the board of directors of Lusomundo Sociedade de Investimentos Imobiliários, S.A.
- Chairman of the board of directors of Lusomundo Imobiliária 2, S.A.
- Director of Teliz Holding, B.V.
- Director of ZON Finance B.V.
- Director of Dreamia Holdings, B.V.
- Director of ZON II – Serviços de Televisão, S.A.
- Director of ZON III – Comunicações Eletrónicas, S.A.
- Manager of Distodo, Distribuição e Logística, Lda.
- Manager of Lusomundo Moçambique, S.A.
- Manager of Lusomundo España, SL
- Manager of Empracine, Lda.

Positions held in other companies:

Not applicable

- **Fernando Fortuny Martorell**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Director of Espírito Santo Ventures – Sociedade Capital de Risco, S.A.
- CEO of Espírito Santo Resources Limited
- Vice-chairman of Rio Forte Investments, S.A
- Vice-chairman of Euroamerican Finance, S.A.
- Director of Herdade da Comporta – Actividades Agro Silvícolas e Turísticas, S.A.
- Non-executive director of Espírito Santo Property (Brasil) S.A.
- Director of IMOSPEL –Soc. Operações Imobiliárias, S.A.
- Director of GO WELL – Promoção de Eventos Catering e Consultoria, S.A.
- Director of Santogal, SGPS, S.A.
- Director of Rioforte (Portugal), S.A.
- Director of Espírito Santo Health Care Investments.

- **António Domingues**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Member of the board of directors of Banco BPI, S.A.
- Vice-chairman of board of directors of Banco BPI, S.A.
- Vice-chairman of the board of directors of Banco Português de Investimento, S.A.
- Vice-chairman of the board of directors of Banco de Fomento Angola, S.A.
- Vice-chairman of the board of directors of BCI - Banco Comercial e de Investimentos, S.A.
- Member of the board of directors of BPI Madeira, SGPS, Unipessoal, S.A.
- Member of the board of directors of Companhia de Seguros Allianz Portugal, S.A.

- **László Istvan Hubay Cebrian**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Chairman of the board of directors of Fundação Cascais
- Chairman of the Luso-Hungarian chamber of commerce
- Managing Director of Celebre Memórias, Lda.
- Consultant to Nutri Ventures Corporation, NVC S.A.

- **Vítor Fernando da Conceição Gonçalves**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Member of the general and supervisory council of EDP – Energias de Portugal S.A.
- Chairman of the commission for financial matters at EDP – Energias de Portugal, S.A.
- Chairman of the audit commission of Fundação EDP
- Member of the economic and social council
- Assistant dean of Universidade Técnica de Lisboa

- **Paulo Cardoso Correia da Mota Pinto**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Portuguese member of parliament
- Professor at Universidade de Coimbra
- Managing director of Paulo Mota Pinto, Lda

- **Nuno João Francisco Soares de Oliveira Silvério Marques**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Vice-chairman of the board of directors of CIDOT – Estúdio de Comunicação, S.A.
- Managing director of Nimble Portal - Serviços e Consultoria de Gestão, Lda.

- **Joaquim Francisco Alves Ferreira de Oliveira**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Chairman of the board of directors of Controlinveste, SGPS, S.A.
- Chairman of the board of directors of Olivedesportos, SGPS, S.A.
- Chairman of the board of directors of PPTV – Publicidade de Portugal e Televisão, S.A.
- Chairman of the board of directors of Sport TV Portugal, S.A.
- Chairman of the board of directors of Sportinveste Multimédia, SGPS, S.A.
- Chairman of the board of directors of Olivedesportos – Publicidade, Televisão e Media, S.A.
- Chairman of the board of directors of Controlinveste Media, SGPS, S.A.
- Chairman of the board of directors of Controlinveste Conteudos, SGPS, S.A.
- Chairman of the board of directors of Global Noticias Publicações, S.A.
- Chairman of the board of directors of Rádio Noticias – Produções e Publicidade, S.A.
- Chairman of the board of directors of Naveprinter – Indústria Gráfica do Norte, S.A.
- Chairman of the board of directors of Açormedia – Comunicação Multimedia e Edição de Publicações, S.A.
- Chairman of the board of directors of Gripcom, SGPS, S.A.

- **Mário Filipe Moreira Leite da Silva**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Chairman of the board of directors of Santoro, Financial Holding, SGPS, S.A.
- Chairman of the board of directors of Santoro Finance S.A.
- Chairman of the board of directors of Fidequity – Serviços de Gestão, S.A.
- Chairman of the board of directors of Grisogono, S.A.
- Director of Kento Holding Limited
- Member of the board of directors of Banco BPI, S.A.
- Member of the board of directors of BFA – Banco de Fomento Angola, S.A.
- Member of the board of directors of Socip – Sociedade de Investimentos e Participações, S.A.
- Director of Esperaza Holding, B.V.
- Member of the board of directors of Nova Cimangola, S.A.
- Member of the board of directors of Ciminvest – Sociedade de Investimentos e Participações, S.A.
- Member of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A.
- Professor at Porto Business School

- **Isabel dos Santos**

Positions held in ZON Multimédia group companies:

- Chairwoman of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A.

Positions held in other companies:

- Chairwoman of the presiding board of the shareholder's meeting of Nova Cimangola, S.A.
- Director of Unitel, S.A.
- Director of BFA – Banco de Fomento Angola, S.A.
- Director of Banco BIC, S.A.
- Director of Banco BIC Português, S.A.
- Chairwoman of Angola Red Cross

- **Catarina Tavira**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Marketing and Product Director of ZAP – Distribuidora de TV por Satélite

- **Miguel Veiga Martins**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Executive Director of Unitel, S.A.

- **André Palmeiro Ribeiro**

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Director of Galp Energia SGPS, S.A.
- Director of Galp Exploração e Produção Petrolífera
- Director of Petróleos de Portugal Petrogal, S.A.,
- Director of GDP-Gás de Portugal, SGPS, S.A.
- Director of Galp Gás Natural Distribuição
- Director of Galp Power, SGPS, S.A.
- Director of Galp Energia, S.A.
- Director of Galp Energia España
- Director of Galp Exploração e Produção (East Timor)
- Director of Galp Bioenergy, B. V.
- Director of Galp Brazil Services, B. V.
- Director of Galp Energia Netherlands, B. V.
- Director of Galp Energia Rovuma, B. V.
- Director of Petrogal Brasil, S.A.
- Chairman of the board of directors of Sacor Marítima, S.A.
- Director of Next Priority, SGPS, S.A.
- Director of Galp Energia Overseas, B. V.
- Managing Director of Strongeagle Unipessoal, Lda.

Information on board members who terminated their terms of office in 2012, as mentioned in Chapter 2 point 3 of this report.

- **Luís João Bordalo da Silva**

Notified the Chairman of the board of directors he was stepping down as of 31 July 2012.

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Director of Cinveste, SGPS, S.A.
- Director of M&C Colecção de Arte, S.A
- Director of Guemonte - Sociedade Civil Imobiliária e de Investimentos, S.A.
- Director of Ecomar, S.A. - Angola
- Director of Ecomar, SGPS S.A.
- Manager of Cinveste Investimentos, Lda.
- Manager of Cinveste Finance, SGPS, Lda.
- Manager of Cinveste Finance, Gestão de Valores Mobiliários, Lda.

- **Jorge Telmo Maria Freire Cardoso**

Notified the Chairman of the board of directors he was stepping down as of 31 August 2012.

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Chairman of the board of directors of CGD Investimentos Corretora de Valores e Câmbio, S.A.
- Member of the board of directors and Chairman of the executive committee of Caixa – Banco de Investimento, S.A.
- Vice-chairman of the board of directors of Banco Caixa Geral Brasil, S.A.

- **Norberto Emílio Sequeira da Rosa**

Notified the Chairman of the board of directors he was stepping down as of 31 July 2012.

Positions held in ZON Multimédia group companies:

Not applicable

Positions held in other companies:

- Chairman of the board of directors of Caixa – Participações, SGPS, S.A
- Chairman of the board of directors of Caixatec – Tecnologias de Comunicações, S.A
- Chairman of the board of directors of SOGRUPO – Sistemas de Informação, ACE
- Chairman of the board of directors of Caixa Seguros e Saúde – Participações, SGPS, S.A
- Board director of Caixa Geral de Depósitos, S.A
- Member of the governing body of Caixa Geral de Aposentações
- Board director of SIBS – Sociedade Interbancária de Serviços, S.A
- Board director of SIBS Forward Payment Solutions, S.A
- Member of the audit commission of Fundação Económicas
- Member of CISP – Comissão Interbancária para o Sistema de Pagamentos.

Professional qualifications and professional activities over the past five years

- Executive committee members

Rodrigo Jorge Araújo Costa. Portuguese, 53. Appointed for the first time by being co-opted in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Chairman of the board of directors of ZON Televisão por Cabo, SGPS, S.A., since September 2007; Chairman of the board of directors of ZON – TV Cabo Portugal, S.A., since September 2007; Chairman of the board of directors of ZON TV Cabo Açoreana, S.A., since November 2007; Chairman of the board of directors of ZON TV Cabo Madeirense, S.A., since November 2007; Chairman of the board of directors of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since September 2007; Chairman of the board of directors of ZON Lusomundo Audiovisuais, S.A., since September 2007; Chairman of the board of directors of ZON Lusomundo Cinemas, S.A., since September 2007; Chairman of the board of directors of ZON Audiovisuais, SGPS, S.A., since 2009; Chairman of the board of directors of ZON Cinemas, SGPS, S.A., since 2009; Vice-Chairman of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A., since 2009; Chairman of the board of directors of ZON Lusomundo TV, S.A. since 2010, Chairman of the board of directors of mSTAR, S.A. from 2010 to 2011; Member of the high council for foreign investment since 2004; Member of the technology plan advisory board since 2005; Executive vice-chairman of Portugal Telecom, SGPS, S.A. (with overall command of innovation, information systems and human resources; Chairman of PT Comunicações ; Chairman of the board of directors of PT Inovação and PT Sistemas de Informação from 2006 to 2007.

José Pedro Faria Pereira da Costa. Portuguese , 45. Appointed for the first time by being co-opted in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Chairman of the board of directors of ZON III – Comunicações Eletrónicas, S.A., since 2011; Chairman of the board of directors of ZON II – Serviços de Televisão, S.A., since 2010; Member of the board of directors of ZON Finance BV, since 2011; Member of the board of directors of mSTAR, S.A., since 2010; Member of the board of directors of ZON Lusomundo TV, S.A., since 2010; Member of the board of directors of ZON Televisão por Cabo, SGPS, S.A., since September 2007; Vice-Chairman of the board of directors of ZON TV Cabo Portugal, S.A., since March 2008; Member of the board of directors of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since September 2007; Member of the board of directors of ZON Lusomundo Audiovisuais, S.A., since September 2007; Member of the board of directors of ZON Lusomundo Cinemas, S.A., since 2007; Member of the board of directors of Lusomundo, Sociedade de Investimentos Imobiliários, S.A., since 2007; Member of the board of directors of Lusomundo Imobiliária 2, S.A., since 2007; Member of the board of directors of Sport TV Portugal, S.A., since October 2007; Member of the board of directors of ZON Audiovisuais, SGPS, S.A, since 2009; Member of the board of directors of ZON Cinemas, SGPS, S.A, since 2009; Member of the board of directors of Teliz Holding, B.V., since 2009; Member of the board of directors of Dreamia Holdings, B.V., since 2009; Member of the board of directors of Dreamia – Serviços de Televisão, S.A, since 2009; Member of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A, since 2009; Chairman of the board of directors of Upstar Comunicações, S.A, since 2009; Worked in Portugal Telecom group at board level and was CFO of PT Comunicações, PT.COM and PT Prime. He was also a non-executive director of PT ACS, Previsão, PT Prestações, PT Sistemas de Informação, PT PRO, Páginas Amarelas, Tradecom and Banco Best, and Manager at DCSI.

Luís Miguel Gonçalves Lopes Portuguese, 40. Appointed for the first time by being co-opted in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Member of the board of directors of ZON Televisão por Cabo, SGPS, S.A., since September de 2007; Vice-chairman of ZON – TV Cabo Portugal, S.A., since 2008; Member of the board of directors of ZON TV Cabo Açoreana, S.A., since 2007; Member of the board of directors of ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since 2007; Member of the board of directors of ZON Lusomundo Audiovisuais, S.A., since 2007; Member of the board of directors of ZON Lusomundo Cinemas, S.A., since 2007; Member of the board of directors of ZON TV Cabo Madeirense, S.A., since 2009; Member of the board of directors of ZON Audiovisuais, SGPS, S.A, since 2009; Member of the board of directors of ZON Cinemas, SGPS, S.A, since 2009; Member of the board of directors of ZON III – Comunicações Eletrónicas, S.A., since 2011; Member of the executive committee of PT Comunicações, S.A., from 2006 to 2007; Member of the executive committee of PT.Com – Comunicações Interactivas, S.A., from 2006 to 2007; Member of the board of directors of Páginas Amarelas, S.A., from 2006 to 2007; Director of PT Comunicações, S.A., *Associate Principal at McKinsey&Com and manager at Procter & Gamble Europe (Londres).*

Duarte Maria de Almeida e Vasconcelos Calheiros. Portuguese, 64. Appointed for the first time in 2003. His term of office ended on 31 December 2012 but remains at his post until being replaced. Chairman of the board of directors of Lusomundo Imobiliária 2, S.A., since 2004; Chairman of the board of directors of Lusomundo Sociedade de Investimentos Imobiliários, S.A., since 2004; Member of the board of directors of ZON Lusomundo TV, S.A., since 2010; Member of the board of directors of ZON Finance, B.V., since 2012; Member of the board of directors of ZON Lusomundo Cinemas, S.A., since 2004; Member of the board of directors of ZON Lusomundo Audiovisuais, S.A., since 2004; Member of the board of directors of ZON Conteúdos, S.A., since 2004; Member of the board of directors of ZON TV Cabo Portugal, S.A., since 2004; Member of the board of directors of ZON Televisão por Cabo, SGPS, S.A., since 2004; Member of the board of directors of ZON TV Cabo Madeirense, S.A., since 2007; Member of the board of directors of ZON TV Cabo Açoreana, S.A., since 2008; Member of the board of directors of ZON Audiovisuais, SGPS, S.A, since 2009; Member of the board of directors of ZON Cinemas, SGPS, S.A, since 2009; Member of the board of directors of Teliz Holding, B.V., since 2009; Member of the board of directors of Dreamia Holdings, B.V., since 2009; Member of the board of directors of ZON II – Serviços de Televisão, S.A., since 2010; Member of the board of directors of ZON III – Comunicações Eletrónicas, S.A., since 2011; Manager of Lusomundo Moçambique, Lda., since 2004; Manager of Lusomundo Espanha, SL, since 2004; Manager of Distodo, Distribuição e Logística, Lda., since 2004; Manager of Empracine, Empresa Promotora de Actividades Cinematográficas, Lda., since 2004; Member of the audit commission of Fundação Cultursintra since 2006. Chairman of the board of directors of ZON Serviços de Gestão Partilhados, S.A., from 2008 to 2009; Member of the General Council of the Portuguese Institute for Corporate Governance.

- Non-executive directors

Daniel Proença de Carvalho. Portuguese, 71. Appointed for the first time in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Chairman of the general meeting of AEM - Empresas Emitentes de Valores Cotados em Mercado, representing ZON MULTIMÉDIA - Serviços de Telecomunicações e Multimédia, SGPS, S.A., since 2010; Chairman of the general meeting of Instituto Português de Corporate Governance, since 2010; Member of the advisory board to Fundação Galp Energia, since 2009, Chairman of the council of curators of Fundação D. Anna de Sommer Champalimaud e Dr Carlos Montez Champalimaud, since 2005; Chairman of the general meeting of Liga de Amigos da Casa-Museu João Soares, since 1998; Chairman of the council of curators of Fundação Batalha de Aljubarrota, since 2011; Member of the advisory council of Fundação Renascer, since 2005; Professor at Instituto Jurídico da Comunicação (Coimbra university law school), since 2005; member of the advisory board of Fórum para a Competitividade since 2008; Member of the remunerations committee at Banco Espírito Santo since 2008; Member of the council of patrons of Fundação Arpad-Szenes – Vieira da Silva since 2009; Member of the advisory board of Fundação António da Mota, since 2011; Chairman of the presiding board of the shareholder's meeting of GALP ENERGIA, SGPS, S.A. since 2008; Chairman of the presiding board of the shareholder's meeting of SOCITEL – Sociedade Industrial de Trefilaria, S.A., since 2005;

Chairman of the presiding board of the shareholder's meeting of Confiança Participações, SGPS, S.A., since 2004; Chairman of the presiding board of the shareholder's meeting of PORTUGÁLIA – Administração de Patrimónios, S.A., since 1980; Chairman of the presiding board of the shareholder's meeting of MAGUE - SGPS, S.A., since 1998; Chairman of the presiding board of the shareholder's meeting of ALMONDA – Sociedade Gestora de Participações Sociais, S.A., since 1996; Chairman of the presiding board of the shareholder's meeting of RENOVA – Fábrica de Papel do Almonda, S.A., since 1997; Chairman of the presiding board of the shareholder's meeting of CABO RASO – Empreendimentos Turísticos, S.A., since 1998; Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola Belo de Mértola, S.A., since 1978; Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola SERRA BRANCA, S.A., since 1975; Chairman of the presiding board of the shareholder's meeting of Sociedade Agrícola dos NAMORADOS, S.A., since 1978; Chairman of the presiding board of the shareholder's meeting of COALTEJO – Criador de Ovinos Algarve e Alentejo, S.A., since 2005; Chairman of the presiding board of the shareholder's meeting of SOGESFIN – Sociedade Gestora de Participações Sociais, S.A., since 1998; Chairman of the presiding board of the shareholder's meeting of SOGEB – Sociedade de Gestão de Bens, S.A. since 26 May 2000; Chairman of the presiding board of the shareholder's meeting of 3 Z – Administração de Imóveis, S.A., since 2001; Chairman of the presiding board of the shareholder's meeting of SÉTIMOS–PARTICIPAÇÕES, SGPS, S.A., since 2005; Chairman of the presiding board of the shareholder's meeting of GOTAN SGPS, S.A., since 2004; Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola da Apariça, S.A., since June 2008; Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola das Polvorosas, S.A., since June 2008; Chairman of the presiding board of the shareholder's meeting of Companhia Agrícola de Corona, S.A., since June 2008; Chairman of the presiding board of the shareholder's meeting of Herdade do Monte da Pedra, S.A., since June 2008; Chairman of the presiding board of the shareholder's meeting of TARBELIBEX - Investimentos Imobiliários, S.A., since June 2008; Chairman of the presiding board of the shareholder's meeting of ÉCAMPO - Cinegética e Turismo, S.A. since 2010; Chairman of the presiding board of the shareholder's meeting of FREIXAGRO - empresa Agrícola do Freixo, S.A., Chairman of the presiding board of the shareholder's meeting of BESI - Banco Espírito Santo de Investimento, S.A.; Chairman of the presiding board of the shareholder's meeting of INTEROCEÂNICO - CAPITAL, SGPS, S.A., since 2011; Vice-chairman of the presiding board of the shareholder's meeting of Caixa Geral de Depósitos, S.A., from 2007 to 2011; Chairman of the presiding board of the shareholder's meeting of Euroatlântica – Investimentos e Comércio, S.A., from 1998 to 2010; Chairman of the presiding board of the shareholder's meeting of CELULOSE DO CAIMA – SGPS, S.A., since 2002; Chairman of the presiding board of the shareholder's meeting of EDIFER – INVESTIMENTOS, Sociedade Gestora de Participações Sociais, S.A., from 2003 to 2012; Chairman of the presiding board of the shareholder's meeting of EDIFER – Sociedade Gestora de Participações Sociais, S.A., from 2003 to 2012; Chairman of the presiding board of the shareholder's meeting of ESTORIL SOL, SGPS, S.A., from 2007 to 2012; Chairman of the board of directors of Fundação Arpad Szénes-Vieira da Silva, from 1993 to 2007; Chairman of the strategic council of Hospital Amadora-Sintra Sociedade Gestora, S.A., from 2007 to 2008, Chairman of the advisory board of Explorer Investments - Sociedade de Capital de Risco, S.A., until 2010; Member of the board of directors of SINDCOM - Sociedade

de Investimento na Indústria e Comércio, SGPS, S.A., from 2005 to 2010; Member of the board of curators of Fundação Batalha de Aljubarrota from 2002 to 2011.

Fernando Fortuny Martorell. Portuguese, 67. Appointed by being co-opted in 2008. His term of office ended on 31 December 2012 but remains at his post until being replaced. Director of Rioforte (Portugal), S.A. since 2010 Director of GO WELL – Promoção de Eventos Catering e Consultoria, S.A. since 2004; Director of Espírito Santo Ventures – Sociedade Capital de Risco, S.A. since 2005; CEO of Espírito Santo Resources, Limited, since 2006; Director of Opway, SGPS, S.A., since 2006; Director of IMOSPEL – Soc. Operações Imobiliárias, S.A. since 2007; Director of Herdade da Comporta, since 2008; Vice-chairman of Rio Forte Investments, S.A. since 2009; Vice.-chairman of Euroamerican Finance, S.A.; Director of Santogal, SGPS, S.A.; Non-executive director of Espírito Santo Property (Brasil), S.A.; Director of Espírito Santo Resources (Portugal), S.A., from 2006 to 2007; Director of Espírito Santo Resources, S.A., from 2008 to 2009; Director of Espírito Santo Health Care Investments, since 2012.

António Domingues. Portuguese, 56. Appointed for the first time in 2004. His term of office ended on 31 December 2012 but remains at his post until being replaced. Member of the board of directors of Banco BPI, S.A., since 1995; Vice-chairman of the board of directors of Banco BPI since 2004; Vice-chairman of the board of directors of Banco Português de Investimento, S.A., since 2007; Vice-chairman of the board of directors of BCI - Banco Comercial e de Investimentos, S.A., since 2003; Vice-chairman of the board of directors of Banco de Fomento Angola, S.A., since 2002; Member of the board of directors of BPI Madeira, SGPS, Unipessoal, S.A., since 2001; Member of the board of directors of Allianz Portugal, S.A., since 2004; Member of the board of directors of SIBS – Sociedade Interbancária de Serviços, S.A., from 2000 to 2009.

László Istvan Hubay Cebrian. Portuguese, 66. Appointed for the first time by being co-opted in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Managing Director of Celebre Memórias, Lda., since 2012; Consultant at Nutri Ventures Corporation, NVC, S.A. since 2011; Chairman of the board of directors of Fundação Cascais since 2009; Chairman of the Luso-Hungarian chamber of commerce since 2007; Consultant at The Disney Company from 2005 to 2007 and Consultant to Stage Entertainment from 2005 to 2007. Earlier he was also Chairman of The Walt Disney Company Iberia, Chairman of The Walt Disney Company Spain and the Walt Disney Company Portugal; The Disney Country Managing Director.

Vítor Fernando da Conceição Gonçalves. Portuguese. 57 Appointed for the first time in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Senior lecturer in management at ISEG since 1994; Assistant dean at Universidade Técnica de Lisboa since 2007; member of the Conselho Económico e Social since 2007; Member of the “Panel of Experts on World Competitiveness“ of the IMD World Competitiveness Centre since 2005; Member of the general and supervisory council and chairman of the financial matters commission at EDP- Energias de Portugal S A. since 2006; Chairman of the audit

commission of Fundação EDP since 2007; Chairman of Gaptec / UTL since 2007; Chairman of the advisory board of ISEG (2003-2006); Chairman of IDEFE- Instituto para o Desenvolvimento e Estudos Económicos Financeiros e Empresariais from 2003 to 2007. Guest lecturer at various Portuguese and foreign universities. Author of dozens of articles in Portuguese and foreign scientific magazines.

Paulo Cardoso Correia Mota Pinto. Portuguese, 46. Appointed for the first time in 2008. His term of office ended on 31 December 2012 but remains at his post until being replaced. Master's and PhD in law (Ciências Jurídico-Civilísticas); Lecturer at Coimbra university since 1991; Legal advisor since 2007 and constitutional court judge until 2007; Portuguese MP since October 2009.

Nuno João Francisco Soares de Oliveira Silvério Marques. Portuguese, 56. Appointed for the first time in 2007. His term of office ended on 31 December 2012 but remains at his post until being replaced. Vice-chairman of the board of directors of CIDOT – Estúdio de Comunicação, S.A. since 2004; Managing director of Nimble Portal - Serviços e Consultoria de Gestão, Lda. since 2012; Non-executive director and member of the audit commission of TIM W.E. ,SGPS, S.A. from 2011 to 2012; Member of the audit commission of Banco Privado Atlântico – Europa, S.A. from 2009 to 2011; Chairman of the board of directors of AGILLE – Serviços e Consultoria de Gestão, S.A. from 2009 to 2010; Director da AGILLE – Serviços e Consultoria de Gestão, S.A., from 2006 to 2009.

Joaquim Francisco Alves Ferreira de Oliveira. Portuguese, 65. Appointed for the first time in 2001, ended a term of office in May 2005 and was then reappointed in January 2008. His term of office ended on 31 December 2012 but remains at his post until being replaced. Since 1984, when he founded Olivedesportos he has been chairman of the board of several companies in the business group called Controlinvest; Chairman of the board of directors of Sport TV S.A.; He has also been chairman of the boards of directors Sportinveste Multimédia SGPS and Sportinveste Multimédia – a joint venture set up to explore multimedia content connected with sports events, since they were founded in 2001. In 2005 he purchased what was then called Grupo Lusomundo Media (now Controlinveste Media), and chairs the various companies within the group.

Mário Filipe Moreira Leite da Silva. Portuguese, 40. Appointed for the first time in 2010. His term of office ended on 31 December 2012 but remains at his post until being replaced. Chairman of the board of directors of Fidequity – Serviços de Gestão, S.A. since 2006. Chairman of the board of directors of Santoro, Financial Holding, SGPS, S.A.; Chairman of the board of directors of Santoro Finance S.A.; Chairman of the board of directors of Fidequity – Serviços de Gestão, S.A.; Chairman of the board of directors of Grisogono, S.A.; Director at Kento Holding Limited; Member of the board of directors of Banco BPI, S.A.; Member of the board of directors of BFA – Banco de Fomento Angola, S.A.; Member of the board of directors of Socip – Sociedade de Investimentos e Participações, S.A.; Director at Esperaza Holding, B.V.; Member of the board of directors of Nova Cimangola, S.A.; Member of the board of

directors of Ciminvest – Sociedade de Investimentos e Participações, S.A.; Member of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A.; Professor at Porto Business School.

Isabel dos Santos, Angolan, 39 . Co-opted at the ZON Multimédia board meeting on 27 November 2012, as a non-executive member, to complete the term of office for the 2010/2012 triennium. Her term of office ended on 31 December 2012 but remains at her post until being replaced. Chairwoman of the board of directors of Finstar – Sociedade de Investimentos e Participações, S.A.; Chairwoman of the board of directors of Nova Cimangola, S.A.; Director of Unitel, S.A.; Director of BFA – Banco de Fomento Angola, S.A.; Director of Banco BIC; Director of Banco BIC Português, S.A.; Chairwoman Red Cross Angola.

Catarina Tavira, Angolan, 39. Co-opted at the ZON Multimédia board meeting on 27 November 2012, as a non-executive member, to complete the term of office for the 2010/2012 triennium. Her term of office ended on 31 December 2012 but remains at her post until being replaced. Head of the product and service department of UNITEL, S.A., from 2005 to 2009; Marketing and Product Director at ZAP – Distribuidora de TV por Satélite, since 2010.

Miguel Filipe Veiga Martins, Portuguese, 46. Co-opted at the ZON Multimédia board meeting on 27 November 2012, as a non-executive member, to complete the term of office for the 2010/2012 triennium. His term of office ended on 31 December 2012 but remains at his post until being replaced. Board director and CEO of Unitel, S.A., since 2010; executive director Vodafone Internet Service Group in the UK from 2008 to 2010; Executive director Portugal, from 2004 to 2008.

André Palmeiro Ribeiro, Portuguese, 38. Co-opted at the ZON Multimédia board meeting on 27 November 2012, as a non-executive member, to complete the term of office for the 2010/2012 triennium. His term of office ended on 31 December 2012 but remains at his post until being replaced. Board director at Galp Energia SGPS, S.A; Board director at Galp Exploração e Produção Petrolífera; Board director at Petrogal; Board director at GDP-Gás de Portugal, SGPS, S.A.; Board director at Galp Gás Natural Distribuição; Board director at Galp Power, SGPS, S.A.; Board director at Galp Energia, S. A.; Board director at Galp Energia España; Board director at Galp Exploração e Produção (East Timor); Board director at Galp Bioenergy, B. V.; Board director at Galp Brazil Services, B. V.; Board director at Galp Energia Netherlands, B. V.; Board director at Galp Energia Rovuma, B. V.; Board director at Petrogal Brasil S.A.; Chairman of the board of directors at Sacor Marítima, S.A.; Board director at Next Priority, SGPS, S.A.; Board director at Galp Energia Overseas, B. V.; managing director at Strongeagle Unipessoal, Lda.

Information on board members who terminated their terms of office in 2012, as mentioned in Chapter 2 point 3 of this report.

Luís João Bordalo da Silva, Portuguese, 54. Appointed for the first time in 2003. Notified the Chairman of the board of directors he was stepping down as of 31 July 2012. Member of the board of directors of Cinveste, SGPS, S.A., since 2006; Manager of Cinveste Investimentos, Lda., since 2008; Manager of Cinveste Finance, SGPS, Lda., since 2007; Manager of Cinveste Finance, Gestão de Valores Mobiliários, Lda., since 2007; Member of the board of directors of M&C Coleção de Arte, S.A., since 2007; Member of the board of directors of Guemonte – Sociedade Civil Imobiliária e de Investimento, S.A. since 2006; Member of the board of directors of Ecomar S.A. Angola, since 2007; Member of the board of directors of Ecomar, SGPS, S.A., since 2010.

Jorge Telmo Maria Freire Cardoso. Portuguese, 41. Elected in 2008 for a first term of office as ZON board director, Notified the Chairman of the board of directors he was stepping down as of 31 August 2012. Executive director of Caixa-Banco de Investimento, S.A. since 2008 and chairman of the executive committee since 2011; Vice-chairman of the board of directors of Banco Caixa Geral - Brasil, S.A. since 2012; Chairman of the board of directors of CGD Investimentos Corretora de Valores e Câmbio, S.A., since 2012; Vice-chairman of the board of directors of Banco Nacional de Investimento, S.A., from May to December 2012; Member of the board of directors of Empark Portugal – Empreendimentos e Exploração de Parques, S.A. from 2010 to 2012; Member of the board of directors of Dornier, S.A., from 2010 to 2012. Member of the board of directors of Fomentinvest, SGPS, S.A., from 2007 to 2008. Coordinator director of the Corporate Finance department of Caixa – Banco de Investimento, S.A., from 2000 to 2008. Taught as guest assistant professor at FEUNL.

Norberto Emílio Sequeira da Rosa. Portuguese, 58. Elected for the first time to the ZON Multimédia board of directors in 2008. Notified the Chairman of the board of directors he was stepping down as of 31 July 2012. Chairman of the board of directors of Caixa – Participações, SGPS, S.A., since 2008; Chairman of the board of directors of Caixatec – Tecnologias de Comunicação, S.A., since 2008; Chairman of the board of directors of Sogrupos – Sistemas de Informação, ACE, since 2008; Vice-chairman of Banco Efisa, since 2009; Vice – chairman of the board of directors of BPN – Banco Português de Negócios, S.A., from 2008 to 2012; Board director at Caixa Geral de Depósitos, S.A., since 2008; Board director at SIBS – Sociedade Interbancária de Serviços, S.A., since 2004; Member of the board of directors of Caixa Geral de Aposentações, since 2008;

