2009 CORPORATE GOVERNANCE REPORT
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CHAPTER 0. COMPLIANCE STATEMENT

This report is intended to comply with the annual disclosure requiring a detailed report on corporate governance structure and practices under the terms of article 245-A of the Securities Code ("Cód.VM" as abbreviated in Portuguese) applicable to share issues admitted to trading on a regulated market located or operating in Portugal.

Additionally, this report seeks to disclose the corporate governance structure and practices adopted by the Company in order to comply with the provisions of the CMVM (Portuguese Securities Market Commission) Recommendations on the Governance of Listed Companies, in the version published in September 2007, as well as best international practices of corporate governance, prepared in accordance with article 7 of the Cód.VM and article 2(1) of CMVM Regulation no. 1/2010.

In this context and through this report, ZON Multimédia will report information on the matters set out in Annex I of CMVM Regulations no. 1/2010, which are not addressed in the said 2007 CMVM Governance Code. However, a comply or explain exercise referring to 2009 will not be conducted in relation to these matters in this report given that they will be addressed in the CMVM Governance Code for Listed Companies, in the version published in January 2010, after the end of the financial year to which this report refers.

The Company is analysing the CMVM Recommendations from the Governance Code for Listed Companies published in January 2010 with a view to assessing the impact that such recommendations have on the ZON Multimédia Group's current governance model.

The texts mentioned are available at www.cmvm.pt.

During the 2009 financial year, the Company fully adopted the CMVM Recommendations on Corporate Governance for Listed Companies as published in September 2007 with the exception of Recommendations I.3.3 and I.6.2, which are not complied with for the reasons set out below.

The chapters of this Corporate Governance Report containing a description of the measures adopted by the Company to comply with the said CMVM Recommendations are identified below.

<table>
<thead>
<tr>
<th>CMVM RECOMMENDATION</th>
<th>COMPLIANCE</th>
<th>REPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>I – General Shareholders Meeting:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.1 Board of the General Shareholders Meeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1. The Chairman of the Board of the General Shareholders Meeting has the human and logistic resources appropriate to his needs.</td>
<td>YES</td>
<td>Chapter 1 Number 1</td>
</tr>
<tr>
<td>1.2. The remuneration of the Chairman of the Board of the General Shareholders Meeting shall be disclosed in the annual corporate governance report.</td>
<td>YES</td>
<td>Chapter 1 Number 1</td>
</tr>
</tbody>
</table>
## I.2 Participation in the General Shareholders Meeting

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Compliance</th>
<th>Chapter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Any imposition of a prior deposit or share blocking period set out in the by-laws shall not exceed five business days.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 2</td>
</tr>
<tr>
<td>2.2</td>
<td>In the event of suspension of the General Shareholders Meeting, such blocking shall not be maintained for the suspension period; the usual share blocking period for the first session shall be sufficient.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 2</td>
</tr>
</tbody>
</table>

## I.3 Voting and Exercise of the Voting Right

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Compliance</th>
<th>Chapter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Companies’ by-laws shall not provide any restriction on voting by correspondence.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 2</td>
</tr>
<tr>
<td>3.2</td>
<td>The deadline established by the by-laws for the receipt of voting declarations issued by correspondence shall not exceed three business days.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 2</td>
</tr>
<tr>
<td>3.3</td>
<td>Companies’ by-laws shall establish the one share one vote principle.</td>
<td>NO (1)</td>
<td>Chapter 1</td>
<td>Number 2</td>
</tr>
</tbody>
</table>

## I.4 Quorum and Resolutions

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Compliance</th>
<th>Chapter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Companies shall not establish a meeting or resolution quorum exceeding those set forth by law.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 3</td>
</tr>
</tbody>
</table>

## I.5 Minutes and Disclosure of Passed Resolutions

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Compliance</th>
<th>Chapter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.1</td>
<td>Minutes shall be made available to shareholders on the company’s website within five days and this website shall keep a historical record of attendance lists, agendas and resolutions adopted for at least the previous three years.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 4</td>
</tr>
</tbody>
</table>

## I.6 Measures for Corporate Control

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Compliance</th>
<th>Chapter</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>Measures adopted to prevent the success of takeover bids shall respect the interests of the company and its shareholders.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 7</td>
</tr>
<tr>
<td>6.2</td>
<td>By-laws providing for a limitation on the number of votes that may be held or exercised by a single shareholder, individually or jointly with other shareholders, shall establish that (i) at least every five years the maintenance of this provision shall be subject to a resolution at the general shareholders meeting, and that (ii) upon such resolution all votes cast shall be counted without applying such limitation.</td>
<td>NO (2)</td>
<td>Chapter 1</td>
<td>Number 7</td>
</tr>
<tr>
<td>6.3</td>
<td>Defensive measures that have the automatic effect of causing serious erosion of the company’s assets in the case of change of control or change in the composition of the management body, thus hindering the free transfer of shares and assessment of members of the management body, shall not be adopted.</td>
<td>YES</td>
<td>Chapter 1</td>
<td>Number 6</td>
</tr>
</tbody>
</table>
## II – Management and Supervisory Bodies:
### II.1. General

#### II.1.1. Structure and Duties

1.1.1. The management body shall assess the corporate governance model adopted in the annual corporate governance report, identifying any constraints on its operation and proposing the steps to be taken to overcome such constraints.

1.1.2. Companies shall create internal control systems to identify risks related to the activities of the company.

1.1.3. Management and supervisory bodies shall establish internal regulations which shall be disclosed on the company’s website.

#### II.1.2. Conflicts of interest and Independence

1.2.1. The Board of Directors shall include a number of non-executive members ensuring effective ability to supervise, monitor and assess the activity of the executive members.

1.2.2. The non-executive members of the management body shall include an appropriate number of independent members, which shall never be less than a quarter of the total number of directors.

#### II.1.3. Eligibility and Appointment

1.3.1. Depending on the corporate model, the chairman of the audit board or of the audit committee or of the financial matters committee shall be independent and be appropriately qualified to carry out his duties.

#### II.1.4. Whistleblowing Policy

1.4.1. The company shall adopt a whistleblowing policy with the following characteristics: i) indication of the means that can be used for internal whistleblowing and the persons entitled to receive such communications, ii) indication of the processing of such communications.

1.4.2. The general guidelines of such policies shall be disclosed in the annual corporate governance report.
### II. 1.5. Remuneration

1.5.1. The remuneration of members of the management bodies shall be structured to allow the alignment of their interests with the company’s. Thus: i) the remuneration of directors performing executive functions shall incorporate a performance-based component; ii) the variable component shall be consistent with the maximisation of the long-term performance of the company and dependant on the sustainability of the performance variables adopted; iii) when the law does not so require, the remuneration of non-executive members of the management body shall exclusively comprise a fixed amount.

1.5.2. The remuneration committee and management body shall submit to the annual general shareholders meeting a statement on the remuneration policy of the management and supervisory bodies and of all other persons discharging managerial functions as per article 248-B(3) of the Cód.VM.

1.5.3. At least one representative of the remuneration committee shall be present at the annual general shareholders’ meetings.

1.5.4. A proposal shall be submitted to the general shareholders meeting on the approval of plans for the allotment of shares, and/or share options or based on variations in share price, to members of the management and supervisory bodies and other persons discharging managerial functions as defined in article 248-B(3) of the CódVM. The proposal shall be presented together with the regulation governing the plan or the general conditions that it shall comply with. The general shareholders meeting shall also approve the main characteristics of any retirement plan that benefits members of the management and supervisory bodies and other persons discharging managerial functions according to article 248-B(3) of the CódVM.

1.5.5. The remuneration of the members of the management and supervisory bodies shall be subject to individual annual disclosure, with the fixed and variable remuneration being distinguished. Any other remuneration received from other companies within the group or companies controlled by holders of qualified shareholdings shall also be identified.

### II.2. Board of Directors

2.1. Within the legal limits established for each management and supervisory structure, and unless the company has a reduced size, the board of directors shall delegate the day-to-day management of the company.

2.2. The board of directors shall ensure that the company acts in accordance with its objectives, and shall not delegate its responsibility namely in relation to: i) the definition of the company’s strategy and general policies; ii) the definition of the group’s corporate structure; iii) decisions that should be considered as strategic due to their value, risk or special characteristics.
2.3. In the case of the chairman of the board of directors carrying out executive duties, the board of directors shall find efficient co-ordination mechanisms for work of non-executive members, ensuring that these members are able to make decisions in an independent and informed manner.

2.4. The annual management report shall include a description of the activities carried out by non-executive directors namely mentioning any constraints encountered.

2.5. The management body shall rotate the member responsible for the financial area at least at the end of two terms in office.

II.3. Deputy Director, Executive Committee and Executive Board of Directors

3.1. Directors performing executive duties shall provide any information requested by other corporate body members in a timely and appropriate manner.

3.2. The chairman of the executive committee shall send all calls and minutes of such committee’s meetings to the chairman of the board of directors and, if applicable, to the chairman of the audit board or of the audit committee.

3.3. The chairman of the executive board of directors shall send to the chairman of the general and supervisory board and to the chairman of the financial matters committee all calls and minutes of the respective meetings.

II.4. General and Supervisory Board, Financial Matters Committee, Audit Committee and Audit Board

4.1. In addition to performing its supervisory roles, the general and supervisory board shall perform an advisory role, as well as continually assessing the management of the company by the executive board of directors. The general and supervisory board shall make decisions on the following matters: i) definition of the company’s strategy and general policy; ii) the corporate structure of the group; and iii) decisions considered to be strategic due to the values, risks or special characteristics involved.

4.2. The annual reports on the activities of the general and supervisory board, the financial matters committee, the audit committee and the audit board shall be disclosed on the company’s website along with the financial statements.

4.3. The annual reports on the activities of (i) the general and supervisory board, (ii) the financial matters committee, (iii) the audit committee and (iv) the audit board shall include a description of the supervisory activity carried out and should also refer to any potential constraints.

4.4. The financial matters committee, the audit committee and the audit board, depending on the corporate governance model adopted, shall represent the company for all purposes before the external auditor and shall propose the services supplier, the respective remuneration and ensure that the company makes available appropriate conditions for the rendering of the services, as well as act as the point of contact, being also the first to receive the reports.
4.5. The financial matters committee, the audit committee and the audit board, depending on the corporate governance model adopted, shall annually assess the external auditor and propose to the general shareholders meeting that the external auditor be discharged if justifiable grounds so warrant.

### II.5. Specialised Committees

5.1. The board of directors and the general and supervisory board, depending on the corporate governance model adopted, shall create the necessary committees in order to:

i) ensure that a competent and independent assessment of the performance of executive directors is carried out, as well as of its own overall performance and the performance of existing committees;

ii) consider the corporate governance system adopted and assess its efficiency and propose to the respective bodies any measures required to improve it.

5.2. Members of the remuneration committee, or equivalent, shall be independent from the management bodies.

5.3. All committees shall draw up minutes of their meetings.

### III – Information and Auditing:

#### III.1. General Disclosure Duties

1.1 Companies shall ensure permanent contact with the market, respecting the principle of shareholder equality and preventing any inequalities in investors' access to information. For such purposes the company shall maintain an investor support office.

1.2 The following information, to be available on the company's website, shall be provided in English:

- a) The company name and the fact it is a public company, its registered office and all other information mentioned under article 171 of the Portuguese Companies Code;
- b) By-laws;
- c) Identity of all members of corporate bodies and the representative for market relations;
- d) Investor Support Office, its duties and means of access;
- e) Financial statements;
- f) Bi-annual agenda of corporate events;
- g) Proposals submitted to discussion and voting at the general shareholders meeting;
- h) Calls for the general shareholders meeting

| 4.5. | YES | Chapter 2  
| Number 3 |
| II.5. Specialised Committees | YES | Chapter 2  
| Number 4 |
| II.5. Specialised Committees | YES | Chapter 2  
| Number 6 |
| II.5. Specialised Committees | YES | Chapter 2  
| Numbers 4 and 6 |
| III – Information and Auditing: | YES | Chapter 3  
| III.1. General Disclosure Duties | YES | Chapter 3  
| Number 7 |
(1) In accordance with the Company’s By-laws, each 400 shares are equivalent to one vote. This situation contradicts Recommendation 1.3.3 of the 2007 CMVM Governance Code, which establishes the “one share, one vote” principle.

There is no consensus on the “one share, one vote” principle at the international level, particularly in Europe. For instance, in the so-called EU Directive of Shareholders’ Rights, this principle, although under debate, has not been established. Moreover, neither was this principle considered in the Recommendation.

This shows that the idea that one share should correspond to one vote lacks justification. Despite the long and detailed discussion of this issue at the European level, there is no general consensus on the benefits it seeks to bring (namely an effective equality between shareholders and, in particular, greater balance between minority and majority shareholders). In this measure, and as defended in previous reports, ZON Multimédia reiterates its understanding that the “one share, one vote” principle does not represent an incontestable best practice, and, consequently, the Company believes that its failure to comply with this Recommendation is well-founded and acceptable.

In addition, although non-compliance with the “one share, one vote” principle is frequently seen as a defensive measure, ZON Multimédia considers that, in its own case, the 400 shares requirement to participate and exercise the voting right at the General Shareholders Meeting does not take power from shareholders (particularly minority shareholders), rather it becomes a mechanism to allow effective and orderly participation at Shareholders’ Meetings.

(2) Article 12(5) of ZON Multimédia’s By-laws contains a cap on the counting of votes of a single shareholder; the votes cast by a single shareholder of ordinary shares, directly or through a proxy on his own behalf or as a representative of another shareholder exceeding 10% of the total share capital, shall not be counted.

The initial wording of this provision of the By-laws provided for a 5% cap and dates from the incorporation of the Company within the Portugal Telecom Group. It was amended at the General Shareholders Meeting on 20 June 2007 to the current 10% cap following a proposal from the Board of Directors.

In accordance with the position it has held consistently, ZON Multimédia maintains that this provision represents a measure to expand shareholder democracy and protection of minority shareholders, reducing the voting power of larger shareholders, thereby expanding the voting power of minority shareholders. Additionally, it functions as an important mechanism to guarantee shareholder stability, avoiding shareholder movements based upon mere stock market speculation, which in no way contributes to positive results and the sustainability of companies.

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However, it is also usually seen as a measure with potential to interfere with the success of takeover bids since higher levels of shareholder participation are required to obtain control of a company. However, in contrast with this potential effect, it should be emphasised that this measure may constitute an incentive to the improvement of the conditions that make a takeover bid attractive since only higher levels of subscription by the offerees allows the control thresholds to be reached.

It should also be highlighted that majority shareholders affected by this provision are able to propose its removal or amendment to the General Shareholders Meeting. In this regard, we believe that this issue is subject to shareholder consideration, providing shareholders with the opportunity to propose and vote in accordance with respective shareholdings. The management body is not, therefore, responsible for suppression of the statutory provision related to the voting cap. For this reason, we disagree with the proposed regulatory rule that promotes the statutory provision of the duty (of the management body) to require a shareholder vote on maintenance of the voting cap at least every five years.
CHAPTER 1. GENERAL SHAREHOLDERS MEETING

1. COMPOSITION AND FUNCTIONING OF THE GENERAL SHAREHOLDERS MEETING

The Board of the General Shareholders Meeting is composed as follows:

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

The three-year term of office of the members of the Board of the General Shareholders Meeting began on April 24, 2007 and ended on December 31, 2009.

In 2009, the Chairman of the Board of the General Shareholders Meeting received the total remuneration of €2,500 for attendance at one meeting.

The General Shareholders Meeting, comprised of shareholders with voting rights, meets at least once a year, under article 376 of the Portuguese Companies Code (“CSC” as abbreviated in Portuguese). The General Shareholders Meeting is also held when called by the Chairman of the Board of the General Shareholders Meeting, by the Board of Directors or by the Audit Committee, or by shareholders representing at least 5% of share capital, under article 375 of the CSC, and, in turn, in special cases provided for in the applicable legislation, when called by the Audit Committee.

Under article 377 of the CSC, the call for the general shareholders meetings must be given at least one month in advance on the Ministry of Justice’s website (http://publicacoes.mj.pt). The call is also given on the Company’s website and in the CMVM information disclosure system (www.cmvm.pt), as well as on the Euronext Lisbon website.

All necessary resources are made available to allow the Chairman of the Board of the General Shareholders Meeting to carry out his duties, in particular with the assistance of the Company’s General Office.

2. PARTICIPATION IN THE GENERAL SHAREHOLDERS MEETING AND THE RIGHT TO VOTE

Under the Company’s By-laws, only shareholders with voting rights may attend the General Shareholders Meeting. Each set of 400 shares represents one vote. According to Portuguese law, shareholders controlling a lower number of shares can join together to achieve the required or a higher number of shares and may be represented at the meeting by one of the shareholders in the group.

Under article 12(2) of the By-laws, the holding of the right to vote shall be evidenced by the registration of the shares in a book entry securities account up to 5 business days prior to the meeting. However, if the meeting is suspended, shareholders can unblock the shares. Participation in the General Shareholders Meeting on the new date shall be evidenced by the registration of the shares in a book entry securities account with the same time constraint as the original meeting (up to 5 business days prior to the meeting).
Shareholders with voting rights can participate directly in the General Shareholders Meeting, or be represented under the terms of the CSC, by sending a signed letter to the Chairman of the Board of the General Shareholders Meeting.

According to the terms of Article 12 of the ZON Multimédia By-laws, the votes issued by a shareholder who holds ordinary shares, by itself or through a representative, on its own behalf or as a representative of another shareholder, that exceed 10% of the total voting rights corresponding to share capital are not be counted.

The Company’s By-laws provide for the exercise of voting rights by correspondence or electronic means in regard to all matters contained in the call, under the terms and conditions established therein.

**Voting by Correspondence**

ZON Multimédia does not impose any restrictions on voting by correspondence, which, in compliance with the By-laws and the Company’s practice, shall be exercised in accordance with the following procedures:

a) The shareholders entitled to vote may, under article 22 of the Cód.VM, exercise their voting rights by correspondence, through a signed statement where the vote on each of the items of the General Shareholders’ Meeting’s agenda must be clearly defined;

b) The voting statement shall be accompanied by a legible copy of the shareholder’s identity card or citizen’s card and by the statement of the financial intermediary in charge of the registration of the respective shares. If the shareholder is a legal person, the voting statement shall be signed by its representative whose signature shall be certified by a notary;

c) The voting statement and the documents referred to in the previous paragraph must be sent by registered mail in a closed envelope addressed to the Chairman of the Board of the General Shareholders Meeting;

d) The Chairman of the Board of the General Shareholders meeting is responsible for ensuring the authenticity and confidentiality of the votes by correspondence until the time of the vote.

For the purposes of voting by correspondence, there are voting forms available to shareholders at the Company’s registered office, which may also be obtained through its website or by hand, post or electronic mail.

The Company’s By-laws do not specify a minimum period between receipt of the voting declaration by correspondence and the date of the General Shareholders Meeting. Nevertheless, the Company’s practice has been to establish in the call a deadline of three business days before the General Shareholders Meeting for the receipt of votes by correspondence.

**Electronic Voting**

As an alternative to voting by post, the holders of voting rights can choose to exercise their voting right by electronic means. However, the Chairman of the Board of the General Shareholders Meeting may make voting by electronic means subject to conditions that he may establish for the purposes of
In fact, according to the practice implemented in the Company, shareholders entitled to vote may also vote through the Internet on the Company’s website, in accordance with the requirements established there, provided that, by the time and date set out in the call for the General Shareholders Meeting, they have delivered to the Chairman of the Board of the General Shareholders Meeting a communication prepared in accordance with the form made available on the same website, which shall bear a certified signature (or, for individuals, a simple signature together with a copy of the relevant ID card or citizen’s card), and shall include the postal address to which the password to be made available by the Company should be sent.

Such shareholders may exercise their voting rights during the period established in the call for the General Shareholders Meeting. Only the votes of shareholders whose declaration of the financial intermediary, entrusted with the registration of the relevant shares, has been received during the period provided for in the call for the General Shareholders Meeting may be taken into account.

**Common Provisions – Voting**

Voting rights exercised by correspondence or by electronic means will be taken into account at the time of counting of the votes by being added to the voting rights exercised during the General Shareholders Meeting.

The presence at a General Shareholders Meeting of a shareholder, or a shareholder’s representative, having exercised his/her voting rights either by correspondence or by electronic means has the effect of revoking that shareholder’s vote by correspondence or electronic means.

According to article 384(9) of the CSC and to article 12(11)(f) of the Company’s By-laws, any votes cast either by correspondence or by electronic means shall be deemed as a vote against any resolution proposals that may be submitted after the date on which said votes were cast.

**3. QUORUM AND RESOLUTIONS (INCLUDING CHANGES TO THE BY-LAWS)**

On first call, the General Shareholders Meeting resolutions are passed by majority of votes cast, regardless of the number of shareholders present or represented.

However, to pass a resolution on an amendment to the By-laws, a merger, spin-off, transformation or dissolution of the Company or any other matter so required by law, a qualified majority of two thirds of the votes cast in the first call is necessary. In the General Shareholders Meeting on these matters, shareholders holding shares corresponding to at least one third of the share capital must be present or represented at the first call. However, a General Shareholders Meeting on a second call is able to pass a resolution on such matters regardless of the number of shareholders present or represented. At the second call, the general shareholders meeting passes resolutions on the same matters by a two-thirds majority of the votes cast, unless shareholders holding at least half the share capital are present or represented, in which case those resolutions may be taken by the majority of votes cast.
The ZON Multimédia By-laws do not provide for any higher meeting or resolution quorum than is established by law. In effect, no statutory rules are established concerning quorums for either meetings or resolutions, or concerning the effects on the standout systems relating to asset rights.

4. AVAILABILITY OF INFORMATION ON THE GENERAL SHAREHOLDERS MEETING

The proposals to be submitted by the Board of Directors to the General Shareholders Meeting, as well as the reports that must be legally attached thereto and all other preparatory information data, are made available to shareholders at the Company’s registered office during the period established by law. This information includes the full text of any proposed alterations to the By-laws which shall be made available as from the date of the call of General Shareholders Meeting.

To facilitate access to such documents, especially by foreign shareholders, the Company will send them by post, fax or electronic mail, upon request.

In addition, the call for the General Shareholders Meeting and the proposals received by the Chairman of the Board of the General Shareholders Meeting to be discussed and decided upon at the General Shareholders Meeting are made available on the Company’s website in the period required in CMVM regulations.

Summaries of the minutes of the General Shareholders Meeting are made available on the Company website as well as through the Investor Relations Office within 5 days from execution.

ZON Multimédia also makes General Shareholder Meeting minutes available on its website containing information on resolutions taken, share capital represented and voting results after these minutes have been completed and properly signed. Such information remains available on the ZON Multimédia website for a period of at least 3 years.

5. ROLE OF THE GENERAL SHAREHOLDERS MEETING REGARDING:

Remuneration policy and evaluation of members of the Board of Directors and other persons discharging managerial functions

Under the terms of article 13(4)(e) of the Company’s By-laws, the General Shareholders Meeting is responsible for electing a Remuneration Committee which will define the policy and set fixed and variable remuneration for members of corporate bodies.

Currently, the Remuneration Committee has three members: Fernando José Guimarães Freire de Sousa, Luís Manuel Roque de Pinho Patrício and Agostinho do Nascimento Pereira Miranda, who were elected by the Annual General Shareholders Meeting on 21 April 2008.

Members of the Remuneration Committee are called to attend the Company’s Annual General Shareholders Meeting. At least one member shall always be present. At the General Shareholders Meeting on April 29, 2009, three members of the Remuneration Committee were present.
At this General Shareholders Meeting held on 28 April 2008, a statement from the Remuneration Committee was submitted to company shareholders concerning the remuneration policy for the management and supervisory bodies of ZON Multimédia.

The evaluation of the Board of Directors has also been carried out by the Remuneration Committee, elected by the shareholders, as proposed by the Chairman of the Board of Directors. However, under the Board of Directors’ resolution of 3 March 2009 an Evaluation Committee was created with the purpose of assisting the Remuneration Committee in its duty to evaluate members of the management body. This committee began to exercise the said evaluation duties in 2009.

In relation to the evaluation of other ZON Multimédia persons discharging managerial functions as per article 248 (3) of the Cód.VM, as the same directors undertake management functions in ZON Multimédia Group subsidiaries, the respective remuneration is established by the Remuneration Committee of the respective subsidiaries (and not by the ZON Multimédia management body).

**Proposal related to approval of share allotment and/or share purchase option plans for management and supervisory bodies as well as other persons discharging managerial functions**

The Plan for Allotment of Shares or Options in the ZON Multimédia Group was submitted to and approved by the General Shareholders Meeting on 21 April 2008, with all elements necessary for its evaluation, including the respective regulation.

The proposed resolution related to this Plan and respective Regulation was made available for consultation during the period legally provided for on the Company website on the page specifically designated for the General Shareholders Meeting. A specific e-mail address was also provided for issues related to the General Shareholders Meeting. Furthermore, members of the Board of Directors and Remuneration Committee were available during the General Shareholders Meeting to provide any explanations for questions posed by shareholders.

The internal Regulation of the Plan for the Allotment of ZON Multimédia’s Shares or Options, approved in the General Shareholders Meeting held on 21 April 2008 is available on the Company’s website.

The terms and conditions of the ZON Multimédia Group’s Plan for Allotment of Shares or Options are detailed in Chapter 3(5) below.

ZON Multimédia Group's Plan for Allotment of Shares or Options will remain in force until the end of the mandate of the members of the Board of Directors or until it has been fully executed. At the Annual General Shareholders Meeting to be held on 19 April 2010, shareholders shall evaluate the renewal of this plan, and the same level of detail shall be made available to enable them to make an informed decision.
Approval of the main characteristics of the retirement benefits plan by members of the management and supervisory bodies and other persons discharging managerial functions

There are no retirement benefits plans for members of the management body, supervisory body or other persons discharging managerial functions in accordance with the provisions of article 248-B(3) of the Cód VM.

6. MEASURES ON CORPORATE CONTROL

ZON Multimédia has not adopted any defensive measures that have had the effect of automatically causing a serious erosion of the Company’s assets in the case of a transfer of control or change in the composition of the Board of Directors.

In 2008, ZON TV Cabo Portugal (a Company 100% owned by the ZON Multimédia Group) entered into a contract with Vodafone Portugal for the ‘ZON Mobile’ service which provides for the possibility of Vodafone terminating in the case of (i) acquisition, by a Vodafone competitor, by itself or in partnership, directly or indirectly, of a holding or voting rights in ZON TV Cabo Portugal or the ZON Group exceeding 10% and/or of a holding, which, by itself or in association, entitles such competitor to appoint a member of the management body or General and Supervisory Board of ZON TV Cabo Portugal or (ii) ownership, by ZON TV Cabo Portugal or a ZON group company, by itself or in association, directly or indirectly, of a holding equal to or exceeding 10% of share capital or of the voting rights of a competitor of Vodafone or the Vodafone group and/or a holding which, by itself or in association, gives the right to appoint a member of the management body or the General and Supervisory Board of such competitor or, (iii) disposal by its shareholders of a stake in ZON TV Cabo Portugal’s share capital equal to or exceeding 50% to a company that is not a Vodafone competitor and/or a holding that entitles such entity to appoint half or the majority of the members of ZON TV Cabo Portugal management body. This contract is still in force.

The Company, either alone or together with other group companies, has entered into financing agreements with financial institutions and these agreements make provision for their own termination if there are significant changes in to the Company’s shareholding structure and/or to respective voting rights.

There are no other significant agreements between ZON Multimédia or its subsidiaries that include any clauses on change of control (including after a public takeover bid), i.e., which come into force, are changed or terminate upon a change of control, as well as the respective effects.

There are no agreements between the Company and its directors, or other persons discharging managerial functions in ZON Multimédia, as per article 248-B(3) of the Cód.VM that provide for compensation in cases of a request for resignation, unfair dismissal or termination of the employment relationship following a change in control of the Company.

As regards information that specifically relates to payments due as a result of early termination of directors’ contracts, such information is set out in Chapter 2 (8) below.
7. MEASURES THAT MAY INTERFERE WITH THE SUCCESS OF TAKEOVER BIDS

Although ZON Multimédia considers that its By-laws do not contain any defensive provisions which have the effect of automatically causing a negative impact on the Company’s assets in the case of change of control or change in the composition of the management body, set out below are the existing measures that, according to the CMVM, may interfere with the success of takeover bids:

**Voting caps applicable to each shareholder**

According to the current wording of paragraph 5 of Article 12 of the Company’s By-laws, the votes issued by a holder of ordinary shares, by itself or through a representative, on its own behalf or as a representative of another shareholder, that exceed 10% of the total voting rights corresponding to share capital shall not be counted. ZON Multimédia By-laws do not contain a rule requiring this provision to be maintained (or eliminated) by resolution of the General Shareholders Meeting from time to time.

Historically, this provision has emerged in various European countries and intrinsically represents a measure to expand shareholder democracy by reducing the voting power of majority shareholders and, as a result, expands minority shareholders’ voting power.

Nevertheless, it is also normally understood as having the potential to interfere with the success of public takeover bids, it being certain, however, that we should not fail to balance the potential effect of reducing the frequency of public takeover bids (since assumption of control requires higher levels of shareholder participation) against the incentive effect it has on improvement of the conditions of attractiveness of public bids, since only higher levels of acceptance by offerees allow a potential bidder to reach control thresholds.

Even if it is considered that this provision acts as a possible brake on the success of public takeover bids, ZON Multimédia considers that it fully respects Company and shareholder interests. In effect, this provision is a measure for widening shareholder participation and minority shareholder protection, reducing the voting power of major shareholders and correspondingly bolstering the voting power of minor shareholders. Additionally, it functions as an important mechanism to guarantee shareholder stability, avoiding shareholder movements based upon mere stock market speculation, which in no way contributes to positive results and the sustainability of companies.
CHAPTER 2. MANAGEMENT AND SUPERVISORY BODIES

1. GENERAL MATTERS

ZON Multimédia adopts the Anglo-Saxon governance model, in which the Board of Directors, an Audit Committee (composed exclusively of Directors) and a Statutory Auditor are responsible for the Company’s management and supervision, as set out in article 278(1)(b) of the CSC.

In turn, the ZON Multimédia Board of Directors has delegated the day-to-day management of the Company to an Executive Committee.

Pursuant to the applicable legal or regulatory requirements and with the key purpose of being able to benefit from a number of considerations, recommendations and suggestions focused on and arising out of a structure specifically intended to address such issues – in all cases with functions that are merely ancillary, all decisions ultimately being taken exclusively by the management body –, the Board of Directors of ZON Multimédia has set up, in addition to the Executive Committee, a Corporate Governance Committee and an Evaluations Committee. The composition and duties of these committees are detailed below (in paragraph 4 of this Chapter). Additionally, the Executive Committee has set up a Disclosure Committee the composition and duties of which are described below (paragraph 4 below).

The bodies of ZON Multimédia as well as the committees identified above are subject to operating regulations, which may be viewed on the Company’s website.

The Internal Risk Management Control System established in ZON Multimédia is intended to ensure the Company’s appropriate monitoring of the risks affecting its activities. This control system, including the respective dictionary of risks, was approved by the Executive Committee in the exercise of powers delegated by the Board of Directors under consultation by the Audit Committee. The Audit Committee periodically reviews and evaluates the respective implementation results. The Internal Risk Management Control System of ZON Multimédia, as well as the main risks - including those of an economic, financial and legal nature - to which the Company is exposed in the exercise of its activity, are set out in paragraph 10 below.

The management regularly monitors the group's cash reserve forecasts, including unused amounts from lines of credit, cash and cash equivalents, based on estimated cash flows, and accounting for compliance with potential covenants normally existing in loans to be paid, namely: “cross default”; “pari passu”; “negative pledge”; debt-to-equity ratio; EBITDA/net interest; “ownership clause” and clauses related to maintenance of group activity; and compliance with its obligations (operational, legal and tax).

Annual reports regarding activity carried out by the Audit Committee include the description of the supervisory activity and make reference to the existence or absence of constraints. These reports are released on the Company website along with financial statements.

Evaluation of the Governance Model Adopted

The Board of Directors of ZON Multimédia considers that this model is fully and effectively implemented and rooted in the culture of the Company, with no constraints established in terms of its operation.
In addition, the current corporate governance model has proved itself to be balanced and flexible to the adoption of domestic and international best corporate governance practices.

Finally, it is also considered that this corporate governance structure has allowed the proper operation of the Company, as well as making transparent and appropriate dialogue feasible between various corporate bodies and between the Company, its shareholders and other stakeholders.

2. CHARTS ON THE DIVISION OF POWERS AND FUNCTIONS

As previously mentioned, and due to the resolution of the General Shareholders Meeting on 20 June 2007, the Company has adopted the Anglo-Saxon corporate model. As consequence, the supervision of the Company is performed by an Audit Committee, consisting of three non-executive members of the Board of Directors, and a Statutory Auditor.

The ZON Multimédia Board of Directors is responsible for managing the Company’s business, with its powers defined by the By-laws and by its Internal Regulations. The Company’s day-to-day management is performed by the Executive Committee.

ZON Multimédia is structured by business areas corresponding to 3 large core areas: subscription TV and broadband Internet business, mobile services and audiovisual business and cinema exhibition business. The business units are coordinated by the Executive Committee, with the support of 13 corporate units. Reporting by subsidiaries is made on a functional rather than hierarchical basis, thus enabling an effective communication.
The Executive Committee of ZON Multimédia is directly involved in the daily management of the various business units. The Executive Committee and/or the Board of Directors of the main companies making up the various business units are chaired by ZON Multimédia’s Chief Executive Committee. Therefore, we envisage creating a simple structure, allowing a flexible decision making procedure and a swift implementation of the defined strategy.

As mentioned above, the corporate units are oriented towards the coordination of the various businesses and report to the Executive Committee. These units and their functions are defined as follows:

- **General Office:** ensuring the necessary support to the General Shareholders Meeting, Board of Directors and Executive Committee meetings of ZON Multimédia and of its subsidiaries; assuring the updating and publication of the various corporate documents, the compliance and formalities of the corporate acts in view of its certification; ensuring the administrative management of support for the management bodies;

- **Investor Relations:** to ensure a proper relationship with the financial community (investors, shareholders and market regulators), namely through the publication of financial and business information of ZON Multimédia;

- **Financial and Administrative:** preparing the accounting and financial information deemed necessary to guarantee that ZON Multimédia’s information obligations are met; ensuring the uniform application of the accounting principles followed by Group’s companies, the compliance with ZON Multimédia’s tax obligations, as well as monitoring operations in terms of tax;
Human Resources: advising the Executive Committee on the definition of objectives and human resource policies, setting up human resources management mechanisms and ensuring the coordination, communication and harmonisation of the human resources management practices within ZON Multimédia group of companies;

Corporate Finance, Planning and Control: developing, implementing and managing the ZON Multimédia planning and control system at the operational and financial level, as well as ensuring the study of potential non-organic growth opportunities;

Legal Services: ensuring the legal assistance and the uniformity of the legal procedures in the ZON Multimédia group;

Communication and Multimedia Content: advising the Executive Committee in the definition of the strategy and policies for corporate communication in all of it aspects, as well as identifying and managing content that may feed new broadcast platforms that may be adopted by ZON Multimédia; to contribute, within the scope of its duties, to the development and consolidation of a strong, sound and solid corporate culture and to an external image reflecting the values and objectives of the Company;

Technological Strategy: advising on the technological strategy of the Company for the development of business in the best financial conditions, as well as arranging the resources for the use of technology in product planning and for the technological vision of the future of the company;

Networks and Systems: ensuring the coordination of the departments responsible for planning, engineering, construction, operation, maintenance and management of networks and system infrastructures of ZON Multimédia Group and alignment of the departments responsible for the delivery and support to the network services and the department in charge of the delivery and support to the information systems services;

Business Development: assisting the Executive Committee in the adoption and putting into operation of strategic decisions with high impact in Group’s performance and organisation, as well as to directing, supporting and promoting the profitable development of the companies within the ZON Multimédia group;

Regulation, Interconnection and Competition: support and advice to ZON Multimédia and its companies on issues of competition policy and regulatory issues; communication and coordination between the relevant departments of ZON Multimédia, in relation to compliance with competition rules and regulators’ decisions as well as dealing with requests from the competition authorities and the regulators; providing support for ZON Multimédia’s relationship with the other operators in the electronic communications market, as well as with the sector’s associations;

Internal Audit: examining and evaluating the activities of the companies of ZON Multimédia group, acting in order to ensure the proper management of business processes and submitting recommendations to the management bodies on the internal control system and efficient management of the business risks;
• **Purchasing, Logistics and Asset Management**: coordinating the departments responsible for ZON Multimédia group’s purchasing, logistics and asset management, with a view to ensuring the contractual side and availability of supply of the products and services necessary for the productive activities of the group’s companies, in competitive conditions in terms of use and cost.

In 3 below, in the item referring to the Executive Committee, there is a description of the distribution of responsibilities by members of this Committee.

### 3. MANAGEMENT BODY: BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE

#### Election process for members of the Board of Directors

Pursuant to article 15 of the By-laws, the Board of Directors of ZON Multimédia comprises a maximum of 19 members, elected at the General Shareholders Meeting by a majority of votes cast.

Any shareholder, regardless of capital held, can individually submit proposals for election of members to the Board of Directors.

On the other hand, under the CSC, a minimum of shareholders representing at least 10% and not more than 20% of the share capital, that voted against the winning proposal in the election of the Board of Directors may appoint a member of the management body. The Directors are appointed for a three-year term of office, the election year being deemed to be full calendar year, and there are no restrictions on the re-election of Directors.

Company law and the Company’s By-laws also state that in case of the definitive absence of a Director, he or she will be replaced by co-option by the Board of Directors. When the absent Director is the Chairman of the Board of Directors, he is replaced by election at the General Shareholders Meeting. In accordance with article 16(3) of the By-laws, a member of the Board of Directors is considered definitively absent if he misses two consecutive or five separate meetings within the same term and without a justification accepted by the Board of Directors.

Under a proposal by the shareholders and under their sole and exclusive responsibility, members of the Board of Directors of ZON Multimédia were elected in their own names without indication of any type of representation. Executive members of the Board of Directors did not therefore interfere in the selection process of non-executive members.

#### Composition and Characteristics of the Board of Directors

To ensure that the Company’s interests are fully pursued, the management body is composed of a number of non-executive members. This guarantees and effective ability to supervise, monitor and evaluate the executive members of ZON Multimédia. Among the non-executive members, there are a number of independent directors appropriate to the Company’s size and its shareholding structure. In effect, and in line with CMVM Recommendation II.1.2.2., independent directors represent over a quarter of the ZON Multimédia Board of Directors (see below).
As of 31 December 2009, the Board of Directors of ZON Multimédia was composed of the 16 members identified below:

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>Executive Committee</th>
<th>Independent, non-executive directors</th>
<th>No. of shares held</th>
<th>First appointment and term of office</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daniel Proença de Carvalho</td>
<td>chairman</td>
<td>---</td>
<td>X</td>
<td>---</td>
</tr>
<tr>
<td>Rodrigo Costa</td>
<td>Member</td>
<td>chairman</td>
<td>---</td>
<td>506,313</td>
</tr>
<tr>
<td>José Pedro Pereira da Costa</td>
<td>Member</td>
<td>Member</td>
<td>---</td>
<td>48,062</td>
</tr>
<tr>
<td>Luís Lopes</td>
<td>Member</td>
<td>Member</td>
<td>---</td>
<td>47,062</td>
</tr>
<tr>
<td>Duarte Calheiros</td>
<td>Member</td>
<td>Member</td>
<td>---</td>
<td>22,413</td>
</tr>
<tr>
<td>Fernando Fortuny Martorell</td>
<td>Member</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>António Domingues</td>
<td>Member</td>
<td>---</td>
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<td>---</td>
</tr>
<tr>
<td>László Cebrian</td>
<td>Member</td>
<td>---</td>
<td>X</td>
<td>---</td>
</tr>
<tr>
<td>Luís Bordalo da Silva</td>
<td>Member</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Vítor Gonçalves</td>
<td>Member</td>
<td>---</td>
<td>X</td>
<td>---</td>
</tr>
<tr>
<td>Paulo Mota Pinto</td>
<td>Member</td>
<td>---</td>
<td>X</td>
<td>---</td>
</tr>
<tr>
<td>Nuno Silvério Marques</td>
<td>Member</td>
<td>---</td>
<td>X</td>
<td>---</td>
</tr>
<tr>
<td>Norberto Rosa</td>
<td>Member</td>
<td>---</td>
<td>---</td>
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</tr>
<tr>
<td>Jorge Telmo Cardoso</td>
<td>Member</td>
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<td>---</td>
</tr>
<tr>
<td>Joaquim Oliveira</td>
<td>Member</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>João Borges de Oliveira</td>
<td>Member</td>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
</tbody>
</table>

(1) The 2007/2009 three-year term in office of corporate bodies ended on 31 December 2009. According to applicable laws, the members of the Board of Directors will continue to perform their duties until the election of new members during the Annual General Shareholders Meeting to be held on April 19, 2010.

The assessment of the independence of directors in the above table was made in light of the requirements of CMVM Regulation no. 1/2007 on Corporate Governance of Listed Companies (applicable during the period covered in this report), which refers to article 414(5) of the CSC.

According to this provision, board members are identified as independent when they are not associated to any specific interest group in the Company and their impartiality in making analysis and decisions is not in question, particularly in relation to: a) holding shares or acting in the name of
shareholders with stakes equal to or above 2% of the Company’s share capital; b) having been re-elected to office for more than two consecutive or separate mandates.

Under the terms of ZON Multimédia’s Board of Directors Internal Regulations, evaluation by the Board of Directors of the independence of its members, with the exception of those on the Audit Committee, is based on responses to individual questionnaires sent to the Chairman of the Board of Directors at the time of his election and by 31 January of each year. The aforementioned Regulation also requires that directors shall always inform the Chairman of the Board of Directors when they face any situation liable to change their previously reported situation.

An enquiry was also made as to whether there had been any conflict of interest in relation to any of the Company’s Directors, under the terms of article 414-A (1) of the CSC. None of ZON Multimédia’s Directors were found to be in any of the situations described therein, with the exception of paragraphs b) and h).

Under the Company’s Audit Committee Regulation, members of this body, in turn, are also subject to legal requirements in force from time to time on issues of conflict of interest and independence.

To assess their independence, members of the Audit Committee shall, (i) continually assess their independence, (ii) report any situations that could influence their independence to the Audit Committee and (iii) respond to a questionnaire, approved for such purpose, on conflicts of interest and independence both at the time of their appointment and by 31 January of each year.

All members of the Company’s Audit Committee are independent, according to the criteria set out in article 414(5) of the Portuguese Companies Code. Further, no members of the Audit Committee are in any situation of conflict of interest as provided for in article 414-A(1) of the CSC (with the exception of paragraph b), which is not applicable to members of the Audit Committee).

Besides those mentioned above, ZON Multimédia has not approved any other internal regulations on independence criteria for its Board of Directors and Audit Committee, as, respectively, management and supervisory bodies. Additionally, the Company has not established any other situations that could create conflicts of interest among their members, especially in relation to the maximum number of positions held.

The Board of Directors is composed of professionals with broad management experience, particularly in the telecommunications and financial sectors. Annex 1 contains a description of the activities carried out by board members in other companies, with a distinction made for those undertaken in other companies in the group, in addition to professional qualifications and professional activities performed by these members over the past five years.

**Operation and Responsibilities of the Board of Directors**

**Operation**

Under article 18 of the Company’s By-laws and article 3 of the Board of Directors’ Internal Regulations, the Board of Directors shall meet at least once every two months, and shall meet extraordinarily whenever convened by its Chairman, by two Directors or by the Audit Committee.
The meetings are convened with a minimum 5 business day prior written call. The agenda with the matters to be resolved and the supporting documentation is made available to the Directors on the second business day prior to the meeting.

In urgent cases, the Chairman may convene the Board of Directors without such advance call.

The Board of Directors cannot meet unless the majority of its members holding office are present. The Chairman of the Board of Directors may, in cases of recognised urgency, waive the requirement for the presence of that majority if the same is ensured through voting by correspondence or by proxy, although a Director may not represent more than one other Director.

The Board of Directors’ resolutions are passed by a majority of votes cast. The chairman has the casting vote.

Resolutions passed and voting statements are recorded in the minutes, which should be signed by all members of the Board of Directors participating in the meeting. The participants in a meeting may include a summary of their interventions in the minutes.

Article 18(5) of the Company’s By-laws also provides for the possibility of the board’s meetings taking place by remote means, and the Company must ensure the authenticity of the declarations and the security of the communications and must register its content and of its participants.

In 2009, the Board of Directors held 14 meetings with an average attendance of 94%.

The Board of Directors Internal Regulations are available on the Company’s website.

**Duties**

Under the applicable laws and the Company's By-laws, and without excluding the possibility of delegating the management of the Company to the Executive Committee, the Board of Directors is responsible for managing the Company’s business, namely:

- Acquisition, disposal, leasing and encumbrance of real and personal property, commercial enterprises, shareholdings and motor vehicles;
- Contracts for financing and loans whether medium or long-term, internal or external;
- Active and passive representation of the Company in legal proceedings both in and out of court, with the power to abandon and settle proceedings and to make any type of admission and to enter into arbitrations agreements;
- Grant powers of attorney with any necessary powers, including the power to represent the board;
- Approve business activity plans and investment and development budgets;
- To co-opt directors to replace board members who no longer take part in the activities of the board;
- To draw up rules for the stock options to be offered to members of the Board of Directors and other of the Company’s higher level employees. These rules are to be submitted to the General Shareholders Meeting for approval.
- Carry out the functions that are delegated to the board by the General Shareholders Meeting.
Furthermore, the Board of Directors can, in accordance with the Company’s By-laws and with prior approval of the Audit Committee, decide to increase share capital on one or more occasions up to a limit of €20 000 000.00 through new cash contributions.

Under the terms of article 7(2) of the Company’s By-laws, the Board of Directors can pass a resolution on the issue of book-entry or certified bonds or other debt security instruments, or warrants over their own securities. This area of responsibility of the Board of Directors is shared by the General Shareholders Meeting.

Executive Committee

In order to ensure the performance of its duties, the ZON Multimédia Board of Directors established an Executive Committee to which it delegated day-to-day management duties, while retaining supervision and control duties.

Composition

The Executive Committee is composed by the following directors:

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

Powers

The Board of Directors has delegated the Company’s day-to-day management to the Executive Committee, giving it, without prejudice to the ability to withdraw any of the delegated powers, all powers necessary to perform its role, with the exception of those relating to areas identified hereunder:

- Choice of the Chairman;
- Co-opting of Directors;
- Request calling the General Shareholders Meeting;
- Annual reports and accounts to be submitted to the General Shareholders Meeting, as well as half-yearly and quarterly accounts;
- Offer of personal or real guarantees by the Company;
- Changing the Company’s registered office;
- Merger, spin-off and conversion projects by the Company to be proposed to the General Shareholders Meeting;
- Projects for share capital increase to be proposed to the General Shareholders Meeting;
- Projects to amend by-laws to be proposed to the General Shareholders Meeting;
- Definition of the general objectives and of the fundamental principles of the policies of ZON Multimédia, in addition to strategic options, namely in relation to technology to be adopted, development of networks and offer of services;
• Important extensions or reductions in the Company’s business and important modifications to the Company’s organisation;
• Shareholdings in companies;
• Business plans, budgets and annual investment plans;
• Definition of the amount to be annually proposed to the General Shareholders Meeting for issue of bonds or other securities that may subsequently be approved by the Executive Committee.

Accordingly, and in line with CMVM Recommendation II.2.2, ZON Multimédia Board of Directors shall retain full powers to define the Company’s strategy and general policies and the structure of the group’s companies and decisions considered as strategic due to their value, level of risk or special characteristics.

Within the corporate decision-making process relating to these business areas and the Company’s corporate governance, the members of the Executive Committee are responsible for the following areas:

**Division of Responsibilities within the Executive Committee**

- **Rodrigo Costa**
  - CEO
  - Strategy and Global Coordination
  - International and Institutional Relations
  - Human Resources
  - Communication
  - Audiovisuals and Contents
  - Cinema
  - Corporate Communication Multimedia Contents Dep.

- **José Pedro Pereira Costa**
  - Planning and Control
  - Accounting and Financial Reporting
  - Treasury / Tax
  - Internal Control
  - Investor Relations
  - Business Development
  - Regulation and Competition Management
  - Corporate Finance, Planning and Control Dep.
  - Financial and Administrative Dep.
  - Business Development Dep.
  - Investor Relations Dep.
  - Regulation, Interconnection and Competition Unit.

- **Duarte Calheiros**
  - General Office
  - Legal Services
  - Internal Audit and Risk Control
  - Asset Management
  - Purchases Management
  - Logistics Management
  - Security Policy
  - Fraud Control
  - General Office
  - Legal Services Dep.
  - Purchases, Logistics and Asset Management Dep.
  - Internal Audit Unit

- **Luís Lopes**
  - Technological Strategy
  - Networks and Systems
  - Commercial
  - Product Management and Marketing
  - Organizational Development and Processes
  - Networks and Systems Dep.
  - Technological Strategy Dep.

- **Sport TV Portugal**
  - ZON TV Cabo
  - Logistics Dep.
  - Purchases Dep.
  - Assets Management Dep.
  - Fraud Control and Security Unit
  - ZON TV Cabo Açoreana
  - ZON TV Cabo Madeirense
  - Lusomundo, Sociedade de Investimentos Imobiliários

- **ZON Lusomundo Audiovisuals**
  - ZON Conteúdos
  - ZON Lusomundo Cinemas

- **ZON TV CABO**
  - CRM and Market Intelligence Dep.
  - Sales of Residential Market Dep.
  - Sales of Business Market Dep.
  - Customer Care Dep.
  - Clients Installation and Maintenance Dep.
  - Processes and Continuous Improvement Dep.
  - TV Product Dep.
  - Internet Product Dep.
  - Voice Product Dep.
  - Mobile Product Dep.
  - Business Product Unit
  - Marketing Communication Dep.
  - Website
  - Information Systems Dep.
  - Planning and Engineering Dep.
  - Access Networks Dep.
  - Operations and Infrastructures Dep.
Operation Method

The Executive Committee sets out the dates and frequency of its ordinary meetings and meets extraordinarily whenever convened by its Chairman or by two of its members or by the Audit Committee.

The Executive Committee cannot meet without the presence of the majority of its members holding office. The Chairman may, in cases of recognised urgency, waive the requirement for the presence of this majority if it is ensured through voting by correspondence or by proxy.

Voting by correspondence or by proxy is allowed. None of the Executive Committee members can represent more than other member.

Resolutions are passed by a majority of votes cast, with the Chairman having the casting vote. The Executive Committee met 46 times during 2009.

Resolutions passed at the Executive Committee meetings and voting declarations are recorded in the minutes.

The Executive Committee’s Internal Regulations are available on the Company’s website.

In accordance with the Company’s rules (specifically, according to the Board of Directors and Audit Committee Internal Regulations and to the delegation of powers to the Executive Committee), and with the practices it follows, executive Directors have made available in a timely manner full information as requested by members of ZON Multimédia corporate bodies. In particular, whenever requested, the calls and minutes of the Executive Committee meetings have been sent to the Chairman of the Board of Directors and to the Audit Committee members.

Duties of the Chairman of the Board of Directors and the Chief Executive Officer

As at 31 December 2009, the roles of chairing the Board of Directors and of exercising the functions of executive management of the group are distinct. Under the By-laws, the Board of Directors Internal Regulations and the Executive Committee’s rules of operation, the Chair of the Executive Committee is the leader of the managing team of ZON Multimédia, and is thus responsible for its operational management.

The Chief Executive Officer is, in particular, responsible for:

- Coordinating the Executive Committee’s activity and distributing the relevant matters among their members, whenever appropriate to the Company’s proper management;
- Calling and conducting the Executive Committee meetings;
- Ensuring that the resolutions of the Executive Committee are put into effect properly;
- Ensuring that all information regarding the Executive Committee’s activity and resolutions is provided to the other members of the Board of Directors;
• Ensuring compliance with the Company’s strategy and assuring the limits on the delegation of powers and cooperation duty vis-à-vis the Chairman of the Board of Directors.

In turn, the Chairman of the Board of Directors is entrusted with important functions, under the relevant laws, By-laws, and its Internal Regulations, including inter alia:

• Representing the Board of Directors in and out of court;
• Co-ordinating the activity of the Board of Directors and distributing the relevant matters among its members, whenever appropriate to the Company’s proper management;
• Calling and conducting the Board of Directors meetings;
• Ensuring that the resolutions of the Board of Directors are put into effect properly.

Board of Directors responsibility rotation policy

In reference to the Executive Committee’s powers, allocation of responsibilities to members of the Executive Committee is currently defined according to the table above.

The Executive Committee was designated to perform its duties as from 21 September 2007 and the majority of its members, with the exception of Director Duarte Calheiros, were elected for the first time on the same date. Director Duarte Calheiros was elected for the first time, also by co-option, on 14 May 2003.

The Executive Committee member with responsibility for the financial area, José Pedro Pereira da Costa, was elected for the first time, by co-option, on 21 September 2007, being the recently ended mandate, corresponding to the term of office of 2007/2009, his first one at ZON Multimédia.

ZON Multimédia, therefore, currently complies with the CMVM Recommendation from the Corporate Governance Code, in the 2007 version, on the rotation of the member with financial responsibility after two mandates (Recommendation II.2.5). This recommendation, furthermore, has been fulfilled throughout the history of ZON Multimédia during various vicissitudes resulting from substantial changes in the composition of the Board of Directors, the most recent resulting from the spin-off from the PT Group in 2007.

In relation to CMVM Corporate Governance Code Recommendation II.2.5, in the January 2010 version, on the explanation by the Company of its rotation policy of responsibilities within the Board of Directors, specifically in relation to the member with financial responsibility, ZON Multimédia promotes a reflection on the distribution of responsibilities for the Executive Committee whenever necessary or appropriate in the development of the Company’s activity and strategy. Furthermore, duties of the Executive Committee under its current composition began nearly two and a half years ago, and since then, some changes have been made in relation to distribution of responsibilities, specifically in the technology and information systems areas.

However, ZON Multimédia has not defined a general fixed policy for rotation of responsibilities among members of the Board of Directors. In spite of the fact that the said CMVM recommendation does not need to be taken into account for purposes of this report, ZON Multimédia currently disagrees with such recommendation, as it is not clear in what way this can contribute to good
management and the pursuit of the interests of the Company and its shareholders, having the downside of promoting instability and waste of know-how. It is emphasised that the application of mandatory rotation criteria to executive members necessarily leads to the loss of key assets by issuers, since such individuals will be excused precisely as they reach the height of their specific know-how. It does not make sense, then, for an issuer to invest in the training of a key asset to then, over time, surrender it to another issuer, potentially his or her competitor, which will benefit from the experience acquired by the director without bearing the investment costs.

Information to members of the Board of Directors and Audit Committee

Under the Regulations for the Company’s Board of Directors and those for the Audit Committee, within the exercise of their duties and functions, Directors will obtain information on the course of the Company’s activity, requesting the information whenever necessary or convenient for the proper performance of their duties and pursuit of the corporate interest.

Except in cases of urgency, the directors that, solely or jointly, intend to access information within the scope of the powers delegated in the Executive Committee, may request it directly to its Chairman or through the Chairman of the Board of Directors.

Under Audit Committee Internal Regulations, the Chief Executive Officer shall send copies of all calls and minutes for meetings of the Executive Committee to the Audit Committee whenever these are requested. In this context, a procedure has been implemented for the monthly sending of these documents to members of the Audit Committee.

Activities carried out by non-executive board members

The Company’s non-executive Board members regularly and effectively perform duties that have been legally assigned to them and which largely consist of supervision, monitoring and evaluation of the activities of executive board members. In carrying out the aforesaid functions, the non-executive Directors have not encountered any type of obstacle.

In line with applicable laws and regulations, in particular with article 407(8) of the CSC, ZON Multimédia non-executive Directors have performed their functions to fulfil their monitoring duties over the performance of the Executive Commission. According to the abovementioned provision non-executive board members shall, practice ‘general oversight (…) of the Executive Committee’ being responsible ‘for damages caused by their acts or omissions, when, being aware of such acts or omissions or of the intention to practice them, do not cause the intervention by the board to take appropriate measures.’

As the Chairman of the Board of Directors of ZON Multimédia does not perform executive duties in the Company, being an independent member within the Board of Directors, the role of non-executive Directors is especially facilitated, because the Chairman thus co-ordinates the non-executive board members’ activities, and acts as a link to facilitate closer dialogue with the Executive Committee.

Additionally, it is worth mentioning the efforts made by the non-executive Directors in order to be updated in the different matters, in each single moment, under the analysis of the Board of Directors,
as well as their regular attendance and active intervention in the meetings of that corporate body, which enhances the proper performance of their duties.

Similarly, non-executive Directors of ZON Multimédia have also played an important role within the Company through the performance of their activities on internal committees of the Board of Directors, consisting exclusively of non-executive members. (See no. 4 of Chapter 2).

Finally, since this Report represents an annex to the Company Management Report, use was made of the technique of inserting information by reference was used for the description of activity (and any potential constraints encountered) carried out by the non-executive Directors. In other words, to avoid unnecessary duplication of information, reference may be made in the Company Management Report to the chapter of this report in which the activity carried out by the non-executive Directors (and any potential constraints encountered) is described.

4. SPECIFIC COMMITTEES CREATED WITHIN THE COMPANY

Under the applicable legal or regulatory requirements and with the key purpose of being able to benefit from a number of considerations, recommendations and suggestions focused on and arising out of a structure specifically intended to address such issues – in all cases with functions that are merely ancillary, all decisions ultimately being taken exclusively by the management body –, the Board of Directors of ZON Multimédia has set up, in addition the Executive Committee, a Corporate Governance Committee and an Evaluation Committee, whose composition and duties are detailed below.

Additionally, the Executive Committee has set up a Disclosure Committee, whose composition and duties are described below.

All committees have operating regulations which are available for consultation on Company’s website.

In the light of Recommendation II.5.1, in the 2010 version of the Code of Governance of Listed Companies, none of the currently established committees have the power to identify potential candidates with the profile for the role of Director. However, as stated above, ZON Multimédia is analysing its corporate governance model in order to determine the impact of the new recommendations on the company and make the changes it deems appropriate as a result of such analysis. Furthermore, the terms in office for the corporate bodies of ZON Multimédia are coming to an end, with members of new corporate bodies to be elected to a new term in office, namely the 2010/2012 three-year term, which is scheduled for the General Shareholders Meeting on 19 April 2010. Therefore, it is not considered timely to proceed with changes to the committees currently performing their duties, nor is it reasonable to proceed with the establishment of new committees before the election of corporate bodies to a new term in office.

Corporate Governance Committee

- Daniel Proença de Carvalho (Chairman)
- Vítor Fernando da Conceição Gonçalves
- László Istvan Hubay Cebrian
The Corporate Governance Committee’s duties are the following:

- Assisting and supporting the Board of Directors in the performance of its role of supervising the corporate activity in the area of corporate governance, conduct of business rules and social responsibility;
- Studying, proposing and recommending to the Board of Directors the adoption of the policies, rules and proceedings deemed necessary for the compliance with its Internal Regulations, the applicable legal, regulatory and by-law provisions, as well as the recommendations, standards and national and international best practices regarding the matters referred to in the previous paragraph;
- Performing any other duties or responsibilities that the Board of Directors may delegate in the Corporate Governance Committee.

In accordance with the applicable best practices, all members of the Corporate Governance Committee are independent Directors under the criteria laid down in CMVM Regulation no. 1/2007 and in article 414(5) of the CSC.

In 2009, the Corporate Governance Committee held 2 meetings in which it evaluated the frameworks of conflicts of interest and independence of members of the corporate bodies and the corporate governance model of ZON Multimédia Group, and it approved the 2008 Corporate Governance Report. Furthermore, the bill to amend CMVM Regulation no. 1/2007 and the 2007 CMVM Code of Governance for Listed Companies was analysed. Meetings of the Corporate Governance Committee are recorded in minutes.

Evaluation Committee

- Daniel Proença de Carvalho (Chairman)
- Rodrigo Jorge de Araújo Costa (Chairman of the Board of Directors – consultative participation with no voting rights)
- Vítor Fernando da Conceição Gonçalves
- António Domingues
- Fernando Fortuny Martorell
- Norberto Emílio Sequeira da Rosa
- Luís João Bordalho da Silva

The powers of the Evaluation Committee are as follows:

- Conducting an annual evaluation process of the Executive Committee members, ensuring subsequent co-ordination with the Remuneration Committee for the purposes described in the following paragraph, as well as evaluating overall performance of the Board of Directors;
- Under the scope of the annual evaluation of members of the Executive Commission, the Evaluation Committee proposes to the Remuneration Committee the criteria to be used to establish the variable remuneration, especially the individual performance objectives;
- Whenever requested by the Board of Directors or by the Remuneration Committee, the Evaluation Committee gives its opinion on the general remuneration policy of the Executive
Committee, in addition to variable remuneration programmes based on the allotment of shares or share options of ZON Multimédia.

Two members of the Evaluation Committee are independent Directors in light of the criteria defined in CMVM Regulation no. 1/2007 and in article 414(5) of the CSC.

The Evaluation Commission began performing its evaluation duties for 2009, for which meetings have already been held in 2010.

**Disclosure Committee**

- Gonçalo João Figueira Morais Soares – Central director of Planning and Control (Chairman)
- Maria João Hewitt Garcia Carrapato Moura Landau – Director of Investor Relations
- Isabel Maria de Macedo Correia – General secretary and Company secretary
- Filipe da Conceição Homen Rodrigues – Director of the Central of Finance and Administration

The Disclosure Committee’s objectives are the following:

- Assisting and supporting the Board of Directors and, to the extent of its delegated powers, the Executive Committee in the preparation and disclosure to the market and/or to the supervisory authorities of the financial markets of the following:
  
  a) Complete, true, actual, clear, objective and licit information related to the Company and/or to the securities admitted to trading on regulated market;
  
  b) Financial information reflecting truthfully and appropriately the financial situation, assets and results of ZON Multimédia Group, as well as a faithful and objective description of its activity and business;

- Promoting compliance with the Company’s duties in respect of the preparation and timely disclosure of information, through the adequate means, in accordance with the applicable legal, regulatory, by-laws and accounting rules;

- Studying, proposing and recommending the adoption by the Board of Directors and/or Executive Committee of the policies, rules and proceedings deemed necessary to the compliance with its internal regulations and with the applicable legal, regulatory, by-laws and accounting rules in force at each moment.

In 2009, the Disclosure Committee held 4 meetings. These meetings were recorded in minutes.

### 5. SUPERVISION OF THE COMPANY - AUDIT COMMITTEE AND STATUTORY AUDITOR

The supervision of the Company is performed by an Audit Committee and by a Statutory Auditor.

The following are members of the ZON Multimédia Audit Committee:

- Vitor Fernando da Conceição Gonçalves (Chairman)
All Audit Committee members are independent pursuant to article 414(5) of the CSC and have the appropriate skills to carry out the respective functions.

Annex 1 contains a description of the activities carried out by members of the Audit Committee of other companies, with a distinction made for those undertaken in other companies in the Group, in addition to professional qualifications and activities performed by these members over the past five years.

In accordance with the Company’s by-laws and with the applicable laws, the members of the Audit Committee are appointed jointly with other members of the Board of Directors. The lists proposed for the appointment of the members of the Board of Directors shall specify the members to serve on the Audit Committee and its respective Chairman.

Under the conditions of article 423-H of the CSC, provision on the substitution of the members of the Board of Directors apply to the Audit Committee, mutatis mutandis.

Powers

In accordance with the Company’s By-laws and with the Audit Committee’s Internal Regulations, the Audit Committee performs the powers and duties set out in articles 423.º-F and 423.º-G of the CSC, including the following attributions:

Financial information:

- Issuing an opinion on the financial statements and proposals submitted by the Board of Directors of the Company;
- Evaluating, supervising and issuing an opinion on the following matters:
  
  a) The annual, half-year and quarterly financial information of the Company, including, namely, the scope, the preparation and disclosure process and the accuracy of the financial statements;
  
  b) Relevant matters related with accounting aspects of auditing and report of financial information, namely the following:

     i) Adequacy of the policies, practices, accounting proceedings and value-metrical criteria adopted by the Company;
     ii) Regularity and quality of the accounting information and supporting documents of the Company in accordance with the applicable principles and accounting rules;
     iii) Any relevant amendments to the policies, practices, proceedings or criteria referred in b) i) above or any amendments to the applicable accounting rules;
     iv) Status of any assets or values held by the Company; and
     v) Impact on the financial statements of the amendments referred in b) iii) above, of unusual transactions and respective accounting methods and other relevant transactions with related parties.
Statutory and External Auditing:

- Proposing to the General Shareholders Meeting the appointment of the effective and alternate Statutory Auditor, supervising and assessing their independence, the scope of their services and the revision of the Company’s financial statements;
- Reviewing the content of the annual legal certification prepared by the Statutory Auditor and discuss possible expressed reservations;
- To represent the Company in all matters before the External Auditors;
- Proposing the engagement, renewal of their agreement and remuneration of the Company’s External Auditors to the Board of Directors and propose their dismissal to the General Shareholders Meeting, based on reasonable grounds;
- Promoting that the Company’s Statutory Auditor and External Auditors have adequate conditions to render their services within the Company and the companies in a control or group relationship with ZON Multimédia;
- Reviewing, with the Statutory Auditor and External Auditors, the scope, planning and resources to be used in their services;
- Examining the contents of the audit reports and examine the Company’s External Auditors, annually, who should report and be subject to the supervision of the Audit Committee, considering their qualifications, independence and performance;
- Obtain an annual report directly from the External Auditors on substantial issues which may emerge during the services rendered, as well as on any other relationship existing between the Company and its external auditors, including the amount of fees paid for auditing and additional services;
- Discuss separately with the External Auditors aspects and problems connected to the auditing process of the Company’s financial statements, including the Executive Committee’s responses; and
- Prior approval of the engagement of External Auditors and of the Statutory Auditor for rendering of any additional services.

Internal Control, Risk Management and Internal Audit:

- Monitoring the efficiency of the mechanisms of internal control, risk management and internal audit of the Company established in each moment;
- Discussing and reviewing with the Executive Committee and with the External Auditors, whenever deemed necessary or convenient, any matters concerning the compliance with legal or regulatory obligations, which may have a relevant impact over the financial information, auditing or accounting policies of the Company and other companies within the ZON Multimédia’s accounts consolidation perimeter;
- Discussing and reviewing annually with the Executive Committee and with the External Auditors, the adequacy, faithfulness and efficiency of the Company’s internal control system and evaluating the internal proceedings related to accounting and auditing matters, financial information disclosure, risks detection and safeguard of the Company’s assets;
- Reviewing periodically the principles and the risk management policies of the Company in financial and operational matters or other matters related to the Company’s activity, as well as the measures adopted by the Company in order to monitor, control and adequately and timely disclose said risks;
• Reviewing annually with the Executive Committee the scope and planning of the activities and of the financial, human, technological and organisational resources required for the performance, in an adequate and efficient manner, of the internal audit function;
• Discussing the internal control reports with the responsible persons for the internal audit function and with the External Auditors, as well as analysing the reports of the internal audit unit, that, without prejudice of the respective hierarchical dependence, is subject to the functional coordination of the Audit Committee;
• Issuing prior opinion on the appointment, substitution or dismissal of the responsible persons for the internal audit unit; and
• Supervising the execution of the functions and implementation of the measures, recommendations and plans proposed within the Company’s internal control and risk management systems and internal audit function.

Compliance and Irregularities:

• Supervising the compliance with the legal provisions and By-laws applicable to the Company, as well as to receiving the communications of the illegalities and irregularities submitted by shareholders, employees of the Company or others;
• Discussing and reviewing with the Board of Directors and/or Executive Committee any relevant matters concerning the Company’s activity and business’ compliance with applicable legal and regulatory provisions and By-laws, as well as with instructions, recommendations and orientations issued by the competent entities;
• Implementing a policy for the communication of irregularities, including confidential and anonymous proceedings, necessary for the receipt, registry and treatment of claims and/or complaints received by the Company, in particular, those related with accounting matters, internal control proceedings for accounting matters and questions related to the Company’s audit.

Other Responsibilities and Duties:

• Approving and disclosing on the Company’s website jointly with the financial statements, an annual report on its supervisory activity, including the description of the activities performed on the previous financial year and mentioning, namely, the potential constraints found by the Audit Committee in the performance of its functions and discharge of its duties;
• Approving annually a report, whose content shall be disclosed to the Board of Directors, on the following aspects:
  i) Evaluation of Audit Committee’s performance, attending to its attributions, duties, responsibilities and functions; and
  ii) Establishing the action plan for the current financial year, in order to fulfil its attributions and duties, responsibilities and functions;
• Reviewing and re-evaluating annually its Internal Regulations and, if applicable, proposing the necessary and convenient amendments to the Board of Directors.

In 2009, the Audit Committee held 19 meetings. Audit Committee resolutions are made by a majority vote with the majority of current members present, while its Chairman has the casting vote. Minutes of the meetings were drawn up.
Under the terms of ZON Multimédia By-laws and applicable legal provisions, the Company’s accounts are examined by a Statutory Auditor or a Statutory Audit Firm appointed by the General Shareholders Meeting under the Audit Committee proposal.

The auditing functions set out in article 446 of the CSC, are performed by Oliveira, Reis & Associados, SROC, Lda., represented by José Vieira dos Reis and Fernando Marques Oliveira as, respectively, Effective and Deputy Statutory Auditors, for the current term of office.

The Audit Committee Internal Regulations is available on the Company’s website.

6. REMUNERATION COMMITTEE

The Remuneration Committee, elected by shareholders at the General Shareholders Meeting, is charged under the terms of article 13(4)(e) of the By-laws with establishing the remuneration of members of ZON Multimédia corporate bodies. It is solely composed of members independent of the Board of Directors, in line with criteria laid out in no. 14 of Chapter II of Annex to CMVM Regulation no. 1/2010.

To undertake this, the Remuneration Committee constantly monitors and evaluates Directors’ performances and checks that the aims proposed are in general achieved, meeting whenever necessary.

The composition of the Remuneration Committee as of December 31, 2009 was as follows:

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

Members of the Remuneration Committee are carefully chosen to ensure exemption and the best pursuit of the Company’s interests. Thus no member has a family connection with a member of the corporate bodies by virtue of marriage, relationship or kinship to the third degree to ensure strict observance with the independence criteria.

The Company grants members of the Remuneration Committee permanent access to external consultants specialised in several areas whenever the committee so requests, funded by the Company.

Powers

This committee was created under the terms permitted by the By-laws to establish the remuneration of ZON Multimédia corporate bodies. It is also mandated to monitor and evaluate Directors’ performance measured against the defined objectives.

The Remuneration Committee held 5 meetings in 2009 and passed a resolution on the definition of the fixed and variable remunerations of the corporate bodies. It drew up meeting minutes.
7. CODES OF CONDUCT

Code of Ethics

ZON Multimédia Board of Directors approved a Code of Ethics which applies to all employees of all Group companies to ensure a set of common ethical standards. The Company’s Corporate Governance Committee performs permanent updating and monitoring of these standards.

The Code of Ethics states and formalises behaviour standards aligned with ZON Multimédia’s principles and values, the ZON Multimédia commitment to collective responsibility and the individual responsibility of each employee, consolidating the bases which sustain the growing trust between employees, other staff, shareholders, clients, suppliers, service providers and regulatory authorities and public entities in general.

In defining its structural ethical principles, ZON Multimédia:

- Establish rules and procedures considered from time to time to be the best to ensure scrupulous compliance with the legal rules and regulations applicable to the Group and its business activity and its bedrock principles of behaviour as stated in its Code of Ethics;
- Put into place mechanisms aimed at ensuring equal treatment for all shareholders and displaying transparency of conduct before shareholders, investors, stakeholders and the market, fostering added value, credibility and sound governance of the Group;
- Promote the disclosure of information which is complete, true, up to date, clear, objective and lawful to the market, in particular, establishing mechanisms to ensure the disclosure of financial information which faithfully reflects the Company’ financial and proprietary situation, its profits and business, and adopt measures for the prevention of market abuse;
- Reject and penalise recourse to illegal means to pursue commercial aims. These aims must always be pursued in an atmosphere of healthy competition, with recourse to a policy of excellence of products and services;
- Strive to provide clients with the highest quality products and services which better adapt to clients’ needs and preferences, investing in their continued innovation;
- Contribute to employees’ motivation and remuneration, promoting equal opportunities, human dignity and individual responsibility in employee relations;
- Collaborate with the supervisory authorities, answering any requests made;
- Foster respect for rules of competition and work and the safeguarding of Group property rights (namely intellectual) and resources;
- Create appropriate mechanisms to lead suppliers and service providers to respect Group principles and values, such as those in the Code of Ethics, and observe legal and contractual obligations, in line with the principle of good faith;
- Impose an in-house principle of impartiality in the decision making processes, prevention mechanisms and resolution of conflict of interests and a duty of collaboration aiming to promote the efficacy of the internal control system;
- Adopt a corporate policy which enshrines and fosters the idea of contributing to socio-economic well-being, social responsibility and sustainable development.
ZON Multimédia’s Code of Ethics also includes specific rules for Financial Officers, stressing the importance of specific ethics rules applicable to all Group employees who are directly or indirectly involved in the preparation, analysis and disclosure of financial results, press releases or any other management information related with ZON Multimédia. These specific rules seek to reinforce Financial Officers’ duties of confidentiality, skill and professionalism, along with the transparency and compliance with the laws applicable to the Group and the responsibility for the disclosure of information.

The Code of Ethics enshrines principles of honesty, responsibility, transparency and equal treatment of shareholders. It also regulates aspects such as competition, intellectual property and protection of ownership in general, prevention of conflicts of interests and impartiality, internal control system and unlawful advantages as well as social responsibility and sustainable growth.

ZON Multimédia Code of Ethics is available on the Company’s website.

Other Codes of Conduct and Internal Regulations

ZON Multimédia has adopted other internal regulations and rules to govern ZON Multimédia and ZON Multimédia Group companies, as applicable. These internal Codes of Conduct and rules are as follows:

**Internal Regulation on Transactions by the persons discharging managerial functions within the Group**

An Internal Regulation on Transactions by the persons discharging managerial functions within the Group was approved in 2007, which governs matters related to the prevention of market abuse and details the relevant concepts of “privileged information”, “market manipulation” and “relevant transactions”, among other related issues.

This Internal Regulation was issued precisely in line with the provisions of the Cód.VM and relevant CMVM regulations, in particular with the following purposes: (i) definition of rules and procedures on the duties of information over shares and voting rights held as well as relevant transactions made by persons discharging managerial functions on shares issued by ZON Multimedia and related financial instruments; and, also, (ii) the consolidation of the best practices already implemented in the Company to reinforce prevention of market abuse.

**Transactions with Related Parties**

In order to comply with the rules on the identification and disclosure of transactions with related parties applicable to the Company, the ZON Multimédia Board of Directors has resolved in 2007 that, due to the proximity between the definitions of persons discharging managerial functions (established in article 248.º-B of the Cód.VM) and key management personnel (as defined in the International Accounting Standard 24) such latter definition shall correspond in each moment, at least, to the scope of the Company’s persons discharging managerial functions.
**Whistleblowing Regulation**

The internal regulations describing the whistleblowing policy approved by ZON Multimédia on December 20, 2007, is described in no. 11 below. It is also available on the Company’s website.

**8. REMUNERATION POLICY OF MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES**

**Executive and non-executive Directors’ remuneration policy**

Remuneration systems are a strategic way for an organisation to attract, retain and motivate the best professionals on the market.

Good practices on remuneration systems of listed companies are increasingly recommending models with different components: a fixed component, functioning as “base” remuneration and another variable component, which may also include an annual bonus and/or implementation of plans and share allotment.

In breaking down the details of the ZON Multimédia remuneration system for executive Directors, note that the fixed component took into account the benchmarking of market amounts adopted by comparable companies.

The variable component is linked to fulfilment of management objectives and is exercised via two components: the Annual Bonus and the Share Allotment Plan.

The Annual Bonus, ensuring alignment with the Company’s results, also aims to maximise the long term performance of the Company.

The overall objectives are profitability and growth, ensuring effective Company development and then, indirectly, plus contributing to an achievement of the stakeholders’ objectives as a whole.

The 21 April 2008 General Shareholders Meeting approved the Plan for Allotment of Shares or Options aimed at ensuring the alignment of employees’ interests with Company’s objectives and ZON Multimédia shareholders’ interest, rewarding performance in terms of creating value for the Company.

As non-executive members of the Board of Directors are not in charge of running the strategies defined, their remuneration system has no variable component but only a fixed one.

**Aligning Directors’ interests with Company’s interests**

The remuneration system has also the purpose of ensuring the alignment between the interests of the executive Directors and the Company’s objectives. For this to succeed it is vital that the alignment is carried out via clear objectives, coherent with the strategy, scrupulously assessed to evaluate individual performance, in addition to the correct performance incentives which simultaneously foster ethical principles.
Consequently, to create value it is necessary to have not only excellent professionals, but also an adequate set of incentives considering the size and complexity of the challenges.

The variable remuneration component was calculated based on ZON Multimédia’s performance in terms of the previously defined business indicators, which during the year under analysis were profit variation, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) variation, and RGUs (Revenue Generating Unit) in addition to CAPEX (Capital Expenditure).

In turn, the component linked to the Share and Options Allotment Plan aims at not only to comply with the objectives stated above for the annual bonus, but also to ensure alignment with the creation of shareholder value and strengthening loyalty mechanisms. Two plans are in force, the ‘Senior Executive’ and the ‘Standard’.

Through the components detailed above, variable remuneration seeks to consolidate a correct policy for setting objectives with systems which duly reward the ability to execute, achieve ambitious performances, do not promote short term policies, rather instead promoting the development of medium and long term sustainable policies.

**Payments related to the early termination of Directors’ agreements**

In order to align the Company’s practice with the international Corporate Governance best practices, should a executive Director not be re-elected upon the termination of his mandate, under the relevant individual agreement, a compensation will be due, corresponding to two years of the average of the fixed and variable annual remuneration (excluding share and/or options allocation plans). As a consideration, these executive members will not be allowed to perform any functions, during 2 years, in Portugal, in any competing companies. Additionally, in case of termination of the management agreements, unless in case of a termination based on reasonable grounds (“justa causa”), the value of the compensation will be equivalent to the amount the board members would receive until the end of the mandate (excluding non-attributed share and/or options allocation plans).

These Directors do not have an employment bond with ZON Multimédia.

**Remuneration Policy of the supervisory bodies’ members**

Audit Committee members, as is the case for other non-executive Directors, only receive a fixed remuneration.

The Statutory Auditor is remunerated as contractually agreed, in accordance with the applicable legal provisions.

**9. REMUNERATION OF DIRECTORS**

**Executive and non-executive Directors’ fixed and variable remuneration**

In 2009, the executive and non-executive Directors’ fixed and variable remuneration was paid out as follows:
Unit: €

**Chairman of the board of directors**

Daniel Proença de Carvalho 250,000

**Executive Committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodrigo Costa (chairman)</td>
<td>695,002</td>
<td>300,000</td>
<td>995,002</td>
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<tr>
<td>José Pedro Pereira da Costa</td>
<td>405,006</td>
<td>250,000</td>
<td>655,006</td>
</tr>
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<td>Luís Lopes</td>
<td>405,006</td>
<td>250,000</td>
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</tr>
<tr>
<td>Duarte Calheiros</td>
<td>350,000</td>
<td>100,000</td>
<td>450,000</td>
</tr>
<tr>
<td></td>
<td>1,855,014</td>
<td>900,000</td>
<td>2,755,014</td>
</tr>
</tbody>
</table>

**Non-executive Members of the audit committee**

<table>
<thead>
<tr>
<th>Name</th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vitor Gonçalves (chairman)</td>
<td>120,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nuno Silvério Marques</td>
<td>110,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paulo Mota Pinto</td>
<td>110,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>340,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Non-executive members**

<table>
<thead>
<tr>
<th>Name</th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>António Domingues</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fernando Martorell</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Norberto Rosa (a)</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jorge Cardoso</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>João Borges Oliveira</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luís Bordallo Silva</td>
<td>42,818</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laszlo Cebrian</td>
<td>42,818</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joaquim Oliveira</td>
<td>21,409</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>192,679</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Name</th>
<th>Fixed</th>
<th>Variable</th>
<th>Total</th>
</tr>
</thead>
</table>

a) without remuneration

The variable amount paid refers to the performance of executive Directors in the financial year which ended 31 December 2008.

Furthermore, Rodrigo Costa and José Pedro Pereira da Costa were paid one-off extraordinary bonuses of €347,253 and €155,207, respectively, corresponding to fulfilment of past commitments in previous financial years.

ZON Multimédia executive Directors who also perform functions in other ZON Multimédia Group companies receive no additional remuneration or any other sums whatsoever.

**Plan for Allotment of Shares or Options or other Share incentive options - bonuses, non-monetary benefits and profit sharing**

The 21 April 2008 General Shareholders Meeting passed the Plan for Allotment of Shares or Options, which authorised the implementation of two plans in ZON Multimédia: the ‘Senior Executive’ and the ‘Standard’. Executive members of the Board of Directors benefit from both plans.
Following approval of this Share or Option Plan, Senior Executive and standard plan shares were allotted in 2008 to Executive Committee members, the first vesting of which was verified in 2009. The share price considered for the individually allotted value was €4,268.

<table>
<thead>
<tr>
<th>Executive Committee</th>
<th>Value of Shares vested under the Plans approved at the General Shareholders Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rodrigo Costa (chairman)</td>
<td>328,835</td>
</tr>
<tr>
<td>José Pedro Pereira da Costa</td>
<td>175,253</td>
</tr>
<tr>
<td>Luís Lopes</td>
<td>175,253</td>
</tr>
<tr>
<td>Duarte Calheiros</td>
<td>79,563</td>
</tr>
<tr>
<td></td>
<td>758,905</td>
</tr>
</tbody>
</table>

These plans are described in detail in no. 5 of Chapter 3 below.

**Compensation paid or due on early termination**

No compensation to ex-Directors for early termination of their agreements was paid or is due.

**Other non-pecuniary benefits**

No other significant non-pecuniary benefits other than those described above were granted.

There are no early or supplementary retirement schemes for Directors in place.

**10. RISK MANAGEMENT SYSTEM**

The Risk Control System established in ZON Multimedia is intended to ensure the Company's proper monitoring of the risks affecting its activities.

Therefore, we shall briefly describe the risk factors to which ZON Multimedia is subject, in order to understand the Risk Control System that has been set up more easily.

**Main risk factors**

ZON Multimedia's businesses are affected by a large number of risk factors, some beyond management control, and others that shall be pro-actively managed in order to have a positive influence on the performance of the Group. These affect the operations, revenues, results, assets, liquidity and resources of the Group and, therefore, the shareholder value of the Company. Among them the following risk factors should be highlighted:
• **Regulation**: ensuring that regulatory changes are monitored, given the threats and opportunities that those changes represent for the competitive position of ZON Multimedia within its businesses. The Legal Main Office is responsible for the management of the regulatory risk, supported by the Regulation, Interconnection and Competition Unit, both of which shall be updated on new business regulatory environment applicable to ZON Multimedia’s activities’ sectors, as issued by national and international entities.

• **Competition**: potential reduction of the goods and services’ prices, reduction of market share, loss of customers, increasing difficulties in obtaining and retaining customers. Managing this risk is a constant concern of the ZON Multimédia Executive Committee. The management of the competition risk has been relying on a strategy focused on the quality improvement of the services provided, on our anticipation to competitors (Cable TV and Digital Television), on the launching of innovative channels and services (increase the speed of broadband internet service), on the diversification of the supply (availability of the VoiP service - Voice over IP and Mobile Voice Service) and on the quality and diversity of contents distributed.

• **Technological evolution**: need for investments in ever more competitive businesses (multimedia, Internet and fixed and mobile phone services) and subject to fast and sometimes unpredictable technological changes.

ZON Multimedia sees the management of innovation as a pivotal driver, taking into account that it is not possible to accurately predict the effect of technological changes on its businesses or on its ability to offer competitive products and services. The activity and the results of ZON Multimedia may suffer negative consequences if: the Group (1) does not effectively compete in new businesses and markets; (2) fails to attract and retain employees with the adequate skills for the development of new businesses; and (3) does not increase the use of new services by customers, if it decreases or if its evolution follows a different pattern from the technologies and businesses where ZON Multimedia is investing.

The risk management of technological evolution is under the responsibility of the technological management and information systems units.

• **Loss of clients**: the inability to retain clients, whether due to out-of-touch commercial practices or those whose efficacy is hard to manage. Managing this risk is a constant concern of the ZON Multimédia Executive Committee. Loss of clients risk management is achieved through diversifying the products and services offered and constantly monitoring clients’ preferences.

• **Retaining talent**: ensuring the availability of staff with adequate skills for the business development, duly motivated and in charge of suitable functions. The Company’s Human Resources Main Office is in charge of managing this risk which, given the aggressive competition, has developed strategies for retaining existing skills and be attentive to the opportunities of enhancing them. The main aspects of such strategies have been focused on training, drawing up professional development plans, capturing of highly qualified skills and on implementing reward systems increasingly driven by the merit and results.

• **Taxation**: evolution of tax legislation and possible interpretations of the application of tax and para-tax regulation in different manners. The Financial and Administrative Main Office is responsible for managing this risk, by monitoring all tax regulations and use of tax planning
opportunities. This office may be assisted by tax consulting whenever the issues under analysis are more critical, and therefore require the interpretation of an independent entity.

- **Profits**: Implementation and execution of profit controls concerning quality of billing. These controls are applied by the Billing area in order for ZON to present a better quality to achieve a certain level of excellence. In the area of under-billing/fraud, the Revenue Assurance & Fraud area applies revenue loss control processes (under-billing) and cost controls which allow us to present a revenue chain from the moment in which records enter our systems through billing and collection. ZON applies fraud control processes in order to avoid irregular situations of fraudulent use or cases of pirating with a direct impact on profits.

- **Collections**: Reduction of receivables from customers due to ineffective or deficient functioning of the recovery of collections and/or changes to legislation which governs the rendering of essential services and which may have an impact on the debt recovery from customers. The management of these risks is performed through definition of a monthly plan of collections actions, monitoring and validation, as well as evaluation of results. Whenever justified, collections and timing of actions are adjusted in order to guarantee the recovery of debts from end customers.

**Risk management strategies**

Risk management is performed by several ZON Multimédia corporate and business units, based on identification and advance prioritising of critical risks and developing risk management strategies seeking to put into place the control measures deemed suitable for reducing risk to an acceptable level.

The risk management strategies adopted seek to ensure that:

- The control systems and procedures and the implemented policies allow response to management body, shareholders and general public expectations;
- The control systems and procedures and the implemented policies are in line with all applicable laws and regulations;
- Financial and operational information is complete, reliable, safe and reported on a regular and timely basis;
- ZON Multimédia’s resources are efficiently and rationally used;
- Share value is maximised and the operational management adopts all measures necessary to correct reported aspects.

**Internal risk management procedure**

Bearing in mind the regulatory requirements to which it is subject, ZON Multimédia has implemented an Internal Control function, which mainly intends to ensure the compliance with the Company’s purposes, policies and procedures in place, to ensure the quality of the financial information, to minimize any fraud, and to ensure that critical risks are controlled and reduced to an acceptable level.
This function has been performed in the major subsidiaries of ZON Multimédia. The program provides not only for the introduction of Internal Control procedures, but also for its review, verification and continuous improvement.

In 2009, corrective actions were implemented for control procedures deemed ineffective as a result of evaluations carried out by Internal and External Auditors. Likewise, control procedures related to risk areas not yet covered by the Grupo ZON Multimédia Internal Control Manual were implemented and reviewed.

The methodology for evaluation that was followed took into consideration the references supplied by those organisations responsible for promoting the existence of internal control mechanisms in the capital markets, namely by the CMVM, the Securities and Exchange Commission ("SEC") and PCAOB, and that were based on an analysis of the Internal Control System according to the COSO II - Enterprise Risk Management framework concerning Entity Level Controls and Process Level Controls, and according to the COBIT framework concerning Information Systems/Information Technology.

With regard to the implementation of the Internal Control System, and following the use of the abovementioned referrals, a set of initiatives were developed to allow a substantial reinforcement of ZON Multimédia’s Internal Control and Risk Management environment including:

- Use of the ZON Multimédia “Dictionary of Risks” and its prioritisation in terms of i) probability of occurrence and ii) potential impacts in the context of people, processes and technology for the definition of priority areas in terms of auditing actions concerning the Internal Control Manual and risk mitigation actions;

- Use of results from control procedure evaluation actions indexed to risks, as a permanent update factor of risk evaluation results, permitting the generation and maintenance of updated risk matrices, and, consequently, the adjustment of priorities and actions to be developed;

- Maintenance of association between the risks and items from financial statements, in order to evaluate the impact on such items as a result of shifts in risk levels and the creation of various analysis reports;

- Review of Internal Control Manuals implemented in the main business units of ZON Multimédia, ensuring their permanent updating;

- Maintenance of alignment between the IS/IT Internal Control Manual and controls identified within the scope of Information Security Certification (ISO 27001);

- Disclosure of the ZON Multimédia Group Corporate Intranet Internal Control Manual in order to ensure knowledge among all employees;

- Definition, monitoring, and report to the ZON Multimédia Auditing Committee on results from steps taken to evaluate control procedures, remediation plans necessary for the correction of identified deficiencies and impacts upon the Corporate Risk Management model.
The result of these actions up to 31 December 2009 ensured a degree of implementation of the ZON Group Internal Control Manual of 95%. This percentage corresponds to the relationship between the controls deemed effective and the overall controls defined in the Internal Control Manual. The results of evaluation actions performed by internal and external auditors and considered for the definition of “effective controls”.

Control by ZON Multimédia, Business Units and Support Companies

The Internal Control of ZON Multimedia is structured according to the following distribution of functional responsibilities:

- The Entity Level Controls are defined by ZON Multimedia on a corporate basis and are applicable to all the Group’s companies, including ZON Multimedia, and aim to establish internal control guidelines for the subsidiaries;

- The Process Level Controls and IS/IT Controls are defined at the corporate level and are applied to subsidiaries of ZON Multimédia, adjusted to their specifications, organisation and responsibility for processes. Given this distribution, the controls which are related with the collection of the information included in the preparation of the Financial Statements are implemented in such companies; the controls connected with accounting processing and recording of such information are implemented in the Financial and Administrative Central Office.

After revalidating the model, ZON Multimedia intends to implement a sequential (cascade) certification model aiming to ensure the involvement of the main intervenients to the annual financial reporting process.

11. WHISTLEBLOWING POLICY

ZON Multimédia has a Company whistleblowing policy and an internal regulation describing the procedures to adopt in case of whistleblowing.

For the purpose of this internal regulation, “irregularities” are considered to be any acts or omissions, willful or negligent, occurred within the activities of the Group, which contravene legal or regulatory provisions, the By-laws or ZON Multimedia’s ethical rules and principles, attributable to corporate body members and other persons discharging managerial functions, officers, staff and remaining employees and collaborators of ZON Multimedia Group (irrespectively of their hierarchical position or relationship). These irregularities include, among others, breach of the ethical rules and principles foreseen in the ZON Multimedia’s Code of Ethics, in particular related to the integrity of the financial information, accounting practices, conflicts of interests rules, internal control system or competition policies.

After its implementation, the existence of this Regulation was disclosed via e-mail distribution to all employees of the ZON Multimédia Group and was also published on the internal website of ZON Multimédia.
Any irregularity may be communicated through the proceedings and mechanisms provided for in the said Internal Regulation. Communication of any signs of irregularity must be submitted in writing and marked as “confidential”, addressed to the Audit Committee, along with postal address of Apartado 14026 EC, 5 de Outubro, 1064-001 Lisboa, designated exclusively for this purpose, or submitted to the e-mail address comunicar.irregularidades@zon.pt, also created exclusively for purposes of communicating irregularities.

The communications of irregularities are received and processed by the Audit Committee, which is assisted, through the several stages of such process, by the General Officer or by the Deputy General Officer and by the Internal Audit Unit. The Audit Committee is responsible for taking the necessary decisions, disclosing those to the CEO and to the CFO of ZON Multimedia, as well as to other internal or external entities whose involvement is required or justified.

In any case, the identity of the persons communicating irregularities is confidential (when known), unless otherwise clearly intended and requested by those. No retaliation towards whom has made said communications is in any case permitted.
CHAPTER 3. INFORMATION

1. CAPITAL STRUCTURE AND MAJOR SHAREHOLDERS

ZON Multimédia share capital is EUR 3,090,968.28 and is fully subscribed and paid up. It is represented by 309,096,828 ordinary shares.

All ZON Multimédia shares are admitted to trading on Eurolist by Euronext Lisbon.

Based upon the communications submitted to the Company up to 31 December 2009 by issuing companies and by their manages under the provisions of article 447 of CSC, article 16 of the Cód. VM and article 11 of CMVM Regulation no. 5/2008, the structure of ZON Multimédia Qualified Shareholdings, calculated according to the terms of no. 1 of article 20 of the Cód.VM, is the following in reference to that date:

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Acções</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caixa Geral de Depósitos, SA</td>
<td>53,799,405</td>
<td>17.41%</td>
</tr>
<tr>
<td>Banco BPI, SA</td>
<td>28,106,494</td>
<td>9.09%</td>
</tr>
<tr>
<td>Cineveste, SGPS, SA</td>
<td>17,882,962</td>
<td>5.79%</td>
</tr>
<tr>
<td>Telefónica, SA</td>
<td>16,879,406</td>
<td>5.46%</td>
</tr>
<tr>
<td>Espiritu Santo Irmãos, SGPS, SA (1)</td>
<td>15,455,000</td>
<td>5.00%</td>
</tr>
<tr>
<td>Cofina, SGPS, SA</td>
<td>15,190,000</td>
<td>4.91%</td>
</tr>
<tr>
<td>Joaquin Alves Ferreira de Oliveira (3)</td>
<td>14,955,684</td>
<td>4.84%</td>
</tr>
<tr>
<td>Fundação José Berardo (2)</td>
<td>13,408,982</td>
<td>4.34%</td>
</tr>
<tr>
<td>Ongoing Strategy Investments, SGPS, SA (4)</td>
<td>9,762,452</td>
<td>3.16%</td>
</tr>
<tr>
<td>Banco Espírito Santo, SA</td>
<td>9,020,171</td>
<td>2.92%</td>
</tr>
<tr>
<td>Grupo Visabeira, SGPS, SA (5)</td>
<td>6,641,930</td>
<td>2.15%</td>
</tr>
<tr>
<td>Credit Suisse Group AG</td>
<td>6,210,905</td>
<td>2.01%</td>
</tr>
<tr>
<td>SGC, SGPS, SA (6)</td>
<td>6,182,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>ESASF - Espirito Santo Fundos de Investimento Mobiliário, SA</td>
<td>6,088,616</td>
<td>1.97%</td>
</tr>
<tr>
<td>BES Vida - Companhia de Seguros, S. A</td>
<td>5,721,695</td>
<td>1.85%</td>
</tr>
<tr>
<td>Metalgest - Sociedade de Gestão, SGPS, SA (2)</td>
<td>3,985,488</td>
<td>1.29%</td>
</tr>
</tbody>
</table>

Total Identificado 229,291,190  74.18%

(1) Os direitos de voto correspondentes à Espiritu Santo Irmãos, SGPS, SA são imputáveis à Espiritu Santo Industrial, SA, à Espiritu Santo Resources Limited, e à Espiritu Santo Internacional, SA, sociedades que de mim ouk por essa ordem a Espiritu Santo Irmãos.

(2) A posição da Fundação José Berardo é reciprocamente imputada a Metalgest - Sociedade de Gestão, SGPS, SA.

(3) São imputados 3,7% dos direitos de voto ao Sr. Joaquim Francisco Alves Ferreira de Oliveira, uma vez que controla a GRICOM, SGPS, SA, e a a a ControlInveste Internacional S.à.r.l., que detêm respectivamente 2.24% e 14% do capital social da ZON Multimédia.

(4) A Ongoing é detida a 99,99% pela Srª Isabel Maria Alves Rocha dos Santos, sendo-lhe assim imputáveis os seus direitos de voto.

(5) A Visabeira Investimentos Financeiros, SGPS, SA, é detentora de 0,99% do capital social e direitos de voto da ZON Multimédia, sendo 1,1% diretamente detidos pelo Grupo Visabeira, SGPS, SA. A Visabeira Investimentos Financeiros, SGPS, SA, é detida em 100% pela Visabeira Estudos e Investimentos, SA, a qual é detida em 100%, pela Visabeira Serviços, SGPS, SA, que por sua vez é detida pelo Grupo Visabeira, SGPS, SA. Este último é detido em 74,08% pelo Engº Fernando Campos Nunes.

(6) A participação da SGC, SGPS, SA é imputável ao seu accionista majoritário, Dr. João Pereira Coutinho.

The table below shows the shareholding of Caixa Geral de Depósitos, SA calculated in accordance with article 20 (1) of the Cód.VM.
The table below shows the shareholding of BPI calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Acções</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundo de Pensões do Banco BPI</td>
<td>23,287,499</td>
<td>7.53%</td>
</tr>
<tr>
<td>BPI Vida - Companhia de Seguros de Vida, SA</td>
<td>1,103,111</td>
<td>0.36%</td>
</tr>
<tr>
<td>Banco Português de Investimento, SA</td>
<td>940</td>
<td>0.00%</td>
</tr>
<tr>
<td>Banco BPI, SA</td>
<td>3,714,944</td>
<td>1.20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28,106,494</strong></td>
<td><strong>9.09%</strong></td>
</tr>
</tbody>
</table>

The table below shows the shareholding of Telefónica, SA calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Acções</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telefónica, SA</td>
<td>14,838,497</td>
<td>4.80%</td>
</tr>
<tr>
<td>Telesp, SA</td>
<td>1,196,395</td>
<td>0.39%</td>
</tr>
<tr>
<td>Aliança Atlântica Holding BV</td>
<td>844,514</td>
<td>0.27%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16,879,406</strong></td>
<td><strong>5.46%</strong></td>
</tr>
</tbody>
</table>

Banco Espírito Santo, SA holds 3.98% of ZON Multimédia share capital and voting rights, represented by 12,287.265 shares, directly and through its pension fund. The table below shows the shareholding calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Acções</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fundo de Pensões do BES</td>
<td>8,421,807</td>
<td>2.72%</td>
</tr>
<tr>
<td>Banco Espírito Santo, SA</td>
<td>590,000</td>
<td>0.19%</td>
</tr>
<tr>
<td>Elementos dos Órgãos Sociais</td>
<td>7,144</td>
<td>0.00%</td>
</tr>
<tr>
<td>Sociedades em relação de dominio ou de grupo com o BES</td>
<td>1,220</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,020,171</strong></td>
<td><strong>2.92%</strong></td>
</tr>
</tbody>
</table>
The table below shows the shareholding of Joaquim Alves Ferreira de Oliveira, calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Ações</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gripcom, SGPS, SA</td>
<td>6,989,704</td>
<td>2.26%</td>
</tr>
<tr>
<td>Controlinveste International, S.à.r.l.</td>
<td>7,965,980</td>
<td>2.58%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14,955,684</strong></td>
<td><strong>4.84%</strong></td>
</tr>
</tbody>
</table>

The table below shows the shareholding of Ongoing Strategy Investments, SGPS, SA, calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Ações</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insight Strategic Investments, SGPS, SA</td>
<td>5,688,106</td>
<td>1.84%</td>
</tr>
<tr>
<td>Ongoing Strategy Investments, SGPS, SA</td>
<td>3,979,513</td>
<td>1.29%</td>
</tr>
<tr>
<td>Investoffice - Investimentos e Consultoria Financeira, SA</td>
<td>87,258</td>
<td>0.03%</td>
</tr>
<tr>
<td>Administradores das Sociedades Supra Indicadas</td>
<td>7,575</td>
<td>0.00%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,762,452</strong></td>
<td><strong>3.16%</strong></td>
</tr>
</tbody>
</table>

The table below shows the shareholding of Visabeira, SGPS, SA, calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Ações</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grupo Visabeira, SGPS, SA</td>
<td>3,574,575</td>
<td>1.16%</td>
</tr>
<tr>
<td>Visabeira Investimentos Financeiros, SGPS, SA</td>
<td>3,067,355</td>
<td>0.99%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,641,930</strong></td>
<td><strong>2.15%</strong></td>
</tr>
</tbody>
</table>

The table below shows the shareholding of Credit Suisse Group AG, calculated in accordance with article 20 (1) of the Cód.VM.

<table>
<thead>
<tr>
<th>Accionistas</th>
<th>Número de Ações</th>
<th>% Direitos de Voto</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit Suisse AG (on behalf of clients)</td>
<td>5,702,049</td>
<td>1.84%</td>
</tr>
<tr>
<td>Neue Aargauer Bank (on behalf of clients)</td>
<td>715</td>
<td>0.00%</td>
</tr>
<tr>
<td>Clariden Leu AG(on behalf of clients)</td>
<td>1,118</td>
<td>0.00%</td>
</tr>
<tr>
<td>Credit Suisse AG</td>
<td>185,141</td>
<td>0.06%</td>
</tr>
<tr>
<td>Credit Suisse International</td>
<td>188</td>
<td>0.00%</td>
</tr>
<tr>
<td>Credit Suisse Securities (USA) LLC</td>
<td>75,000</td>
<td>0.02%</td>
</tr>
<tr>
<td>CS Securities (Europe) Ltd</td>
<td>246,694</td>
<td>0.08%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>6,210,905</strong></td>
<td><strong>2.01%</strong></td>
</tr>
</tbody>
</table>
2. LIMITS ON THE TRANSFERABILITY OF SHARES, SHAREHOLDERS’ AGREEMENTS AND SHAREHOLDINGS

There are no limitations or restrictions to the transferability of shares representing the share capital of ZON Multimédia, and the Company is not aware of any existing shareholders’ agreements.

According to article 11(1) (b) of the by-laws, shareholders are obliged to inform the board of directors of the content of any shareholders’ agreements entered into in respect to the Company.

Similarly, under the by-laws, shareholders who are, either directly or indirectly, engaged on a competing activity vis-à-vis the ones performed by companies within a control or group relationship with ZON Multimedia may not hold more than ten per cent of ordinary shares representing the Company’s share capital without the prior authorisation of the general shareholders meeting.

There are neither shareholders holding special rights nor rules regarding employees’ participation in the Company’s share capital.

3. SHARE PRICE EVOLUTION

At the end of 2009, the ZON Multimédia share price closed at €4.338, which represents a gain of 16.9% compared to the end of 2008.

ZON stock performance and the daily volume of shares traded are shown on the graph below, which also identifies the year’s main events, such as presentation of results and dividend payments.

In 2009, ZON shares were traded between €3.58 and €5.011.
A total of 173,668,349 ZON shares were traded in 2009, a daily average of 675,752 or 0.22% of issued shares.

Following the declines of 2008, 2009 was marked by stock market recovery. PSI20, the national stock market’s most important index, grew by 33.5% compared to a decline of 51.29% during the previous year.

This growth in the PSI20 outpaced international indexes such as IBEX (+29.8%), Footsie (+22.1%) and Dow Jones Euro Stoxx50 (+21%).

The graph below summarises the performance of ZON stock in 2009, compared to some of its national and international peers, as well as the PSI20 and some international indexes:

4. DIVIDEND DISTRIBUTION

Dividend distribution policy

ZON Multimédia has been adopting a dividend distribution policy taking into consideration generation of cash flow, non-organic growth opportunities and investors’ expectations, as well as the capital structure optimisation plan and the estimated need for funds.

The dividend policy is outlined in the by-laws, in terms of minimum percentage, and is publicly announced in advance by the Company’s management.

In fact, according to the by-laws, a percentage of at least 40% of the annual net profits shall be distributed to the shareholders, as a dividend, although the general shareholders meeting may
resolve, by a qualified majority of two thirds of votes cast, on the reduction or non-distribution of dividends.

ZON Multimédia’s board of directors passed a resolution on 1 March 2010, to propose to the next general shareholders meeting an ordinary distribution of dividend for 2009 of an estimated €0.16 per share in line with the dividend distribution policy of the preceding year.

**Dividend distribution over the last three financial years**

As mentioned above, ZON Multimédia’s board of directors shall submit a proposal to distribute an ordinary dividend for 2009 of 0.16 Euros per share for appreciation by the general shareholders meeting.

The gross dividend per share for the last three financial years was as follows:

- 2008 – €0.16
- 2007 – €0.20, plus €0.30 of extraordinary dividend
- 2006 – €0.30

**5. PLANS FOR ALLOTMENT OF SHARES OR OPTIONS**

The Shares or Options Allotment Plan currently in force in the ZON Multimédia Group, submitted to and approved by the general shareholders meeting on the 21st of April 2008, containing all the necessary elements for its assessment (including its regulation), is aimed at achieving the following objectives:

- The loyalty of the officers and employees of several companies within the Group;
- The incentive Stimulus to their creative and productive skills, so promoting the consistent creation of corporate results;
- The creation of favourable conditions for recruiting senior officers conditions for managing and employees of high strategic value;
- The alignment of the employees’ interests with the corporate goals and ZON shareholders’ interests, rewarding their performance, depending on value creation to ZON’s shareholders value, reflected on the valorisation of their shares on Stock Exchange.

This Plan, groundbreaking in Portugal, applicable to all employees (including the Executive directors of the Company and other Company’s Directors, as per article 248-B(3) of the Cód.VM), appears as a result of one of the pillars of the Strategic Plan approved for the 2008/2010 triennium, with a view of turning ZON Multimédia into a corporate model in matters of professional and personal development and stimulating the development and mobilization of the employees and officers to focus around a shared project.

The Internal Regulation of the ZON Multimédia’s Shares or Options Allocation Plan for the of , approved in the general shareholders meeting held on April 21, 2008 is available for consulting on the Company’s website.
ZON Multimédia has established three types of plans, to which a maximum number of shares shall be allocated. This number is yearly approved by the board of directors and depends solely on the fulfilment of the goals set for ZON Multimédia and of the individual performance assessment.

“Standard” Shares Plan

Shares Allocation Plan addressed to the employees, irrespectively of the functions they perform, selected by the Executive Committee (or by the Remuneration Committee further the Proposal of the chairman of the board of directors, should the beneficiary be a member of the Executive Committee of ZON Multimédia).

The vesting period for the shares is of five years, beginning twelve months after the date on which the shares are allocated, at a rate of 20% a year.

This new remuneration policy, comprising the Shares programs referred to below, not only allows the alignment of the employees and officers with the creation of shareholder value, and constitutes an important mechanism for enhancing loyalty and savings incentive, but will also reinforce ZON Group’s performance culture, insofar as its attribution depends on the achievement of its objectives.

Turning ZON Multimédia into a reference in matters of international remuneration best practices, by adopting the best models adopted by leading companies, is the main objective of this project that is split into three core areas: alignment with winning and sustainable strategies, motivation of employees and sharing of the added value.

“Senior Executive” Share Plan

Share and/or Option allocation Plan addressed to employees and officers qualified as Senior Executives, selected by the Executive Committee (or by the Remuneration Committee under the Proposal of the chairman of the board of directors, should the beneficiary be a member of the Executive Committee of ZON Multimédia).

Under this Plan, the vesting period is usually of three years, beginning 12 months after the date on which the Shares are allocated, at 1/3 a year.

Share Savings Plan

The Shares Investment Plan is addressed to all the employees of the Group, irrespective of the functions they perform, and which may be subscribed without the need of a prior assessment.

Employees and officers who fulfil the requirements set out internally may invest in the “Shares” Savings Plan up to 10% of their annual salary, up to the maximum amount of €7,500 per year, acquiring the shares at a 10% discount.
Conditions for the allotment

The board of directors shall approve the number of Shares and/or Options to be allocated under each Plan set out in their Internal Regulation, in accordance with the annual assessment of ZON Multimédia performance.

The Executive Committee shall select the beneficiaries of each Plan and decide on a case by case basis on the allocation of Shares to eligible employees and officers. With regard to the members of the Executive Committee, these powers are performed by the Remuneration Committee.

Restrictions on the transfer of Shares

The rights to the allocated shares allotted may only be disposed of after their vesting, which period varies according to the respective Shares Plan, being of 3 years for the Senior Executive Share Plan and of 5 years for the Standard Plan, in accordance with the above described conditions.

Powers of the management body to make amendments to the Plans

The general shareholders meeting has the power to amend the Shares Plans, without prejudice of authorising the board of directors to introduce the necessary or convenient adjustments for the interpretation, integration and application of the Plans Regulations, insofar as such adjustments do not affect the essential conditions therewith established.

Allocation of Options

The Options allocation, restricted to the Senior Executives Option Plan, consists in the right to acquire a given number of ZON Multimédia’s shares for a previously established consideration, over a period of time or at the end of such period. The beneficiaries of the Senior Executive Option Plan may choose to have shares or options in their portfolios, in order to adapt it to their risk profile. In this Plan, the following combinations may be selected: (i) 50% of shares and 50% of options (ii) 75% of shares and 25% options and (iii) 100% of shares. Options may be exercised after their vesting and within a period of 5 years.

The economic value of the Options corresponds to the market price for that given Option or, if inexistent, to the value determined through Black-Scholes mathematical model.

The exercise price for the Options corresponds to the weighted average of the closing prices for ZON Multimédia’s shares in the 15 business days prior to their allocation.

The board of directors, resolved not to grant the possibility of exercising Options under the Senior Executive Option Plan in 2008/2009.
6. RELEVANT TRANSACTIONS WITH MEMBERS OF THE CORPORATE BODIES, HOLDERS OF QUALIFIED SHAREHOLDINGS OR COMPANIES IN A GROUP OR CONTROL RELATIONSHIP

The Company has entered into agreements and conducted transactions with several ZON Group entities on a regular basis. Such transactions have been conducted on an arm’s length basis and under normal market conditions for similar transactions, and are comprised in the ordinary contracting parties’ business activities.

The Company also regularly enters into agreements and transactions of a financial nature with several credit institutions holding qualified shareholdings of its share capital; however, these transactions are entered into at arm’s length and under normal market conditions for similar transactions and are comprised in the ordinary business activities of the contracting parties.

ZON Multimédia did not execute any significant transaction or operation in economic terms for any of the parties involved with members of the management and or supervisory bodies, holders of qualified shareholdings or companies with which it is in a control or group relationship which were not under normal market conditions for similar operations and which were not part of the Company's day-to-day activity.

In accordance with the Corporate Governance Code for Listed Companies, approved in January 2010, ZON Multimédia is analysing new recommendations arising from the said code, namely Recommendation IV.1.2 on the involvement of the supervisory body in the approval process for transactions with shareholders having a qualified holding.

7. INVESTOR RELATIONS

Since the Company’s incorporation the Investor Relations Office was created, with the purpose of ensuring adequate relationship with shareholders, investors and analysts in accordance with the equal treatment principle, as well as with the financial markets in general and, in particular, with the regulated market where the shares representing its share capital is admitted to trading and its regulatory entity, CMVM.

The Investor Relations Office publishes, on an annual basis, the management report and accounts, disclosing, in addition to the annual and half-year information, detailed quarterly information, in accordance with the Portuguese corporate and securities market laws. The Company immediately discloses to the public all privileged information regarding its business or securities, which shareholders can access through its website (www.zon.pt/ir/). All the information is available in the company's website both in Portuguese and English versions.

The activity developed by the Investor Relations Office also provides permanent and updated information to the financial community about the activities of ZON Multimedia, through regular press releases, presentations and communications on the quarterly, half-yearly and annual results, as well as any other relevant events that may occur. It also provides all clarifications to the financial community in general - shareholders, investors (both institutional and retail) and analysts, also assisting and supporting the exercise of the shareholders rights. The Investor Relations Office promotes regular meetings of the executive management team with the financial community through the participation in specialized conferences, roadshows, both in Portugal or in major international
financial centres, and often meets with investors who visit Portugal. In 2009, the main Investor Relations events were:

<table>
<thead>
<tr>
<th>DATE</th>
<th>EVENT</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 Jan</td>
<td>Espírito Santo Investment Iberian Event</td>
<td>Madrid</td>
</tr>
<tr>
<td>6 Feb</td>
<td>Santander Midcap Event</td>
<td>Madrid</td>
</tr>
<tr>
<td>5 Feb</td>
<td></td>
<td>Lisbon</td>
</tr>
<tr>
<td>11 Feb</td>
<td>Trading Statement Roadshow</td>
<td>London</td>
</tr>
<tr>
<td>12 Feb</td>
<td></td>
<td>Madrid</td>
</tr>
<tr>
<td>17-18 Mar</td>
<td>Roadshow</td>
<td>Paris</td>
</tr>
<tr>
<td>19 Mar</td>
<td></td>
<td>Amsterdam</td>
</tr>
<tr>
<td>25 Mar</td>
<td>Citigroup 9th Annual European and Emerging Telecom Conference</td>
<td>London</td>
</tr>
<tr>
<td>26 Mar</td>
<td>Santander Portuguese Conference</td>
<td>Lisbon</td>
</tr>
<tr>
<td>14 May</td>
<td></td>
<td>Lisbon</td>
</tr>
<tr>
<td>18-19 May</td>
<td>Roadshow</td>
<td>London</td>
</tr>
<tr>
<td>20 May</td>
<td></td>
<td>NY</td>
</tr>
<tr>
<td>21 May</td>
<td>Roadshow</td>
<td>Boston</td>
</tr>
<tr>
<td>19 May</td>
<td>Millennium BCP Equities Forum</td>
<td>London</td>
</tr>
<tr>
<td>26 May</td>
<td>ESN Conference</td>
<td>London</td>
</tr>
<tr>
<td>27 May</td>
<td>Roadshow</td>
<td>Copenhagen</td>
</tr>
<tr>
<td>28 May</td>
<td></td>
<td>Stockholm</td>
</tr>
<tr>
<td>3 Jun</td>
<td></td>
<td>Lisbon</td>
</tr>
<tr>
<td>8 Jun</td>
<td></td>
<td>Geneva</td>
</tr>
<tr>
<td>9 Jun</td>
<td></td>
<td>Zurich</td>
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<tr>
<td>Jun 4</td>
<td>Credit Suisse European Cable Seminar</td>
<td>London</td>
</tr>
<tr>
<td>16 Jun</td>
<td>Nomura Conference</td>
<td>London</td>
</tr>
<tr>
<td>18-19 Jun</td>
<td>16th Annual Santander Telecoms Conference</td>
<td>Sintra Penha Longa</td>
</tr>
<tr>
<td>16 Jul</td>
<td>ZON FIBRA DAY</td>
<td>Lisbon</td>
</tr>
<tr>
<td>17 Jul</td>
<td>ZON FIBRA DAY</td>
<td>London</td>
</tr>
<tr>
<td>2 Jul</td>
<td>UBS Iberian Telecoms Conference</td>
<td>Madrid</td>
</tr>
<tr>
<td>8 Sept</td>
<td>Execution Cable Conference</td>
<td>London</td>
</tr>
<tr>
<td>10 Sept</td>
<td>VI BPI Iberian Small &amp; Mid Caps Conference</td>
<td>Cascais</td>
</tr>
<tr>
<td>14 Sept</td>
<td></td>
<td>S. Francisco</td>
</tr>
<tr>
<td>15 Sept</td>
<td>Roadshow</td>
<td>LA</td>
</tr>
<tr>
<td>17 Sept</td>
<td></td>
<td>S. Diego</td>
</tr>
<tr>
<td>13-14 Nov</td>
<td>INFOVALOR - Fórum de Poupança e Investimento</td>
<td>Lisbon</td>
</tr>
<tr>
<td>19 Nov</td>
<td>9th Annual Technology Media &amp; Telecoms Conference</td>
<td>Barcelona</td>
</tr>
</tbody>
</table>
ZON Multimédia’s representative for Market Relationship is Maria João Carrapato.

Any interested parties are invited to request information to the Investor Relations Office, using the following contacts:

Avenida 5 de Outubro, 208
1069 - 203 Lisbon (Portugal)
Tel. / Fax: + (351) 21 7824725 / + (351) 21 7824735
E-mail: ir@zon.pt

8. EXTERNAL AUDITORS

The annual remuneration spent on external auditors in 2009 was €525,870 in return for the following services rendered:

<table>
<thead>
<tr>
<th>31 de Dezembro de 2009</th>
<th>Valor</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serviços de revisão legal de contas e auditoria</td>
<td>469,868</td>
<td>69%</td>
</tr>
<tr>
<td>Outros serviços de garantia de fiabilidade</td>
<td>113,550</td>
<td>17%</td>
</tr>
<tr>
<td>Outros serviços que não de revisão legal de contas e auditoria</td>
<td>94,500</td>
<td>14%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>677,918</td>
<td>100%</td>
</tr>
</tbody>
</table>

ZON Multimédia external auditors are independent internationally recognised entities whose work is tightly monitored and supervised by the Company’s audit committee. ZON Multimédia does not grant any indemnity protection to the external auditors.

In order to safeguard the external auditors’ independence, the Company’s audit committee has the following powers and functions in regards to the external auditors:

- To represent the Company, for all purposes in all matters before the external auditors;
- To propose to the board of directors the hiring, renewal of agreement and remuneration of the Company’s external auditors and propose their dismissal to the general shareholders meeting based on reasonable grounds;
- Ensure the Company and the companies with which ZON Multimédia it is in a control or group relationship provide suitable conditions for the Company’s external auditors to render their services;
• Review with the external auditors the scope, planning and resources to be use when rendering their services;
• Examining the contents of the audit reports and annually examine the Company’s external auditors, annually, who should report and be subject to the supervision of the audit committee, considering their qualifications, independence and performance;
• Obtain an annual report directly from the external auditors on substantial issues which may arise in the scope of the services rendered, as well as on any other relationship existing between the Company and its external auditors, including the amount of fees paid for auditing and additional services;
• Discuss separately with the external auditors aspects and problems connected to the auditing process of the Company’s financial statements, including the Executive Committee's responses; and
• Granting prior approval for engaging the external auditors for the rendering of additional services.

Additionally, the audit committee approved a regulation for the external auditors’ rendering of services, which defines the framework governing the ‘Non-Audit’ or ‘Audit-Related’ services rendered by the external auditor to ZON Multimédia and its participated companies included in the respective consolidation permiter. This regulation applies to the services rendered by the external auditors and related companies.

Under the terms of this regulation, hiring ‘Non-Audit’ or ‘Audit-Related’ services should be considered on an exceptional or complementarily basis respectively, and in agreement with the rules set down in this regulation.

The evaluation of the services rendering admissibility depends on the audit committee, which considers the following principles: (i) an auditor cannot audit his own work; (ii) an auditor cannot undertake a function or perform a task which is a management responsibility; (iii) an auditor cannot act directly or indirectly on behalf of his client.

The annual fees for non-audit or audit-related services cannot exceed the total amount of audit services fees except for the specific case of audit-related services whenever the exceeding of such limit has been approved by the audit committee.

The approval and permission of the audit committee is needed for the rendering of services by the external auditor.

The Company is analysing the appropriateness of reviewing this Regulation in the light of the CMVM’s new recommendations on the Corporate Governance of listed companies in the version published in January 2010.

Regarding the rotation period for the external auditor and Recommendation III.1.3 of the CMVM Corporate Governance Code in the version published in January 2010, which states that the Company promotes the rotation of the auditor at the end of three terms in office (in the case of ZON Multimédia, since the term of office are of 3 years), it is hereby reported that the Company has not defined a general fixed policy of external auditor rotation.

The audit committee, in the exercise of its functions, annually conducts a global evaluation of the external auditor’s performance and well as of its independence. Furthermore, the audit committee promotes, whenever necessary or appropriate to the performance of Company's activity or the configuration of the market in general, a reflection on the appropriateness of the external auditor’s performance of its functions. In this context, ZON Multimédia changed the auditing company for the financial year of 2008, and the Company’s current external auditor has performed its duties for two years.
Despite the said CMVM recommendation not having been taken into account for purposes of this report, ZON Multimédia believes that it is currently in compliance with the recommendation.

9. SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY POLICY

ZON Multimédia is becomingly an increasingly socially responsible company in the corporate citizenship area. Its sustainability strategy is based on practices and procedures on three main areas: economic, social and environmental, which it consolidates and renews systematically.

It undertakes social responsibility work each year through its ‘Cá Dentro’ programme, which aims to promote employee and employees’ children’s qualification, development and training. Initiatives include the allocation of study grants and scholarships to the best students and the extracurricular programs – these normally take place during Holy Week and Christmas holidays and are preferably held in a natural environment, involving outdoor and group activities.

On another hand, in terms of community relations, ZON Multimédia sponsors several institutions, either via free provision of its services or through donations or charity initiatives. Support provided over the past year came from various sources, including donations to S. Tomás High Schools and Instituto de Surdos-Mudos da Imaculada Conceição (Immaculate Conception Deaf-Mute Institute), with which a Partnership Agreement was signed.

The Árvore Amiga (Adopt a Tree) project, related to the ZON Christmas Tree – was transformed into an icon in the City of Lisbon – it was returned to the Banco Alimentar contra a Fome (Anti-Hunger Food Bank) for the Ajuda Vale (Assistance Voucher) campaign. This initiative includes food in the form of vouchers that represent their basic food products and which are allocated to families in need.

In another solidarity initiative, ZON signed an Agreement with Entreajuda (association that helps other charity institutions) in order to provide 1,500 disadvantaged kids with vision, hearing and dental screening. Considering that in Portugal many cases of academic underperformance are due to hearing or vision impairment, ZON also contributes to the learning process of these children and also towards increasing their self-esteem. This Project also relies upon the support of the Alto Comissariado da Saúde (High Commission on Health).

In an unprecedented and very well-received initiative, ZON and its employees combined efforts in the Presentes Solidários (Charity Gifts) programme, proceeds from which were donated to Instituto de Surdos-Mudos da Imaculada Conceição (ISMIC). Employees, managers and directors donate all offerings received during the Christmas holidays to this initiative. These lots were then purchased by ZON employees for a symbolic amount, which was matched by the Company in order to reach a final amount. Instituto de Surdos-Mudos da Imaculada Conceição is a boarding school founded 76 years ago and currently has 60 students, 22 of whom are boarders and all of whom have special needs.

The magic of cinema allows ZON Lusomundo to carry out various Social Responsibility initiatives: Cinema Solidário (“Charity Cinema”) was one such initiative. Cinema Solidário is a unique and innovatory initiative, undertaken jointly with the ‘Movimento de Defesa da Vida’, and which uses the cinema and solidarity to help children at risk and their families, aiming at a sustained change in social behaviour.
Additionally, every year on June 1 (International Children’s Day) cinemas show films for disadvantaged children, with the ticket costing a reduced nominal amount. In addition, at Christmas, cinemas show films exclusively for schools at a reduced price.

Using the movie *Monsters vs. Aliens* as a theme, 80 children from *Santa Casa de Misericórdia* de Lisboa children’s homes took part in an outing. Inspired by the famous film by the DreamWorks Studios, all of these children were able to create their own “Monsters” with art materials. The home with the best piece of art was awarded the complete DreamWorks collection.

The children’s efforts were also rewarded with a trip to the movies to watch a film that has been an inspiration to them. They were very surprised to see their works on exhibit there. One of this program’s main objectives is to promote equality of access to culture and offer unique moments of magic and entertainment to all of these children.

Also within the context of social responsibility and in partnership with the General Management of Prison Institutions, ZON Lusomundo presented a DVD of *The Reader*, which was the first movie showing at a Portuguese prison. The launch was made with members of the media present in the female wing of the Tires Prison and shown in simulcast at all of the country’s prisons. The event also involved a fashion show with pieces made by inmates using only recycled materials. This initiative includes a project called *DVD - Dinamizar* (Stimulate), *Visualizar* (View), *Discussir* (Discuss). The objective is for films to be shown regularly in prisons, to encourage group debates about the subject matter of their arguments.

ZON Multimédia’s involvement in social inclusion initiatives is mainly achieved through creating conditions of access for all to ZON TV Cabo channels, ZON Lusomundo Audiovisuais video products and showings in ZON Lusomundo Cinemas. The audio-description service for the blind and partially sighted is the first service for those with special needs diffused by a digital television operator at national level, simultaneously with the sign language and subtitling service for the deaf developed as part of ‘*Igualdade de Oportunidades para Todos*’.

It is through the development of these programmes that ZON Multimédia seeks to position itself as a socially responsible company, able to create for all those with which it establishes partnership relationships, and society as a whole. Precisely towards this final point and with the aim of rewarding creativity, entrepreneurship and boldness, ZON created a monetary prize awarded (200,000 euros and scholarships in Austin, USA). Works with the greatest economic viability may be supported by IAPMEI (Institute for the Support of Small and Medium-sized Enterprises).

As a socially responsible company, ZON Multimédia has prioritised the creation of a waste management system which contributes to natural preservation, in addition to complying with legal requirements and promoting continuous improvement through adoption of sustainable resources that reduce environmental impacts from existing processes and from products and services provided.

Environmental stewardship and building everyone’s awareness of environmental preservation are increasingly a priority for all companies.
From a strategic point of view, environmental issues are of utmost importance to companies since they are becoming more attractive to shareholders, consumers, suppliers and public officials in general.

In order to comply with environmental legislation, ZON Multimédia is obligated on an annual basis to declare to Sociedade Ponto Verde the amount of its waste from non-urban containers and packaging (Decree Law no. 162/2000 – of July 27), while declaring to SIRAPA (Portuguese Environmental Agency Integrated System) the amount of urban and non-urban waste, (Decree Law 178/2006 (art. 48)) from business activity.

Accordingly, ZON TV Cabo created ECO ZON, an integrated management system for all waste produced by all ZON Group companies. EcoZON is a strategic environmental project for our business activity and represents a differentiating factor relative to competing companies. This project represents the point of departure for improvement of the organisation’s environmental performance, sending a clear signal of change to its employees, customers and suppliers and which is based on the following assumptions:

- Comply with all legal requirements applicable to activities products and services of all ZON Group companies.
- Promote continuous improvement through the adoption of sustainable resources that reduce environmental impacts in existing processes and in the definition of products and services.
- Control potential environmental impacts resulting directly or indirectly from business activities, always favouring prevention measures.
- Optimise the management of waste generated by the company in its activities through continued development of a reduction, re-use and recycling policy.
- Regularly evaluate and improve the environmental performance of ZON Group companies through reliance upon best available technologies and to implementation of eco-management practices appropriate to the optimisation of natural resources.
- Establish and evaluate partnerships that seek to promote and manage natural wealth and the protection of biodiversity.
- Ensure collaboration with the Portuguese Environmental Agency and environmental bodies to develop and adopt productive processes that avoid or reduce environmental harm and which include an appropriate disposal of all types of waste regardless of its nature (urban and non-urban waste, REEE's, etc.), under the issuance of a statement for destruction of waste, pursuant to current environmental legislation.
- Compliance with national and European environmental legislation.
- Protect ZON MULTIMEDIA against the improper use of data through application of rigorous safety measures during the collection during the process of collection, transport and destruction of paper, preventing its reconstitution.

Protecting the quality and the preservation of the environment is not only a concern but a value which ZON Multimédia promotes through recycling, providing eco-stations for selective separation of any waste produced at all of its premises.

With the launch of this project and emphasizing environmental awareness activities, a business culture sensitive to environmental concerns is sought so that each employee may make a contribution to environmental preservation and guarantee quality of life for coming generations based upon sustainable development.
ANNEX I

Positions held by members of the Board of Directors in other companies

- Daniel Proença de Carvalho

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

- Chairman of the Advisory Board of Explorer Investments – Sociedade de Capital de Risco, S.A.
- Member of the Directors of SINDCOM – Sociedade de Investimentos na Indústria e Comércio, SGPS, S.A.
- Member of the Remuneration Committee of Banco Espírito Santo, S.A.
- Vice-chairman of the Board of the General Shareholders Meeting of Caixa Geral de Depósitos, S.A.
- Chairman of the Board of the General Shareholders Meeting of Galp Energia, SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Socitel – Sociedade Industrial de Trefilharia, S.A.
- Chairman of the Board of the General Shareholders Meeting of Edifer – Investimentos, Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the Board of The General Shareholders Meeting of Edifer – Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the Board of General Shareholders Meeting of Portugália – Administração de Patrimónios, S.A.
- Chairman of the Board of the General Shareholders Meeting of Mague – SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting, Almonda – Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the Board of the General Shareholders Meeting of Renova – Fábrica de Papel do Almonda, S.A.
- Chairman of the Board of the General Shareholders Meeting of Celulose do Caima, SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Estoril Sol, SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Panatlântica – Holding, Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the Board of the General Shareholders Meeting of G.A. – Estudos e Investimentos, S.A.
- Chairman of the Board of the General Shareholders Meeting of Vila Sol II – Empreendimentos Turísticos, S.A.
- Chairman of the Board of the General Shareholders Meeting of Vila Sol - SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Cabo Raso – Empreendimentos Turísticos, S.A.
- Chairman of the Board of the General Shareholders Meeting of SOGEB – Sociedade de Gestão de Bens, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sociedade Agrícola Belo de Mértola, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sociedade Agrícola dos Namorados, S.A.
- Chairman of the Board of the General Shareholders Meeting of Coaltejo – Criador de Ovinos Algarve e Alentejo, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sotac – Sociedade de Turismo e Agricultura, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sogesfin – Sociedade Gestora de Participações Sociais, S.A.
- Chairman of the Board of the General Shareholders Meeting of 3 Z – Administração de Imóveis, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sétimos - Participações, SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Euroatlântica – Investimentos e Comércio, S.A.
- Chairman of the Board of the General Shareholders Meeting of Confiança Participações, SGPS, S.A.
- Chairman of the Board of the General Shareholders Meeting of Sociedade Agrícola da Serra Branca, S.A.
- Chairman of the Board of the General Shareholders Meeting of Gotan, SGPS, S.A.

- Rodrigo Jorge Araújo Costa

**Positions held in companies of ZON Multimédia group**

- 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, SGPR, S.A.
- Chairman of the Board of Directors of ZON Lusomundo Cinemas, S.A.
- Vice-chairman the Board of Directors of Finstar – Sociedade de Investimentos e Participações, S.A

**Positions held in other companies:**

Not applicable.

- José Pedro Faria Pereira da Costa

**Positions held in companies of ZON Multimédia group**

- Director of ZON Televisão por Cabo, SGPS, 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 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.
- Chairman of the board of directors of Upstar Comunicações, S.A.
- Director of Dreamia Holdings, B.V.
- Director of Dreamia – Serviços de Televisão, S.A.
• Director of Finstar – Sociedade de Investimentos e Participações, S.A.
• Manager of Lusomundo España, SL

Positions held in other companies:
Not applicable.

- Luís Miguel Gonçalves Lopes
  Positions held in companies of ZON Multimédia Group
  • Director of ZON Televisão por Cabo, SGPS, S.A.
  • Vice-Chairman of ZON – TV Cabo Portugal, 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.

Positions held in other companies:
Not applicable.

- Duarte Maria de Almeida e Vasconcelos Calheiros
  Positions held in companies of ZON Multimédia Group
  • Director of ZON Televisão por Cabo, SGPS, S.A.
  • Director of ZON TV Cabo Portugal, S.A.
  • Director 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 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 Dreamia Holdings, B.V.
  • Manager of Lusomundo Editores, Lda.
  • Manager of Distodo, Distribuição e Logística, Lda.
  • Manager of Lusomundo Moçambique, S.A.
  • Manager of Lusomundo España, SL.
  • Manager of Empracine, Lda.
  • Manager of Empresa de Recreios Artísticos, Lda.
Positions held in other companies:

Not applicable.

➢ Fernando Fortuny Martorell

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

• Director of Espírito Santo Ventures – Sociedade Capital de Risco, S.A.
• Deputy Director of Espírito Santo Resources Limited
• Director of Opway, SGPS, S.A.
• Vice Chairman of Rio Forte Investments, S.A.
• Director of Herdade da Comporta
• Non-executive Director of Espírito Santo Property (Brasil) S.A.
• Director of Maló Clinic Group, SGPS, 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.
• Managing shareholder of GO Restauração, Lda.

➢ António Domingues

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

• Vice-chairman of the Board of Directors of Banco Português de Investimento, S.A.
• Vice-chairman of the Board of Directors of Banco Comercial e de Investimentos, S.A.R.L. (Moçambique)
• Vice-chairman of the Board of Directors of Banco de Fomento de Angola, S.A.R.L.
• Member of the Board of Directors of Banco BPI, 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 István Hubay Cebrian

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

• Chairman of the Board of Directors of Fundação Cascais
• Chairman of the Portuguese-Hungarian Chamber of Commerce
luís joão bordalo da silva
positions held in companies of zon multimédia group

not applicable.

positions held in other companies:

• director of cinveste, sgps, s.a.
• director of cinveste investimentos, lda.
• manager of cinveste finance, sgps, lda.
• manager of cinveste finance, gestão de valores mobiliários, lda.
• director of m&c colecção de arte s.a
• director of guemonte - sociedade civil imobiliária e de investimentos s.a.
• director of hsf engenharia, s.a.

vítoria fernando da conceição gonçalves
positions held in companies of zon multimédia group

not applicable.

positions held in other entities:

• member of the general supervisory board of edp – energias de portugal s.a.
• chairman of the committee for the financial matters of edp – energias de portugal, s.a.
• chairman of the audit board of fundação edp
• member of the economic and social council
• vice-chancellor of universidade técnica de lisboa

paúlo cardoso correia da mota pinto
positions held in companies of zon multimédia group

not applicable.

positions held in other entities:

• deputy to the assembly of the republic
• professor at universidade de coimbra
• managing shareholder of paulo mota pinto, lda.

nuno joão francisco soares de oliveira silvéri o marques
positions held in companies of zon multimédia group

not applicable.
Positions held in other companies:

- Vice-chairman of the Board of Directors of CIDOT – Estúdio de Comunicação, S.A.
- President of the Board of Directors of AGILLE – Serviços e Consultoria de Gestão, S.A.
- Member of the Audit Board of Banco Privado Atlântico – Europa, S.A.

Norberto Emílio Sequeira da Rosa

Positions held in companies of ZON Multimédia Group

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
- Vice-chairman of BPN – Banco Português de Negócios, S.A.
- Director of Caixa Geral de Depósitos, S.A.
- Director of SIBS – Sociedade Interbancária de Serviços, S.A.
- Director of Fundação Económica
- Vice-chairman of Banco Efisa, S.A.
- Member of the Managing Council of Caixa Geral de Aposentações.
- Member of CISP – Comissão Interbancária para o Sistema de Pagamentos (Interbank Payment System Committee).

Jorge Telmo Maria Freire Cardoso

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

- Director of Caixa – Banco de Investimento, S.A.

Joaquim Francisco Alves Ferreira de Oliveira

Positions held in companies of ZON Multimédia group

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 Controlinveste Comunicações, SGPS, S.A.
- Chairman of the Board of Directors of Sportinveste, 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 Global Noticias Publicações, S.A.
• Chairman of the Board of Directors of Rádio Notícias, S.A.
• Chairman of the Board of Directors of Jornalinveste – Comunicação, S.A.
• Chairman of the Board of Directors of Naveprinter – Indústria Gráfica do Norte, S.A.
• Chairman of the Board of Directors of Açormedia, S.A.
• Chairman of the Board of Directors of Gripcom, SGPS, S.A.

João Manuel Matos Borges de Oliveira

Positions held in companies of ZON Multimédia Group

Not applicable.

Positions held in other companies:

• Director of Cofina, SGPS, S.A.
• Director of Altri, SGPS, S.A.
• Director of F. Ramada Investimentos, SGPS, S.A.
• Director of F. Ramada, Açôs e Indústrias, S.A.
• Director of Caima – Indústria de Celulose, S.A.
• Director of Celbi – Celulose da Beira Industrial, S.A.
• Director of Celtejo – Empresa de Celulose do Tejo, S.A.
• Director of Celulose do Caima, SGPS, S.A.
• Director of Cofihold, SGPS, S.A.
• Director of Cofina Media, SGPS, S.A.
• Director of Edisport – Sociedade de Publicações, S.A.
• Director of F. Ramada – Produção e Com. Estruturas Metálicas de Armazenagem, S.A.
• Chairman of the Board of Directors of F. Ramada II Imobiliária, S.A.
• Director of Invescaima, SGPS, S.A.
• Director of Presselivre – Imprensa Livre, S.A.

Professional qualifications and activities undertaken over the last 5 years

• Members of the Executive Committee

Rodrigo Jorge Araújo Costa. Portuguese. 50 years old. First appointed - co-opted in 2007. Term ended 31 December 2009. Chairman of the Board of Directors, ZON Televisão por Cabo, SGPS, S.A., since September 2007; Chairman of the Board of Directors, ZON – TV Cabo Portugal, S.A., since September 2007; Chairman of the Board of Directors, ZON TV Cabo Açoreana, S.A., since November 2007; Chairman of the Board of Directors, ZON TV Cabo Madeirense, S.A., since November 2007; Chairman of the Board of Directors, ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since September 2007; Chairman of the Board of Directors, ZON Lusomundo Audiovisuais, S.A., since September 2007; Chairman of the Board of Directors, 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; Corporate Vice President OEM – Microsoft Corporation 2002 - 2005; since 2004, Member of the High Level Counsel for Foreign Investment; since 2005, Member of the Advisory Board, Plano Tecnológico; 2006 - 2007, Executive Vice-chairman, Portugal Telecom, SGPS,
José Pedro Faria Pereira da Costa. Portuguese. 42 years old. First appointed - co-opted in 2007. The term ended on 31 December 2009. Member of the Board of Directors, ZON Televisão por Cabo, SGPS, S.A., since September 2007; Vice-Chairman of the Board of Directors, ZON TV Cabo Portugal, S.A., since March 2008; ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since September 2007; Member of the Board of Directors, ZON Lusomundo Audiovisuais, S.A., since September 2007; Member of the Board of Directors, ZON Lusomundo Cinemas, S.A., since September 2007; Member of the Board of Directors, Lusomundo, Sociedade de Investimentos Imobiliários, S.A., since December 2007; Member of the Board of Directors, Lusomundo Imobiliária 2, S.A., since December 2007; Member of the Board of Directors, Sport TV Portugal, S.A., since October 2007; Member of the Board of Directors, ZON Audiovisuais, SGPS, S.A, since 2009; Member of the Board of Directors, ZON Cinemas, SGPS, S.A, since 2009; Member of the Board of Directors, Teliz Holding, B.V., since 2009; Member of the Board of Directors, Dreamia Holdings, B.V., since 2009; Member of the Board of Directors, Dreamia – Serviços de Televisão, S.A, since 2009; Member of the Board of Directors, Finstar – Sociedade de Investimentos e Participações, S.A, since 2009; Chairman of the Board of Directors, Upstar Comunicações, S.A, since 2009; Between September 2002 and September 2007 joined Portugal Telecom’s Group as member of the board of directors and CFO of the companies PT Comunicações, PT.COM e PT Prime. He was also non-executive Board Member of the companies PT ACS, Previsão, PT Prestações, PT Sistemas de Informação, PT PRO, Páginas Amarelas, Tradecom e Banco Best and Manager of DCSI. Between June 2000 and September 2002, Vice-President of the PT/Telefónica joint-venture in Brasil, as a Board Member of PT Móveis, SGPS, responsible for the financial area. Between 1997 and 2000, Executive Board Member of Banco Santander de Negócios Portugal, responsible for Corporate Finance. José Pedro began his career at McKinsey&Company.

Luis Miguel Gonçalves Lopes. Portuguese, 37 years old. First appointed - co-opted in 2007. Term ended 31 December 2009. Member of the Board of Directors, ZON Televisão por Cabo, SGPS, S.A., since September 2007; Vice-chairman, ZON – TV Cabo Portugal, S.A., since March 2008; Member of the Board of Directors, ZON TV Cabo Açoreana, S.A., since September 2007; Member of the Board of Directors, ZON Conteúdos, Actividade de Televisão e de Produção de Conteúdos, S.A., since September 2007; Member of the Board of Directors, ZON Lusomundo Audiovisuais, S.A., since September 2007; Member of the Board of Directors, ZON Lusomundo Cinemas, S.A., since September 2007; Member of the board of directors, ZON TV Cabo Madeirenses, S.A., since 2009; Member of the Board of Directors, ZON Audiovisuais, SGPS, since 2009; Member of the board of directors of ZON Cinemas, SGPS, S.A, since 2009; Member of the Executive Committee, PT Comunicações, S.A, 2006 - September 2007; Member of the Executive Committee, PT.Com – Comunicações Interactivas, S.A., 2006 - September 2007; Member of the Board of Directors, Páginas Amarelas, S.A., 2006 – September 2007; Manager, PT Comunicações, S.A., 2004 - 2006; Associate Principal, McKinsey&Company 1998 - 2004.

Duarte Maria de Almeida e Vasconcelos Calheiros. Portuguese, 61 years old. First appointed in 2003. The mandate ended on 31 December 2009; chairman of the Board of Directors, Lusomundo Imobiliária 2, S.A., since 2004; chairman of the Board of Directors, Lusomundo Sociedade de Investimentos Imobiliários, S.A., since 2004; Member of the board of directors, ZON Lusomundo Cinemas, S.A., since 2004; Member of the Board of Directors, ZON Lusomundo Audiovisuais, S.A., since 2004; Member of the Board of Directors, ZON Conteúdos, S.A, since 2004; Member of the Board of Directors, ZON Televisão por Cabo, SGPS, S.A., since 2004; Member of the Board of Directors, ZON TV Cabo Madeirenses, S.A., since 2007; Member of the Board of Directors, ZON TV Cabo Açoreana, S.A., since 2008; Member of the board of directors, ZON Audiovisuais, SGPS, S.A, since 2009; Member of the Board of Directors, ZON Cinemas, SGPS, S.A, since 2009; Member of the Board of Directors, Teliz Holding, B.V., since 2009; Member of the Board of Directors, Dreamia Holdings, B.V., since 2009; Manager, Lusomundo Moçambique, Lda., since 2004; Manager, Lusomundo Editores, Lda., since 2004; Manager, Lusomundo España, SL, since 2004; Manager, Distodo, Distribuição e Logística, Lda.,
since 2004; Manager, Empacine, Empresa Promotora de Actividades Cinematográficas, Lda., since 2004; Manager, Empresa de Recreios Artísticos, Lda., since 2004; Member of the Audit Committee, Fundação Cultursintra since 2006; chairman of the Board of Directors, ZON Serviços de Gestão Partilhados, S.A., 2008 – 2009.

- **Non-executive directors**

Fernando Fortuny Martorell. Portuguese, 64 years old. First appointed – co-opted in 2008. The term ended on 31 December 2009. Member of the Board of Directors, GO WELL – Promoção de Eventos Catering e Consultoria, S.A, since 2004; Member of the Board of Directors, Espírito Santo Ventures – Sociedade Capital de Risco, S.A. since 2005; Delegate Director, Espírito Santo Resources, Limited, since 2006; Member of the Board of Directors, Opway, SGPS, S.A., since 2006; Member of the Board of Directors, IMOSPEL – Soc. Operações Imobiliárias, S.A. since 2007; Member of the Board of Directors, Maló Clinic Group, SGPS. S.A, since 2008; Member of the Board of Directors, Herbade da Comporta, since 2008; Vice-chairman, Rio Forte Investments, S.A, since 2009; Member of the Board of Directors Santogal, SGPS, S.A, Non-executive Member of the Board of Directors, Espírito Santo Property (Brasil), S.A.; Managing shareholder, GO Restauração, Lda, since 2004; Member of the Board of Directors, Espírito Santo Resources (Portugal), S.A., 2006-2007; Member of the Board of Directors, Espírito Santo Resources, S.A., 2008-2009;

António Domíngues. Portuguese, 53 years old. First appointed in 2004. Term ended on 31 December 2009. Vice-chairman of the Board of Directors, Banco Português de Investimento, S.A., since 2007; Vice-chairman of the Board of Directors, Banco Comercial e de Investimentos, SARL (Moçambique), since 2007; Vice-chairman of the Board of the Directors, Banco de Fomento, SARL (Angola), since 2005; Member of the Board of Directors, Banco BPI, S.A., since 1999; Member of the Board of Directors, Banco de Fomento, SARL (Angola), 2002 – 2005; Member of the Board of Directors, Banco Comercial e de Investimentos, SARL (Moçambique), 2004 - 2007; Member of the Board of Directors, BPI Madeira, SGPS, Unipessoal, S.A., since 2001; Member of the Board of Directors, Allianz Portugal, S.A., since 2004; Member of the board of directors, SIBS – Sociedade Interbancária de Serviços, S.A., 2000-2009.


Luís João Bordalo da Silva. Portuguese. 51 years old. First appointed in 2003. Term ended on 31 December 2009. Member of the Board of Directors, Cinveste, SGPS, S.A., since 2006; Member of the Board of Directors, HSF Engenharia, S.A., since 2005; Member of the Board of Directors, Guemonte – Sociedade Civil Imobiliária e de Investimento, S.A. since 2006; Member of the Board of Directors, M&C Colecção de Arte, S.A., since 2007; Manager, Cintelte Finance, SGPS, Unipessoal, S.A., since 2007; Manager, Cintelte Finance, Gestão de Valores Mobiliários, Lda., since 2007; Manager, Cintelte Investimentos, Lda., since 2008.

Vítor Fernando da Conceição Gonçalves. Portuguese. 54 years old. First appointed in 2007. Term ended 31 December 2009. Professor, Business Administration, ISEG, since 1994; Vice-Chancellor, Universidade Técnica de Lisboa, since 2007; Member, Economic and Social Board, since 2007; Member, “Panel of Experts on World Competitiveness” IMD World Competitiveness Centre, since 2005; Member, PhD, post-PhD and Guest Scientists Candidate Evaluation Committee, Fundação para a Ciência e Tecnologia, since 1997; Member, General and Supervisory board and chairman Committee for the Financial Matters, EDP- Energias de Portugal S.A., since 2006; chairman, Audit Board, Fundação EDP, since 2007; chairman of the board, Gaptec / UTL since 2007; chairman of the Advisory Council, ISEG (2003-2006); director, Doctoral Programme in Business Administration, 2001 - 2005; Chairman, IDEFE- Instituto para o Desenvolvimento e Estudos Económicos Financeiros e Empresariais 2003 - 2007.

Paulo Cardoso Correia Mota Pinto. Portuguese. 43 years old. First appointed in 2008. Term ended on 31 December 2009. Master and PhD in Law, (Legal-Civil Sciences); University Professor,

Norberto Emílio Sequeira da Rosa. Portuguese. 54 years old. First appointed in 2008. Term ended on 31 December 2009. Chairman of the Board of Directors, Caixa – Participações, SGPS, S.A., since 2008; Chairman of the Board of Directors, Caiaxtec – Tecnologias de Comunicação, S.A., since 2008; Chairman of the Board of Directors, Sogrupo – Sistemas de Informação, ACE, since January 2008; Vice-chairman of the Board of Directors, Banco Elisa, since 13 November 2009; vice-chairman of the Board of Directors of BPN – Banco Português de Negócios, S.A., since 2008; Member of the Board of Directors, Caixa Geral de Depósitos, S.A., since 2008; Member of the Board of Directors, SIBS – Sociedade Interbancária de Serviços, S.A., since 2007; Member of the Board of Directors, Caixa Geral de Aposentações, since 2008; director, Fundação Económica, since 2005; Member of CISP – Comissão Interbancária para o Sistema de Pagamentos, since 2005.


Joaquim Francisco Alves Ferreira de Oliveira. Portuguese, 62 years old. First appointed in 2001, term ended May 2005, re-elected January 2008. Term finishes December 31 2009. Since 1984, year in which he founded Olivedesportos (leader and pioneer in the area of sports-related television and advertising rights) has been chairman of the Board of Directors of several companies the comprise the business group in question (Controlinveste). In 1994 acquired the sports newspaper “O Jogo”, formed PPTV in 1996 through which he founded jointly with RTP and PT Multimédia (today ZON), the first sports cable channel - a Sport TV, currently chairman of the board of directors. Has also presided since their founding in 2001, the boards of directors of Sportinveste Multimédia SGPS and Sportinveste Multimédia - joint venture formed to run sports event-linked multimedia content. In 2005 acquired the then Grupo Lusomundo Media (today Controlinveste Media), and presides the Boards of Directors of the several companies which compose it.

João Manuel Matos Borges de Oliveira. Portuguese, 50 years old. First appointed in 2008. Term ended on 31 December 2009. Deputy chairman of the Board of Directors, Cofina, S.G.P.S., S.A., since 1991; Deputy chairman of the board of directors, Altri, S.G.P.S., S.A., since 2005; Member of the Board of Directors, Celbi-Celulose da Beira Industrial, S.A., since 2006; chairman of the Board of Directors, F.Ramada, Aços e Indústrias, S.A., since 1997; Member of the Board of Directors, Companhia Portuguesa de Celulose do Caima, S.G.P.S., S.A., since 1998; Member of the Board of Directors, Cofina Media, S.A., since 2000; Member of the Board of Directors, Cofihold, S.G.P.S., S.A. since 1997; Member of the Board of Directors, Edisport – Sociedade de Publicações, S.A., since 2007; Member of the Board of Directors, Celta-J-Empresa de Celulose do Tejo, S.A., since 2008; Member of the Board of Directors, Caima-Indústria de Celulose, S.A. since 2006; Member of the Board of Directors, Invescaima, S.G.P.S.,S.A., since 2005; Member of the Board of Directors, Presselivre-Imprensa Livre, S.A., since 2006; chairman of the Board of Directors, F.Ramada- Produção e Comercialização de Estruturas Metálicas de Armazenagem, S.A., since 2003; chairman of the Board of Directors, F.Ramada II Imobiliária, S.A., since 2005; chairman of the Board of Directors, F.Ramada Investimentos, S.G.P.S., S.A., since 2008.