

Announcement | Lisbon | 18 July 2018

Clarification on PHAROL's Participation in Oi Capital Increase

Faced with news in the media, PHAROL clarifies that, regarding to the Oi Judicial Recovery Plan, two capital increases were planned:

a) Capital Increase - Capitalization of Credits

Through issuance of new shares to Bondholders who opted to convert their credits into capital of Oi, and the minimum price of the issuance of these new shares was established at R \$ 7.00.

The issuance of these new shares should observe the preemptive right to the current shareholders, as provided for in Brazilian Law.

b) Capital Increase - New Resources

Through cash inflows in the amount of R \$ 4 billion, whose conditions are not yet known.

Regarding the Capital Increase - Capitalization of Credits, the deadline for the use of the right of subscription reserved for the current shareholders ended on 16 July.

Considering the price at which the subscription right could be exercised and the current price per share of Oi, in compliance with the decision of the PHAROL Board at its meeting on 4 July, PHAROL did not subscribe the capital increase in a).

The Board of Directors of PHAROL has not yet taken any decision on the capital increase referred to in b) above.

PHAROL, SGPS S.A.

Public Company
Share capital Euro 26,895,375
Registered in the Commercial
Registry Office of Lisbon and
Corporation no. 503 215 058

PHAROL is listed on the Euronext
(PHR).
Information may be accessed on
Bloomberg under the symbol PHR
PL.

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