

EXTRAORDINARY GENERAL MEETING

PHAROL, SGPS SA

November 23rd, 2018

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 2 OF THE AGENDA: *(Revoke the share capital increase resolution, taken on September 7th, 2018. The effects of this resolution shall be conditioned upon approval of the resolution under item 4 below of the Agenda)*

- Considering, on one side, the unpredictability associated with the execution of the share capital increase of Oi, SA – In Judicial Recovery (“Oi”). in light of the latest developments and the uncertainty as to the actual advantages in participating in the same and, on the other hand, the proposal submitted under item 4 of the agenda, to authorize the Board of Directors to increase the share capital of the Company, if necessary and in accordance with the established parameters and further conditions that may be considered advantageous at the moment – the approval of this authorization under item 4 being condition precedent for the effectiveness of this resolution of item 2 – we propose that the shareholders resolve:

“To revoke the resolution approved under item 2 of the agenda of the general meeting of September 7, 2018, on the capital increase of the Company from €26.895.375,00 (twenty-six million, eight hundred and ninety-five thousand, three hundred and seventy-five euros) up to €55.482.427,11 (fifty- five million, four hundred eighty-two thousand and four hundred twenty-seven euros and eleven centimes), in cash, through the issue of up to 952.901.737 new ordinary, nominative and dematerialized (book entry) shares, with nominal value of € 0.03 (three cents of euro, each), reserved to the preferential subscription of shareholders and further established and approved conditions.”

Lisbon, 31st October de 2018

The Board of Directors