

EXTRAORDINARY GENERAL MEETING

PHAROL, SGPS SA

November 23rd, 2018

PROPOSAL OF THE BOARD OF DIRECTORS

ITEM 3 OF THE AGENDA: *(Amend article 4, number 3, of the by-laws of the Company)*

- Currently, article 4, number 3, of the by-laws of the COMPANY, foresees the possibility of the Board of Directors being authorized to increase the share capital of the COMPANY, one or more times, through cash contributions, *up to 40,000,000 euros*, including in, such global authorized amount, *not only the nominal value of each issue of capital but also any eventual issue premium(s)* and any convertible bonds issued;

- Considering the unpredictability and variability of the circumstances that may originate the need to increase the capital of the COMPANY and determine its amount and further conditions, including an eventual premium which, added to the nominal value of the issue, may result in an increase higher than 40,000,000 euros, we propose that the shareholders resolve to increase the global amount of the authorized share capital increase pursuant to article 4, with the purpose of authorizing the share capital increase under item 4 of the agenda;

Therefore, we propose that article 4, number 3 of the by-laws be amended to include the following wording:

“ARTICLE FOUR

Share Capital

1. (...)

2. (...)

3. *Upon favourable opinion of the Fiscal Council, the Board of Directors may increase the share capital, on one or more occasions, through capital contributions in cash, up to Euro 80,000,000.00 after a resolution has been passed at the General Meeting of Shareholders fixing the parameters to which such share capital increase or increases shall be subject. The global authorized amount includes not only the nominal value of each issue of capital but also any eventual issue premium(s). For the calculation of the*

global amount of Euro 80,000,000.00 any convertible bonds issued as per article eight of the by-laws are accounted for as well.

4. (...)”

Lisbon, October 31st, 2018

The Board of Directors