

# ANNUAL GENERAL MEETING OF SHAREHOLDERS

PHAROL, SGPS S.A.

24 May 2016

## **PROPOSAL OF THE BOARD OF DIRECTORS**

### ITEM 3 OF THE AGENDA:

*(To resolve on the proposal for application of results)*

Despite the net loss for the period, taking into account: (i) the existence of distributable reserves as defined in the Portuguese Companies Code; and (ii) the existence of a treasury surplus that are estimated to be sufficient for the Company's in the following years, the Board of Directors proposes an extraordinary distribution of reserves amounting to Euro 25,969,425, corresponding to Euro 0.03 per share, in respect to the total shares in circulation.

It not being possible to precisely determine the number of treasury shares that will be held by the Company on the date of the dividend payment referred to above, we propose that extraordinary distribution of reserves, calculated based on unitary dividend per issued share (in this case Euro 0.03 per share), consider the following:

- (i) For each issued share in circulation, the unitary dividend of Euro 0.03 will be paid;
- (ii) The dividend applicable to treasury shares that are owned by the Company on the date of the dividend payment, not being paid, be transferred to Retained earnings (calculated based on a unitary dividend of 0.03 issued shares in circulation);
- (iii) The net loss of the year, amounting to Euro 693,892,303, be transferred to retained earnings.

Lisbon, 28 April 2016

The Board of Directors,