



Announcement | Lisbon 21 June 2016

ADDITIONAL INFORMATION ABOUT MATERIAL FACT DISCLOSED BY OI

As requested by CMVM, PHAROL, SGPS S.A. ("PHAROL") announces to its shareholders and the market in general that its subsidiary Oi, S.A. ("Oi"), in conjunction with its wholly-owned direct and indirect subsidiaries, Oi Móvel S.A., Telemar Norte Leste S.A., Copart 4 Participações S.A., Copart 5 Participações S.A., Portugal Telecom International Finance BV, and Oi Brasil Holdings Coöperatief U.A. ("the Oi Companies"), filed a request, as of yesterday, June 20, 2016, for judicial reorganization of the Oi Companies with the Court of the State of Rio de Janeiro, pursuant to Art. 51 of Law No. 11,101/05 and Art. 122, of the Brazilian Corporations Law, pursuant to an urgent measure unanimously approved by the Company's Board of Directors - which has six directors of PHAROL - and unanimously approved by the other authorized governing bodies of the Oi Companies at meetings held on the same date.

As previously announced, the Oi Companies, together with their financial and legal advisors, are conducting efforts and studies to optimize their liquidity and indebtedness profile and lead negotiations with its creditors and with Moelis & Company, a financial advisor to a group of bond holders, seeking mutual agreement as to the consensual restructuring of the Oi Companies' indebtedness and to strengthen their capital structure.

However, considering the challenges of the Oi Companies' economic and financial situation in connection with the maturity schedule of their financial debts, the threats to the assets of the Oi Companies represented by imminent attachments or freezings in judicial lawsuits and the urgent need to adopt measures that protect the Oi Companies, Oi decided that filing for judicial reorganization would be the most appropriate course of action at this time to (i) preserve the continuity of its offering of quality services to its customers, within the rules and commitments undertaken with the Brazilian National Telecommunications Agency - ANATEL, Brazilian telecoms regulator, (ii) preserve the value of the Oi Companies, (iii) maintain the continuity of operations and corporate activities in an organized manner that protects the interests of the Oi Companies and their subsidiaries, their customers, shareholders and other stakeholders, and (iv) protect the Companies cash and cash equivalents.

The request for judicial reorganization was filed due to challenges confronted by the Company's management in finding a viable alternative with its creditors that enables the Company to achieve the abovementioned purposes, and to adequately protect the Oi Companies against creditors while preserving the continuity of the Oi Companies' operations. The total claims of persons not controlled by Oi listed in documents filed with the request for judicial reorganization total, on this date, approximately R\$65.4 billion. The Management of the Oi Companies intends to take all necessary measures and take the necessary actions in all appropriate jurisdictions to guarantee the effectiveness of this request for judicial reorganization.

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.

Luis Sousa de Macedo
Investor Relations Director
ir@pharol.pt
Tel.: +351 212 697 698
Fax: +351 212 697 949



The request for judicial reorganization will be submitted to a Company's General Shareholders' Meeting resolution, the called for the next July 22, 2016.

PHAROL also informs that, according to the disclosed Material Fact of Oi, there are no expected alterations to the management or staff structure of the Oi Companies during the judicial reorganization process, and if the request is accepted, all labor obligations and benefits will be maintained.

PHAROL reaffirm its determination to continue to defend the value of its main asset - the participation of 27.2% of shares of Oi held directly and indirectly through subsidiaries to 100% - and its willingness to continue to follow closely and by all means, the evolution of Oi during this judicial reorganization process.

This release does not relieve a careful reading of the Material Fact disclosed by Oi which under the terms of the law governing and promptly disclosed also by PHAROL on www.cmvm.pt