

Announcement | Lisbon | 29 October 2018

Formal Statement on the Urgent Decision Issued in the Arbitration Proceeding Held Between Oi and Its Shareholder Bratel S.à.r.l.

On October 26, 2018 the Arbitrator indicated by the Câmara de Arbitragem do Mercado of São Paulo Stock Exchange issued a decision staying the effects of any deliberation related to the capital increase of Oi S.A. – under judicial reorganization (“Oi”) in the amount of BRL 4,000,000,000.00, as provided for Section 6 of Oi’s judicial reorganization plan.

As stated in the Material Fact published by Oi, there was a Meeting of the Board of Directors of Oi on October 26, 2018, but the deliberations regarding the Capital Increase were suspended by the decision of the Arbitrator of the Câmara de Arbitragem do Mercado rendered on the same date.

Such decision was issued as required by PHAROL, through its subsidiary Bratel S.à.r.l., after the Brazilian Superior Court of Justice acknowledged the arbitration jurisdiction to solve any of Oi’s corporate matters.

Finally, the Arbitrator granted a deadline, until **November 5, 2018**, for PHAROL to submit additional arguments regarding the irregularities of the capital increase provided for in Clause 6 of the Recovery Plan and the risks to Pharol if they are not granted the other requests of urgency formulated by Pharol in particular: (a) regarding compliance with the resolution of the meeting of February 7, 2018, which approved the action of liability against the current administrators of Oi and (b) the suspension of the corporate acts practiced by Oi without the approval of PHAROL and other partners.

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
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PHAROL considers the judicial proceedings the only possible alternative to preserve its right considering the one-sided and relentless corporate decisions taken by Oi so far.

Either way, once more, PHAROL hereby reinforces that keeps itself available to find diplomatic solutions that may help Oi's turnaround and that respect all stakeholders' concerns.

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