



Announcement | Lisbon | 20 April 2017

Clarification Regarding Judicial Decision to Approve Insolvency Proceedings Of Oi's Netherlands Subsidiaries

The decision of the Netherlands Appellate Court is applicable only to the companies Portugal Telecom International Finance B.V. and Oi Brasil Holdings Coöperatief UA - which are under Netherlands jurisdiction.

The decision will be appealed to the Supreme Court, in accordance with current legislation in the Netherlands.

The decision in question does not impact the activities of the companies under judicial recovery in Brazil nor does it impact the recovery proceedings of the 7th Corporate Court of Rio de Janeiro, which is the only competent entity to decide on the Judicial Recovery of the Oi group, under the terms of Brazilian Judicial Recovery legislation.

Besides appealing to the Netherlands Supreme Court, the Dutch administrators, to be appointed by the judicial authorities, will only have potential access to assets which are of lesser relevance to the Companies under recovery - under 10 million euros - since the disposal of assets is the competence of the Brazilian judicial authorities, which, together with the Brazilian appointed judicial administrator and the Public Prosecutors, defend the interests of the creditors as well as maintaining the corporate and financial health of the companies under recovery.

The Oi Group remains focused on negotiating with its creditors and all its stakeholders the best proposal to be submitted for approval by the Creditors' General Assembly, to be requested by the 7th Corporate Court of Rio de Janeiro, and the above decision does not affect either timelines or negotiations followed so far.

For PHAROL, shareholder of 27.18% of Oi, there is no direct impact from this decision.

Regarding bondholders of Portugal Telecom International Finance B.V., there is also no impact, as these remain considered in the Judicial Recovery Plan, as they have been thus far, without any change in their classification as creditors of Oi.

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
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PHAROL is listed on the
Euronext (PHR). Information
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