

Announcement | Lisbon | 11 October 2018

Press release on the judicial decision regarding Oi's judicial reorganization proceeding and arbitration instituted by the shareholder Bratel S.à.r.l.

On October 10, 2018 the Brazilian Superior Court of Justice – STJ, concluded the rulling on the Conflict of Jurisdiction raised by Oi S.A. (in judicial reorganization), being recognized the claim presented by PHAROL by means of it's subsidiary Bratel S.à.r.l., directly interested as Oi's largest individual shareholder.

The STJ's Second Section, by 5 votes against 2, *“declared the Arbitration Court of the Câmara de Arbitragem do Mercado de São Paulo – SP competent to rule the corporate disputes arising from the Corporation Law or Oi's Bylaws”*.

Therefore, PHAROL's position towards the jurisdiction of the arbitration was confirmed by the STJ.

The Conflict of Jurisdiction was raised by Oi after PHAROL's claim for initiate the arbitral proceeding, based on article 68 of the Bylaws, aiming at the recognition of the: (a) validity of the deliberation held on February 7, 2018, as well as the (b) possibility of calling for a General Shareholder's Meeting to resolve on the aspects that affects the shareholders' rights on the Judicial Reorganization exlusevely drafted by Oi's Directors, without participation of the Board nor the shareholders.

With the recognition of the arbitration jurisdiction by both the STJ and by the Supporting Arbitrator to decide on corporate matters, any judicial decisions that interfere in corporate matters should be dismissed in compliance with the STJ's decision.

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.

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PHAROL awaits the full content of the STJ ruling, and will continue to take appropriate measures to ensure and preserve its rights, always open to dialogue and to achieve a balanced solution between all stakeholders, and will maintain the market informed about the next developments.

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