

Announcement | Lisbon | 08 January 2018

Summoning of Oi S.A. – Em Recuperação Judicial’s Shareholders Meeting

Pursuant to the terms of subparagraph a) of article 3 of the Portuguese Securities Commission Regulation no. 5/2008 and article 248 of the Portuguese Securities Code, PHAROL, SGPS S.A. (“PHAROL”) announces that Bratel S.À.R.L, a subsidiary of PHAROL, in its capacity of the largest shareholder of Oi S.A. – Em Recuperação Judicial (“Oi”), convened, on this date, a Shareholders Meeting of Oi, to be held on first call on February 7th, 2018, to (a) resolve on matters that, pursuant to the Judicial Reorganization Plan prepared by the Officers and approved by the Creditors Meeting held on December 19, 2017 (“JR Plan”), which is still subject to Judicial confirmation, would violate Oi Bylaws, since it pertains exclusively to Oi Shareholders, and (b) adopt the appropriate measures.

Pharol understands that the JR Plan does not comply with the corporate governance rules set forth in Oi’s Bylaws, and violates the shareholders rights, as it establishes, among others:

(a) the guarantee of maintenance of the Officers who prepared the JR Plan themselves in their respective positions during the whole period of judicial reorganization, with the renewal of their contractual commitments, including indemnities, in appropriation of the Board of Directors’ competency to supervise the Officers performance and, if necessary, replace them;

PHAROL, SGPS S.A.

Public company
Share capital Euro 26,895,375
Registered in the Commercial
Registry Office of Lisbon
and Corporation no. 503 215058

PHAROL is listed on the
Euronext (PHR). Information
may be accessed on Bloomberg
under the symbol PHRPL.

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(b) the improper removal and appointment of Board of Directors' members, appropriating the Shareholders Meeting's competency, in violation to the rules of composition and appointment of Board members set forth in the Brazilian Corporations Law and Oi's Bylaws;

(d) a rule of conflict resolution between Shareholders and Oi, which contradicts the rule provided by Oi's Bylaws;

(e) capital increase transactions that would inflict an unjustified dilution to the shareholders, due to an issue price that does not reflect Oi's market value, and which only could be carried out upon (e.1) the delivery of all the necessary information to the shareholders (number of new shares, issue price and updated economic valuation) and (e.2) the prior approval of the Shareholders Meeting; and

(f) undue privileges to a limited group of creditors that would receive billionaire fees and the gratuitous delivery of Oi's securities, without guaranteeing proportional compensation to Oi, to the prejudice of the Company and its shareholders, an issue that has already been questioned by the Brazilian National Telecommunications Agency - ANATEL.

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