



Announcement | Lisbon | 28 February 2019

Material Fact disclosed by Oi

PHAROL, SGPS S.A. hereby informs on the Material Fact disclosed by Oi, S.A., according to the company's announcement attached hereto.

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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Oi S.A. – In Judicial Reorganization

Corporate Taxpayers' Registry [CNPJ] No. 76.535.764/0001-43

Board of Trade [NIRE] No. 33.3.0029520-8

Publicly-Held Company

MATERIAL FACT

Oi S.A. – In Judicial Reorganization (“Oi” or “Company”), in accordance with Article 157, paragraph 4, of Law 6,404/76 and CVM Instruction No. 358/02, informs its shareholders and the market in general that it was informed on February 27, 2019 of the final award dated February 20, 2019 issued by the Arbitral Tribunal in the arbitration proceeding commenced by PT Ventures, SGPS S.A. (“PT Ventures”), an indirect subsidiary of Oi and holder of 25% shareholding in the Angolan telecommunications company Unitel S.A. (“Unitel”), against the other shareholders of Unitel (the “Other Unitel Shareholders”) before the International Chamber of Commerce (“ICC”), on the basis of the shareholders’ agreement between PT Ventures and the Other Unitel Shareholders (the “Shareholders’ Agreement”).

Based on a preliminary analysis, Oi highlights that:

- The Arbitral Tribunal held that the Other Unitel Shareholders breached various provisions of the Shareholders’ Agreement by (i) denying PT Ventures’s right to appoint the majority of Unitel’s Board of Directors since June 2006; (ii) entering into self-interested transactions; (iii) failing to procure that Unitel kept PT Ventures informed about key corporate issues and transactions; and (iv) unjustifiably purporting to suspend PT Ventures’s shareholder rights.
- The Arbitral Tribunal found that the Other Unitel Shareholders’ repeated breaches of the Shareholders’ Agreement resulted in a significant decrease of value of PT Ventures’s stake in Unitel. On this basis, the Tribunal ordered the Other Unitel Shareholders jointly and severally to pay PT Ventures the amount of USD 339.4 million corresponding to the loss of value of PT Ventures’s stake in Unitel, plus interest on this amount accruing from February 20, 2019 until the date of full payment by the Other Unitel Shareholders at the 12-month US dollar LIBOR +2% rate, compounded annually.

- The Arbitral Tribunal also found that the Other Unitel Shareholders failed, after November 2012, to ensure that PT Ventures received the same amount of dividends in foreign currency as the other Unitel foreign shareholder. The Arbitral Tribunal ordered the Other Unitel Shareholders jointly and severally to pay PT Ventures the amount of USD 314.8 million corresponding to the resulting damages, plus simple interest on this amount accruing from the different dates on which PT Ventures should have received those dividends, at a 7% annual rate.
- The Arbitral Tribunal ordered the Other Unitel Shareholders to pay a substantial portion of PT Ventures's legal fees and costs, with a net payment to be made to PT Ventures in the amount of over USD 12 million, as well as 80% of the administrative and arbitrators' fees and expenses, with a net payment to be made to PT Ventures in the amount of over USD 1 million.
- The Arbitral Tribunal dismissed the Other Unitel Shareholders' counterclaims in their entirety.
- Overall, the award amounts to a reaffirmation of PT Ventures's rights as a 25% shareholder in Unitel under the terms of the Shareholders' Agreement. PT Ventures retains all of its rights under the Shareholders' Agreement, including the right to appoint a majority of Unitel's Board of Directors and the right to receive past and future dividends from Unitel.

The Company will keep its shareholders and the market informed of any relevant development of the subject matter of this Material Fact.

Rio de Janeiro, February 28, 2019.

Oi S.A. – In Judicial Reorganization

Carlos Augusto Machado Pereira de Almeida Brandão
Chief Financial Officer and Investor Relations Officer