Oi S.A. – In Judicial Reorganization
Corporate Taxpayer's ID (CNPJ/MF) No. 76.535.764/0001-43
Company Registry (NIRE) No. 33.3.0029520-8
Publicly-held Company

# NOTICE TO THE MARKET

Oi S.A. – In Judicial Reorganization ("Oi" or the "Company"), in addition to the Notice to the Market published on August 31, 2018, hereby informs its shareholders and the market in general that on this date it was informed of the decision rendered on October 25, 2018, by the Lisbon Court of Appeal in the connection with the Appeal brought by the Company and its subsidiaries Telemar Norte Leste – In Judicial Reorganization, Oi Móvel S.A. – In Judicial Reorganization, Copart 4 Participações S.A. – In Judicial Reorganization and Copart 5 Participações S.A. – In Judicial Reorganization (jointly, the "Recovering Entities"), which reversed the decision rendered on July 30, 2018 by the Commercial Court of Lisbon, recognized in Portugal the decision rendered by the 7th Corporate Court of the Judicial District of the Capital of Rio de Janeiro on January 8, 2018 and published on February 5, 2018, which confirmed the Judicial Reorganization Plan of the Recovering Entities, and ordered the publication of the Brazilian decision in Portugal.

The full text of the judgment of the Portuguese Court is attached to this Notice to the Market and is also available for download at the Company's website (www.oi.com.br/ri), at CVM's Sistema Empresas.NET (www.cvm.gov.br), and will be available at the B3 S.A. - Brasil, Bolsa, Balcão website (www.bmfbovespa.com.br) as soon as possible. The Company will furnish to the U.S. Securities and Exchange Commission an English translation of the judgment of the Portuguese Court as soon as it becomes available under cover of Form 6-K.

Rio de Janeiro, October 26, 2018.

Oi S.A. – In Judicial Reorganization
Carlos Augusto Machado Pereira de Almeida Brandão
Chief Financial Officer and Investor Relations Officer

**[Coat of Arms]**
**HIGH COURT OF JUSTICE OF LISBON**
6th Section

Rua do Arsenal - Letra G, 1100-038 Lisbon

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**Proceeding No. 11.045/18.4T8LSB.L1** [appeal on the merits of the case]

Appeal Court: Court of Trade of Lisbon - Judge 2

Appellants: Oi, S.A. - Under Court-supervised reorganization, Telemar Norte Leste S.A.-

- Under Court-supervised reorganization Oi Móvel S.A. - Under Court-supervised reorganization, Copart 4 Participações S.A. - Under Court-supervised reorganization, Copart 5 Participações S.A. - Under Court-supervised Reorganization.

Rapporteur: Appellate Judge Manuel Rodrigues

1st Assistant: Appellate judge Ana Paula A.A. Carvalho

2nd Assistant: Appellate judge Gabriela de Fátima Marques

I - The recovery plan becomes binding for the generality of creditors, even for those who have not taken part in the talks, or, regardless that, have not subscribed to, as soon as issued and notified to the interested parties at its granting a sentence other than passed in res judicata [articles 17.-F. no. 5, 17-G and 217 (by analogy) of the CIRE].

II - The provisions of art. 288 of CIRE is applicable to decisions under the special process of revitalization provided for and regulated in Articles 17-A to

17-1 of the same law.

III - According to line b) of #1 of art. 288 of CIRE the recognition shall not be made of the decision issued in insolvency proceeding or foreign PER if it takes to an outcome expressly against the essential, structuring principles of Portuguese legal system.

IV - Such recognition should be granted, although taking to the outcomes that are not entirely overlaying and subsumable to mentioned essential principles and structuring of the Portuguese legal system, but it not confronting thereof.

(Summary prepared by rapporteur).

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In 6th Section of the High Court of Justice of Lisbon agree:

## I) **Report**

1.1. **Oi S.A. - Under Court-supervised Reorganization**, company incorporated and existing in Brazil with headquarters and main office at Rua do Lavradio, 71, 2º andar, Centro, in the City and State of Rio de Janeiro, CEP [Zip code] 20230-070, Brazil, enrolled with CNPJ/MF [National Roll of Legal Entities/Ministry of Finance] under no. 76.535.764/0001-43;

- **Telemar Norte Leste, S.A. - Under Court-supervised Reorganization**, company incorporated and existing in Brazil with headquarters and main office at Rua do Lavradio, 71, 2° andar, Centro, in the City and State of Rio de Janeiro, CEP 20230-070, Brazil, enrolled with CNPJ/MF under no. 33.000.118/0001-79;

- **Oi Móvel, S.A. - Under Court-supervised Reorganization**, company incorporated and existing in Brazil with headquarters in Sector Comercial Norte Quadra 03 BL A, Ed. Telefónica Terreo Parte 2, SCN, Brasília, DF, 71.215-000, in Brazil, enrolled with CNPJ/MF under no. 05.423.963/0001-11;

- **Copart 4 Participações, S.A. - Under Court-supervised Reorganization**, company incorporated and existing in Brazil with headquarters and main office at Rua General Polidoro, 99, 4.° andar, parte, Botafogo, Rio de Janeiro, CEP 2280-004, Brazil, enrolled with CNPJ/MF under no. 12.253.691/0001-14; and

- **Copart 5 Participações, S.A. - Under Court-supervised Reorganization**, company incorporated and existing in Brazil with headquarters and main office at Rua General Polidoro, 99, 5.° andar, parte, Botafogo, Rio de Janeiro, CEP 2280-004, Brazil, enrolled with CNPJ/MF under no. 12.278.083/0001-64;

→ Requiring, under the provisions of articles 288 and 290 of the Companies' Insolvency and Reorganization Code (CIRE) the **recognition**, in Portugal, with effects thereof which are duly specified in the certificate seal in certificate attached to the records (Doc.#16), ordering also its publicity of **Granting Decision of the Court Reorganization Plan** , issued on January 08, 2018, by Judge of 7th Business Court of the Judicial District of

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Capital of State of Rio De Janeiro, Brazil granted on the context of the Court-supervised Reorganization therein pending.

They argued, thereon in summary:

- On June 20, 2016, Oi, together with some of its subsidiaries directly or indirectly hold thereby among them Oi Móvel, a Telemar, a Copart 4, Copart 5, a Portugal Telecom International Finance B.V. - Under Court-supervised reorganization ("PTIF") and OI Brasil Holdings Cooperatief U.A. - In Court-supervised Reorganization filed a Process of Court Reorganization (hereinafter referred to as "PRJ"), distributed to 7th Business Court of Judicial District of the Capital of the State of Rio de Janeiro, therein processed under terms under no. 0203711-65.2016.8.19.0001.

- In view of the recognition of the PRJ in Portugal, Oi and Telemar after that Oi Móvel, started the legal procedures suitable for this purpose, and pursuant to Article 288 and 290 of the CIRE, required such recognition in the context of the proceedings respectively under no. 28111/16.3T8LSB, which were processed under the Court of Trade in Lisbon - Judge 3 and no. 16421/17.7T8LSB, which were processed in Court of trade in Lisbon - Judge 5.

- In Brazil the PRJ is governed by Law no. 11.101, of February 09, 2005 and aims to facilitate the recovery of the company(ies) in a situation of economic and financial crisis, for "preservation of the company, a source of jobs and wealth for society as a whole", thus being in everything similar to the Special Process of Revitalization ("PER"), provided for in Articles 17-A to 17-1 of our CIRE.

- The Recovery Plan was granted by an overwhelming majority of Creditors, in the Creditors' Meeting held for that purpose on days 19 and 20 of December 2017.

- The Court Reorganization. Plan was granted by judicial decision issued on January 08, 2018, by the Judge of 7.th Business Court of Judicial District of Capital of the State of Rio de Janeiro.

- Subject to the nullity of the decision of recognition of the PRJ, twice pronounced in the Court of Trade in Lisbon, we must herein recognize the Reorganization Plan granted by the 7th Business Court of Judicial District of the Capital of the State of Rio de Janeiro.

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- in the logic of the legal system in force, the fulfilment of the requirements for recognition in relation to the PRJ, twice confirmed by the Court, uses the recognition of the Reorganization Plan granted in the context of the PRJ already recognized.

- Although that the Reorganization Plan is unique to the seven companies in the Oi Group, including the Dutch Debtors, which companies are under Dutch law, in the Netherlands, it is necessary the granting of settlement plans in the same way of the Plan in what refers to Dutch Debtors and voting has been scheduled of the respective settlement plans by the creditors, together with the competent Dutch Courts, to June 01, 2018.

- The decision issued by the Dutch courts, confirming the settlement plans after its granting, will be covered by the provisions in Article 32 of Regulation (EU) 2015/848 of May 20, 2015 on insolvency proceedings, and, then, recognized in Portugal without further formalities to be enforced in accordance with articles 39 to 44 and 47 to 57 of Regulation (EU) no. 1215/2012.

- Portuguese lawmaker has not required that the Granting Decision, which recognition is required, has passed in res judicata nor lacking the recognition process of making any summons, Appellants understand that all the requirements are fulfilled as legally provided for the origin of its request.

1.2. Knowing the request, *Pharol SGPS, S.A.*, formerly named Portugal Telecom SGPS, S.A., listed company, forwarded a request to the proceeding calling the dilatory exception to detriment of necessary joinder, with all the legal consequences and, secondarily, to be ruled the action totally unfounded, unproven, and Court should not be recognized nor published, based on the arguments of fact and of law listed above and in the light of the provisions in Articles 288 and 290, both of the CIRE.

1.3. By order of 06/20/2018 [ref. *Citius* 377650937] ordering the striking form records the acts submitted by Pharol, SGPS, S.A, as the records allows no summons and intervention of any interested parties for being covered in judicial plan.

1.4. Being notified to pronounce on the legality and interest of the request made, the Appellants were supported by the annotation of Luís Carvalho Fernandes and João Labareda to the provisions in art. 293 of the CIRE (acc. *Código da Insolvência e da*

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*Recuperação de Empresas Anotado, Quid Juris*, 2008, page 896), to conclude that this provision is only suitable when the compulsory enforcement is required Portugal of a foreign judgment.

In continuity of the arguments of such plaintiffs, they added that the best understanding is, in fact, to attributed to no. 2 of Art. 288, in the part extending the recognition of the very declaratory judgment to the conservation measures implemented after the declaration of insolvency, in general, to any decisions made for the execution of the proceeding (reading abroad), as set for in its no. 1 and complemented by Art. 290 of the CIRE.

More the Appellants informed in records:

- In a decision issued by the Judge of the 7.th Business Court of Judicial District of the Capital of the State of Rio de Janeiro, on June 26, 2018, referring that the reorganization plan, which approval decision is intended to be recognized and published in this case, was approved by an overwhelming majority of the creditors held in AGC [General Meeting of Creditors], having been duly approved, no judgment was issued to date in appeal court modifying or suspending the approval decision, in whole or in part;
- By decision issued in New York, full effect and validity was granted in the United States to the reorganization plan approved and ratified in the judicial proceeding of herein Appellants.

1.5. Then on 07/30/2018 pretrial order was issued with ref. *Citius* 378227777, which decision part is as follows:

"*In view of the above, reasoned and supported on the principles and rules that govern it, I deny the recognition of sentence granting the revitalization plan issued in proceedings abroad, as it is pending of appeal.*

*Costs to be borne by the Plaintiffs".*

—**1.6.** Dissatisfied with that Decision, denying the recognition of the judgment granting the reorganization plan issued in proceedings abroad, for being pending of appeal,

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Appellants appealed thereon, providing at the end of their claims, the following **Conclusions**:

"A. This appeal is filed to the sentence that ruled groundless the request for recognition of decision granting the reorganization plan of the Appellants, approved and ratified in the context of the court-supervised reorganization processed before the 7th Business Court of the Court in the District Court of Rio de Janeiro, Brazil.

B. The request for recognition was requested pursuant to Article 288 and 290 of the CIRE, and denied on the grounds it failed to show the granting sentence passed in res judicata which, in the opinion of the Court *a quo*, would lead to a result clearly contrary to the essential principles of the Portuguese legal system.

C. Article 288 does not require the judgements passed in res judicata in proceedings abroad in order to be recognized in Portugal. As lawmaker has not established the judgment passed in res judicata as a prerequisite for the recognition, the understand that it is necessary is an unacceptable restriction on the scope of application of this provision.

D. The teleological interpretation of Article 293 of the CIRE does not allow concluding that, *on the contrary*, the request for recognition required under Article 288 of the same law is subject to the judgment passed in res judicata.

E. The mention of the exemption of the judgment passed in res judicata included by lawmaker in that Article 293 is justified, and has its reason for being, only by the fact that this provision refers to the review process to confirmation and review of foreign judgments provided for in the Code of Civil Procedure, lawmaker clarifying in the case of the review of foreign judgments in insolvency proceedings, the requirement for judgment passed in res judicata is exempted, which is imposed in that proceeding.

F. In fact, if the lawmaker intended to determine the judgment passed in res judicata for recognition required pursuant to Article 288 of the CIRE, he would expressly impose such a requirement on lines a) and b) of its no. 1. He did not.

G. In the Portuguese legal system, the effects of the reorganization plan approved under a special revitalization process results automatically from the notice of the confirmatory judgment binding all creditors, even those who have remained on the sidelines of the negotiations, as also the dissenting creditors and those who have requested the non-

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approval; therefore, the confirmatory judgment is not required to passed in res judicata to produce the effects.

H. From the current wording of no. 7 of article 17-F of the CIRE the rules set forth for the insolvency plan, in particular, Article 217 of the CIRE are applicable to the reorganization plan approved and confirmed in special revitalizing proceeding.

I. As is the case in the Portuguese legal system, the confirmatory judgment of the reorganization plan of herein Appellants, which certificate has documented the request for recognition, produced immediate effects, binding all creditors.

J. Also in the Portuguese legal system and under the provisions in Article 14 of the CIRE, the appeal filed to confirmatory judgment of plan has merely review effect.

K. In this case, it shows, incidentally, in the records an official letter sent by 7th Business Court of Judicial Court in the Judicial District of Rio de Janeiro, informing on decision by appellate court has not been issued, up to date in records modifying or suspending the confirmatory decision of the plan.

L. In accordance with the sentence in crisis, the result clearly contrary to the essential principles of the Portuguese legal system derives from the fact that there has been judgment passed in res judicata on approval of the reorganization plan of the Appellants, which, considering the "*inherent possibility of execution, would eliminate the rights exercised by concerned parties and object of the recognition, for having interest and legitimacy, resulting therein*".

M. The review effect of appeals is the rule of the Portuguese legal system, particularly in terms of the insolvency, being, of course, this effect according to the essential principles of the Portuguese legal system.

N. Ensuring in the court-supervised reorganization of the Appellants, as in Portuguese law, the right to appeal to the creditors from the decision approving the reorganization plan of the Appellants (namely, to creditors resident in Portugal), and assigning to this appeal, as in Portuguese law, review effect, thus no reason to consider that the recognition of that decision, that has not passed in res judicata, leads to a result clearly contrary to the essential principles of the Portuguese legal system.

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O. The sentence under crisis is contrary to the essential principles of the Portuguese legal system. In fact, dismissing the desired recognition as the judgment has not passed in res judicata, the confirmatory judgment of the reorganization plan of the Appellants, the appealed sentence by preventing its enforcement in Portugal, contradicts entirely the provisions in Articles 14, 17-F #7, 217 and 288, all of the CIRE.

In this respect and in other of applicable law, this appeal must be ruled with grounds, in consequence, judgement in crisis to be revoked and replaced by Judgment that, having fulfilled the legal requirements set forth in Article 288 of the CIRE, recognizes, in Portugal, the confirmatory judgment of the reorganization plan of the Appellants, which depends on the recognition in accordance with Article 288 of the CIRE, ordering also publication in accordance with Article 290 of the CIRE".

1.7. No counter-allegations were submitted.

1.8. The legal examinations being made, it shall be decided.

II - *Object of the appeal - issues to decide*:

In accordance with the provisions set forth in Articles 635, no. 4 and 639, no. 1 and 2 of the Code of Civil Procedure, conclusion is for the applicant's claim that defines the object and delimits the scope of the appeal, notwithstanding the issues that the court *ad quem* can or should accept informally, and this court being limited to the consideration of the issues raised that are relevant to the object of appeal. This strict limitation of actions of the High Court of Justice does not occur in the venue of the legal qualification of the facts or in relation to issues of informal recognition, provided that the process contains sufficient evidence to such acceptance (acc. article 5, no. 3, of the Code of Civil Procedure). This Court also cannot know new issues that have not been previously considered because, by nature, the appeals are intended only to reconsider decisions issued[1-2].

[1] Acc. Abrantes Geraldes, Recursos no Novo Código de Processo Civil, Almedina, 2()17, 4ª reviewed edition, page 109.

[2] As referred to in the judgment of the Supreme Court of Justice of 7-7-2016 (Board Member Gonçalves Rocha), proceeding no. 156/12, "Actually, and as settled and consolidated in the doctrine and case law, it is not licit to call the issues in appeal that have not been subject to consideration of the appellate decision, because the appeals are mere means of contestation of judgments aiming to the review and

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Thus, the key issue to decide is the following:

*- The Confirmatory Judgment shall be recognized in Portugal on the Reorganization Plan of companies under Brazilian Law, herein Appellant, issued by the Brazilian Court [Judge of 7th Business Court Of The District Court Of The Capital Of The State Of Rio De Janeiro]?*

*

III) **Grounds**

A) **Motivation of fact**

The facts relevant to fulfill are those that result from the processed and documentation attached to the records and the following:

1. On June 20, 2016, Oi, together with some of its directly and indirectly held subsidiaries, among them Oi Móvel, Telemar, Copart 4, and Copart 5 (all jointly referred as "Brazilian Debtors"), herein parties, and Portugal Telecom International Finance B. V. - Under court-supervised reorganization ("PTIF") and OI Brasil Holdings Cooperatief U.A. - Under Court-supervised Reorganization ("OI COOP" and, together with PTIF "Dutch Debtors", and with the "Brazilian Debtors," "Oi Group"), companies incorporated and existing in the Netherlands, required a court-supervised reorganization (hereinafter "PRJ"), distributed to 7.th Business Court of Judicial District of the Capital of the state of Rio de Janeiro, therein in process under #0203711- 65.2016.8.19.0001, according certificate attached as Doc. No. 6, which content is fully reproduced;

2. The processing of the PRJ was granted by decision of June 29, 2016 (hereinafter the "Decision"), which was duly published and advertised according to the Document no. 7, whose content is fully reproduced;

3. The content of the aforementioned judgment is the following:

"*V - GRANT OF COURT SUPERVISED REORGANIZATION* - On the explanations, whereas the approval of the plan by the significant majority of creditors of debtors, in AGC

consequent alteration and/or repeal". In the same line, acc. Judgments of the Supreme Court of Justice of 10.04.2007, Simas Santos, 07P2433, of 04.9.2015, Silva Miguel, 353/13.

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held on 12/19/2017, awaiting the approval of the PRJ by the Judiciary Branch, and examined the aspects of legality of the plan, the Court of Reorganization shall ratify by approval by the sovereign decision of creditors. The decision of approval should be immediate not only by force of law, but because thousands of creditors would have their claims fulfilled faster, remembering that the creditors that mediated with Group 01, more than 30 thousand, will receive the residual balance within 10 days after approval; and the labor creditors will begin receiving in 180 days after approval. Check the clauses 4.4.1 and 4.1 of the plan approved: Subject also to the approval of the plan is the start of the term for which the creditors choosing between the options of payment of their claims on the Debtors' platform, as seen in clause 4.5 of the plan. Thus, on the explanation, and the legal requirements being fulfilled, *I GRANT THE COURT-SUPERVISED REORGANIZATION and GRANT THE JUDICIAL REORGANIZATION PLAN* submitted by *Oi S.A.*, *TELEMAR NORTE LESTE S.A.*, *OI MÓVEL S.A.*, *COPART 4 PARTICIPAÇÕES S.A.*, *COPART 5 PARTICIPAÇÕES S.A.*, *PORTUGAL TELECOM INTERNATIONAL FINANCE* av, e *OI BRASIL HOLDINGS COOPERATIEF U.A.*, with the following exceptions: a) to be invalid the Section 11 of Exhibit (named Subscription and Commitment Agreement of PRJ), regarding the capacity granted to the Debtors to make the reimbursement of expenses incurred by creditors while seeking the satisfactions of their credits; b) being the conditions provided for in item 5 of the same Exhibit, providing on the payment of commitment fee, extended to all creditors under the same conditions. In accordance with the reasoning above, and according to art. 50 of the LRF, I make it clear that the sovereign will of the creditors must be fully respected, even prohibited the practice of any act - either by a stockholder, member of the board or administrator of the company aiming at prevent the compliance with the reorganization plan approved pursuant to the law. Indeed, the Chairman of the Board of Directors shall comply immediately and actually with the plan approved as soon as approved, ensuring, among others, the providing the conditions of corporate governance and debt conversion into stocks according to sovereign manifestation of creditors. I exempt the certificates required under Art. 57 of the LRF, under the above reasons, to be published and notify personally the MP and other agencies with the same prerogative. Summons and fulfill",

4. In view of the recognition of the PRJ in Portugal, Oi and Telemar after that Oi Móvel, started the legal procedures suitable for this purpose, and pursuant to Article 288 and

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290 of the CIRE, required such recognition in the context of the proceedings respectively under no. 28111/16.3T8LSB, which were processed under the Court of Trade in Lisbon - Judge 3 and no. 16421/17.7T8LSB, which were processed in Court of trade in Lisbon - Judge 5.

5. In the context of that first proceeding, by judgment issued in the past day 1 of March, 2017, attached as Doc. no. 8, whose content is reproduced, the Court granted the request for recognition, in Portugal, the opening statement and pending the process of Court-supervised Reorganization of Oi and Telemar.

5. In the context of that second referred to in 4., judgment issued in the past day 4 of August 2017, attached as Doc. No. 9, whose content is reproduced, the Court also granted the request for recognition, in Portugal, the opening statement and pending the process of Court-supervised Reorganization of Oi Móvel.

6. Among other effects, the decision referred to in 2., granting the processing of PRJ, determined the following:

"1) *the appointment of trustee, after signs the appointments carried out by ANATEL (National Telecommunications Agency that regulates the telecommunications sector in Brazil);*

*2) The suspension of all executions and actions by net values, covering also:*

(i) *The extrajudicial executions or enforcement of judgment, whether provisional or definitive, including those in which fines and/or administrative sanctions assessed against the debtors are collected;*

(ii) *The court procedures that translate assets constriction (i.e., to prevent the debtors to freely dispose of their assets), or that concern about on freezing or seizure (in this case, even of illiquid amount), involving any type of property loss of appellants, or interfere with the possession of property assigned to the business activity;*

(iii) *The arbitrations under which the net amounts payable by appellants have been defined;*

3) *The amendment, after their commercial designation, of the expression "under court-supervised reorganization";*

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4) *The publication of the notice containing the request of appellants of the Decision and the creditors list, containing the updated value of credits and their qualification, determining a deadline for complaint and opposition;*

5) *The publication by the trustee of the creditors list in a timely manner;*

6) *The notice to Federal Prosecution Service and the other public institutions;*

7) *The determination of 60 business days deadline for presentation of the reorganization plan".*

7. Following this decision, there was the appointment to carry out the process in which Decision was issued requiring the recognition, PricewaterhouseCoopers Assessoria Empresarial Ltda., with headquarters at Av. Francisco Matarazzo,1400, São Paulo/SP; and b) o Escritório de Advogados Arnoldo Wald, with headquarters at Av. Pres. Juscelino Kubitschek, 510, 8º andar, São Paulo/SP — according to the order issued on 07.22.2016 — acc. Doc. No. 10, whose content is fully reproduced;

8. The PricewaterhouseCoopers Assessoria Empresarial Ltda., in capacity of financial trustee was replaced by Escritório de Advogados Arnoldo Wald, according to the minutes of the hearing attached as Doc. no. 12, whose content is fully reproduced;

9. The Recovery Plan of Appellants was granted by an overwhelming majority of Creditors, in the Creditors' Meeting held for that purpose on days 19 and 20 of December 2017.

10. The Court Reorganization Plan was granted by judicial decision issued on January 08, 2018, by the Court of Justice of 7.th Business Court of Judicial District of Capital of the State of Rio de Janeiro.

11. The content of the aforementioned judgment is the following:

*"V - GRANT OF COURT SUPERVISED REORGANIZATION - On the explanations, whereas the approval of the plan by the significant majority of creditors of debtors, in AGC held on 12/19/2017, awaiting the approval of the PRJ by the Judiciary Branch, and examined the aspects of legality of the plan, the Court of Reorganization shall ratify by approval by the sovereign decision of creditors. The decision of approval should be immediate not only by force of law, but because thousands of creditors would have their*

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*claims fulfilled faster, remembering that the creditors that mediated with Group 01, more than 30 thousand, will receive the residual balance within 10 days after approval; and the labor creditors will begin receiving in 180 days after approval. Check the clauses 4.41 and 4.1 of the plan approved: Subject also to the approval of the plan is the start of the term for which the creditors choosing between the options of payment of their claims on the Debtors' platform, as seen in clause 4.5 of the plan. Thus, on the explanation, and the legal requirements being fulfilled, I GRANT THE COURT-SUPERVISED REORGANIZATION and GRANT THE JUDICIAL REORGANIZATION PLAN submitted by 01 S.A., TELEMAR NORTE LESTE S.A., OI MÓVEL S.A., COPART 4 PARTICIPAÇÕES S.A., COPART 5 PARTICIPAÇÕES S.A., PORTUGAL TELECOM INTERNATIONAL FINANCE av, e OI BRASIL HOLDINGS COOPERATIEF U.A., with the following exceptions: a) to be invalid the Section 11 of Exhibit (named Subscription and Commitment Agreement of PRJ), regarding the capacity granted to the Debtors to make the reimbursement of expenses incurred by creditors while seeking the satisfactions of their credits; b) being the conditions provided for in item 5 of the same Exhibit, providing on the payment of commitment fee, extended to all creditors under the same conditions. In accordance with the reasoning above, and according to art. 50 of the LRF, I make it clear that the sovereign will of the creditors must be fully respected, even prohibited the practice of any act - either by a stockholder, member of the board or administrator of the company - aiming at prevent the compliance with the reorganization plan approved pursuant to the law. Indeed, the Chairman of the Board of Directors shall comply immediately and actually with the plan approved as soon as approved, ensuring, among others, the providing the conditions of corporate governance and debt conversion into stocks according to sovereign manifestation of creditors. I exempt the certificates required under Art. 57 of the LRF, under the above reasons, to be published and notify personally the MP and other agencies with the same prerogative. Summons and fulfill ",*

12. By Decisions rendered on June 11, 2018, by the Court of Amsterdam, Netherlands, the composition, that is, the Judicial Reorganization **Plan of OI Brasil Holdings Coöperatief U.A. and Portugal Telecom International Finance B.V was approved**. [see certificates from 297 to 300 verses and from page. 301 to 304 verse,

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respectively, the content of which is integrally reproduced and ref. *Citius* 19758811 dated 06/23/2018].

1.7. By means of an application dated July 23, 2018, the Claimants added to the file, duly translated and apostilled, the Decisions rendered by the Court of Amsterdam, which approved the composition, that is, the Judicial Reorganization Plan of *OI Brasil Holdings Coöperatief U.A.* and *Portugal Telecom International Finance B.V.* [See Docs on page 297 verse and sequence, the content of which is entirety reproduced].

B) **Law Reasons**

1. It is only a question of knowing whether or not it should be recognized in Portugal the Decision of Approval of the Reorganization Plan of the Claimants, rendered by the Brazilian Court [Judge of the 7th Business Court of the District of the Capital of the State of Rio de Janeiro] on January 8th, 2018, regarding the pending Judicial Reorganization Process [PRJ] .

2. As regards the merits of the case, the court ruled its decision on the rejection of the application for recognition of the Decision of Approval of the Reorganization Plan of the Claimants made in a foreign proceeding, under the following terms [3]:

"The *thema decidendum* of the present case is whether the insolvency proceeding provided for in Article 288 of CIRE is applicable to the special revitalization procedure and, if so, whether the recognition of a decision that has not been res judicata by the first instance court does not lead to a result manifestly contrary to the fundamental principles of the Portuguese legal order.

(...)

**3.2 - The res judicata of the approval of the revitalization plan.**

It is common ground that, under the primacy of Community law, Regulation (UE) of the European Parliament and of the Council dated May 20, 2015 prevails over Portuguese domestic law and, consequently, any decision leading to the opening of an insolvency proceeding (that is, a special revitalization proceeding) issued by a court of a competent Member State shall be recognized in all

[3] In the transcription the footnotes there is another numbering, being integrated in the chronology of the judgment.

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other Member States **as soon as it takes effect in the state in which proceedings are opened** - see Art. 19 of the Regulation [4], with emphasis added.

Concerning the recognition of judgments handed down in a non-member State of the European Union, item a) and b) of No 1 of CIRE, art 188, establishes that the decision is recognized in Portugal, unless recognition results in a manifestly contrary result to the fundamental principles of the Portuguese legal order.

In this respect the automatic recognition (of decisions taking effect in Member States) is removed, the foreign decision being subject to judicial review by the Portuguese courts so that recognition is effectively ensured.

The law does not mention it, but it is understood that in the recognition provided for in Article 288 of CIRE, it is required that such a decision take effect in the foreign State.

In fact, it results from the review and confirmation processes, provided for in TITLE XIV of the CPC (arts. 978 and following ). That the principles and rights referred to in the contested judgment are safeguarded by citing the interested parties in order to deduce their opposition, discussion and judgment, as well as the verification of the double degree of jurisdiction with a review appeal filed (article 985 of the CPC).

Thus, from the *mens legis* of art. 293 (*in fine*) of the CIRE, especially references to the review and confirmation of the decisions taken in the foreign insolvency proceedings, as well as the unnecessary requirement of a res judicata , it can be concluded, *on the other hand*, that under the terms of art. 288, the court of first instance only recognize the decision with requirement of res judicata.

Moreover, and if the appeal against the application for approval of the insolvency plan or the revitalization plan has a devolutive effect, the legislative origin diverges: (i) the first is expressly provided for in paragraph 5 of art. 14 of CIRE (the process is only closed by a judicial declaration under the terms of Item b) No 1 art. 230 of CIRE); (ii) the second arises from the application of the civil procedural regime (article 647, no. 1 of CPC ex vi article 17, no. 1 of CIRE), with rise in the own records - item. A, number I , art. 14 of CIRE -, due to approval decision after the termination of the process.

[4] (3) Principle of automatic recognition already provided for in arts. 17 and 25 of the Regulation (CE) No 1346/2000.

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Thus, the rise of the appeal in the own records, would enable revitalization only to the practice, at most, of acts with a provisional nature, where the insolvency and revitalization plans in Portugal refer, as a rule, to the beginning of their execution or effects for the date of the final decision. This way, and always highlighting the due respect for contrary opinion, it is to be considered that the revitalization plan only produces legal effects after the final decision of the approval decision has been passed [5].

### 3.3 - The nature and effects of res judicata in the Portuguese legal system.

In the Portuguese legal system [6], a legal decision, whether a judgment or an order, becomes final when it is not subject to an ordinary appeal or a complaint.

The definition of res judicata in the procedural area is twofold, since it affects the temporal aspects and recursive aspect . Once the deadline for filing appeals has elapsed without challenging the judgment, there is the res judicata for estoppel - see article 619 of CPC.

But beyond the delimitation of the concept in a purely procedural-dogmatic, it is also important to know whether the judicial decision finds legitimacy in the productive and monitoring basis of the process.

Within the scope of the procedural principles that govern our legal system, the constitutional principle includes the principle of adversarial and ample defense, as well as the double degree of jurisdiction.

Although the Constitution does not contain an explicit provision that express the right to appeal to another court in civil proceedings (provided for in criminal proceedings after constitutional revision No. 1/97 dated September 20, which now includes, in Article 32, the express reference to the appeal, which is included in the defense guarantees), the right to appeal against decisions that

[5] (4) In this regard, the acts From RC dated 07/03/2012, from RP dated 06/01/2012, from RP dated 06/01/2015, both available at *www.dgsi.pt.*

[6] (5) We believe that also in the Brazilian legal system, whose traditional procedural indoctrination considers that the sentence passed at trial is the one against which no further appeal is known, whether ordinary or extraordinary. The Brazilian Code of Civil Procedure in Article 474, establishes that: "*Once the judgment of merit has been passed, all claims and defenses that the party could thus oppose to the reception and to the rejection of the request shall be deemed deducted."*

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affect constitutionally guaranteed rights, freedoms and guarantees, even outside the criminal sphere, has been defended as constitutionally included in the principle of democratic rule of law [7] .

Pacific is the understanding that imposing to the Constitution a hierarchy of judicial courts with the Supreme Court of Justice at the top, without prejudice to the proper jurisdiction of the Constitutional Court - Article 210), it must be admitted that the ordinary legislator can not suppress in block the courts of appeal and the own resources [8].

In fact, the recognition of a foreign decision on appeal, with the inherent possibility of enforcement, would overturn the rights exercised by interested parties and recognized that, having interest and legitimacy, appealed against it.

Terms in which, since the decision subject to recognition has not yet become final as a result of an appeal filed by creditors resident in Portugal, the claim should be rejected as unfounded in respect of companies headquartered or having the center of their main interests, in a non-member State of the European Union, because the decision in a different direction leads to a result that is manifestly contrary to the fundamental principles of the Portuguese legal system.

As regards companies which are headquartered or which have the center of their main interests in a Member State, recognition shall be automatic as soon as it takes effect in the State in which the proceedings are conducted (see Article 19 of Regulation (UE) 2015/848 dated May 20, 2015, and, in producing effects, the regime of registration and publicity contained in arts. 24 (in effect on July 26, 2018 - article 92 of the Regulation) and 28 "(End of citation) must be taken into account.

3. We hereby anticipate, that we have not covered either the decisive sense reached or the grounds on which the judgment in crisis is based, except for the segment in which it concluded - and well - that what is provided rcconhecimento in article 288 of the Code of Insolvency and Corporate Reorganization [hereinafter CIRE] is also applicable to judicial reorganization procedures such as those requested by the Claimants, which is in line, moreover, with what has been defended by the doctrine and jurisprudence.

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7 6) See Statements of vote of Board members Vital Moreira and António Vitorino, respectively in Judgment No. 65/88, Judgments of the Constitutional Court, vol. 1 1, page. 653, e in Agreement No 202/90, id., vol. 16, page. 505

8 (7) In this regard, A. Ribeiro Mendes (Civil Procedural Law, III - Appeals, AAFDL, Lisbon, 1982, p. 126), Judgments nº 31/87, Judgment of the Constitutional Court, vol. 9, page 63, e No 30/90, íd., vol., page. 349.

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The rules of conflicts that directly determine the relevance in Portugal of the foreign insolvency [or reorganization] proceedings, in particular as regards the recognition, publicity and enforceability in Portugal of insolvency statement [or approval of company reorganization plan], have their legal seat in CIRE Title XV, Chapter II [articles 288 a 293]

Article 288 of CIRE, as amended by Decree no. 79/2017 dated 06/30, entitled "Recognition", provides:

*"1 - A declaration of insolvency in **foreign proceedings, where the center of the debtor's main interests is outside a Member State of the European Union**, shall be recognized in Portugal unless:*

a) *The jurisdiction of the court or foreign authority is not based on any of the criteria referred to in Article 7 or on an equivalent connection;*

b) *The recognition lead to a result that is manifestly contrary to the fundamental principles of the Portuguese legal system*

*2 - The provisions of the preceding paragraph shall apply to conservation measures adopted after the declaration of insolvency, as well as to any decisions taken to execute or close the proceedings."*

*In turn, Article 290, as amended by Decree no. 282/2007 dated August 7, deals with the subject "Advertising", establishing the following:*

*"1 - If the conditions for the recognition of insolvency are recognized, the Portuguese court shall, at the request of the insolvency administrator, order the publicity of the essential content of the insolvency statement, the decision to appoint the insolvency administrator and the decision to close the process in accordance with Article 37. applicable with appropriate adaptations, and the court may require certified translation by a person who for this purpose is competent according to the law of the State of the proceedings.*

*2 - The publications referred to in the preceding paragraph shall be non-officially determined if the debtor has an establishment in Portugal".*

Regarding the "**feasibility**" of the decisions, Article 293 of CIRE states that *"Decisions taken in a foreign insolvency proceeding may only be executed in Portugal after being reviewed and confirmed, but it is not a requirement of the confirmation the respective res judicata."*

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As a general rule, it is clear from the body of paragraph 1 that our legal system recognizes, in Portugal, the declaration of insolvency issued in a foreign proceeding, a principle that paragraph 2 extends to the provisions of conservation which have been adopted in the process after the insolvency proceedings, and to any decisions taken to enforce or close the procedure.

In this regard, it will not happen only if some of the impeding situations provided for in items a) and b) No 1 Article 288 of CIRE occurs.

It is clear from this legal provision that recognition is not automatic, unlike that of the community scheme established by Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20 2015, which amended the Council Regulation (EC) No *1346/2000* dated May 29 2000 regarding the insolvency proceedings, instruments embodying the general principle of automatic recognition by the other Member States of the European Union, the decision of opening an insolvency proceedings in any of them, within the meaning and scope of Article 2 No 4 and 7, as well as the recognition, without further formalities, of decisions relating to the proceedings - being therefore included the declarations of insolvency - and the closure of insolvency proceedings by a court whose decision to initiate proceedings is recognized under Article 19 and any agreement approved by that court which shall be implemented in accordance with Articles 39 to 44 and 47 to 57 of Regulation (EU) 2015/848 of the European Parliament and of the Council dated May 20 2015.

Summarizing, as stated by Luís A. Carvalho Fernandes and João Labareda [9], regarding the recognition of judgments rendered in a foreign insolvency proceeding, from a third country, which is not a Member State of the European Union, *"(...) by one side recognition is not automatic, as stated from the combination of article 288 and article 290, and, on the other hand, the execution in Portugal of decisions taken in a foreign process depends on its previous revision and confirmation, according to what establishes the article 293, although it is dispensed with the final decision as a requirement of confirmation".*

[9] Insolvency and Business Reorganization Code written 3rd edition, Quid Juris - 2015, Notes to article 288, page 955

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It is, moreover, the result of the literal element of the provisions of Articles 288 and 293 of CIRE, which does not impose a final decision on the decision revoked, that is, the decision whose recognition is sought in the Portuguese legal order.

And, as the Applicants rightly point out, where the law does not distinguish or restrict it, it is not for the interpreter to do so, but rather to presume that the legislator based on the law the most appropriate solution and was able to express his or her thoughts in appropriate terms (No 3 article 9 of the Civil Code).

Thus, if the legislator did not impose, as a presumption of its recognition, the res judicata of the decision to be recognized, rendered in the process of reorganization of a foreign company, the interpreter or law enforcer can not consider that it is a requirement necessary for the intended recognition [not referred to in Items a) and b) No 1 Article 288 and previously expressly deleted by Article 293].

Then, according to the notes of Luís A. Carvalho Fernandes and João Labareda in notes to article 293 (note 3) *"It is necessary the previous review and confirmation of the foreign decisions on insolvency as an essential assumption of its compulsory execution in Portugal. And, if there is no specific determination on the subject, the following process can not fail to be what is regulated in art. 878. et seq. of the Civil Code. However, The res judicata of the decision to be reviewed is excluded, which is one of the general requirements imposed by article 980 of that law, as seen from item b)* [10].

Also Nuno Salazar Casanova and David Sequeira Dinis [11], deliberately mentioned by the Claimants, base themselves on many grounds to conclude that *"PER effects are automatically produced with the notification of the approval sentence and not with its res judicata."*

According to these authors, *"first of all, it should be noted that Article 17-F No 6 [now, No 10 of the same article] establishes - as it could not be otherwise - that the approved plan binds all creditors, even those who have remained on the margins of the negotiations.*

[10] Quoted, work page 962

[11] PER - The Special Revitalization Process, Comments on Articles 17-A to 17-I of the Insolvency and Business Reorganization Code, Coimbra Editora, 1st ed., March 2014, page. 1149-155.

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*We would also add that, once approved, the plan also binds the dissenting creditors and those who have requested their non-approval (assuming that it was not valid)".*

*Secondly, and as the wording of the law states, the effects of the plan take place with the delivery and notification of the approval sentence. In other words, once the plan has been ratified and the judgment approved has been notified to the interested parties, the effects of the plan are automatically valid (...).*

*Thus, it is not necessary for the approval decision to become final in order to produce its effects. In short, the letter of the law indicates that, under PER, the principle of Article 217 applies, regarding the insolvency plan. This conclusion is reinforced by the finding that the ratio of the standards against item a No 6 of Article 17-F [now Article 10 of the same article] and the standard set out in Article 217 is to ensure and protect the same interests. Moreover, there would always be room for analogy, considering the parallelism of situations.*

*Thirdly, it must be clarified that, it must be understood for example, the application of Article 217. to the PER, to the revitalization plan and to the effects of the approval sentence thereof.*

*It is true that the reference in Article 17 -E, No. 5, in fine [currently No 7 of the same article] does not cover, at least at first glance, what is mentioned in article 217 because it is not formally in the chapter intended for approval of the plan, but in chapter intended for the insolvency plan, however, it does not follow from this fact that the legislator wanted to remove that provision from the scope of the PER. In fact, the interests at stake and the very logic of the system require that the provision in Article 217 be applied mutatis mutandis."*

Indeed, this third argument gained strength with the legislative amendment introduced by Decree no. 79/2017 dated June 30, which amended the wording of no. 5 of article 17-F of the CIRE.

Art 17-F No 5 provided that, in the event of conclusion of negotiations with the approval of the reorganization plan regarding the revitalization of the company, the rules in force regarding the approval of the company insolvency plan would apply.

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With the wording introduced by the said Decree No. 79/2017, No 7 [former No 5] of article 17-F, now states that , it is applicable , without any limitations, the rules in Title IX [*being eliminated the reference to the existing rules on approval of the insolvency plan]*.

-In summary, in our legal system the reorganization plan becomes binding on all creditors, even those who have not taken part in the talks, or, regardless of that, have not subscribed, as soon as it has been given and notified to the interested parties the respective approval sentence and not with the final res judicata thereof [Articles 17.-F. No 5, 17-G and 217 (the latter by analogy) of CIRE].

It also happens in Brazil, where the decision of approval of the claimants' recovery plan to be recognized, was also effective and binding, regardless of the respective res judicata, as is also apparent from the certificate submitted by the Claimants with the initial petition partially subscribed in the settled facts (points 6 and 11).

That Decision states in particular: *"(...) the creditors who mediated with the*

*Group 01, which are more than 30 thousand, will receive the residual balance within 10 days after homologation; and the labor creditors will begin to receive in 180 days counted from the homologation. (...) Also depends on the homologation of the plan the beginning of the deadline so that the creditors choose between the options of payment of its credits in the platform of the companies under reorganization (...) It is also incumbent upon the Chairman of the Board of Directors to give immediate and effective effect to the approved plan, as soon as it is approved (...) ".*

The same applies to the effects of the appeals brought against that decision, which, as in Portugal (CIRE Article 14 No 5 ), is always unclaimed, not allowing even the possibility of requesting the suspensive effect of the resource [12], which is drawn, in addition, from the office issued by the 7th Business Court of the Court of the District of Rio de Janeiro and with the file on 07/17/2018 [ref. *Citius* 19702471].

The argument put forward in the contested judgment that "*the revitalization plan only produces legal effects after the res judicata of the granted decision*" is therefore not effective, always considering due respect.

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[12] Nuno Salazar Casanova and David Sequeira Dinis, quoted work, page. 151.

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Just as the understanding of the Court in the judgment in reference, that the recognition of the decision as it did not have a final decision, *"with the inherent possibility of execution, it would overturn the rights exercised by interested parties and endorsed in the recognition that, for their interest and its legitimacy it was appealed"* and "*would lead to a result manifestly contrary to the fundamental principles of the Portuguese legal system "*

First of all, in the absence of such a thesis, it should be noted the parallelism between the judicial reorganization process, in which the recovery plan for the Companies under reorganization was approved, and after the homologation decision that is supposed to be recognized in Portugal is pronounced, and the special revitalization procedure provided for and laid down in Articles 17-A to 17-1 of CIRE.

Secondly, it should be pointed out that both legal orders (Portuguese and Brazilian) guarantee a double degree of jurisdiction to the interested parties, which allowed creditors resident in Portugal to appeal against the homologation decision.

Luís A. Carvalho Fernandes and João Labareda, in an annotation to Item b) No 1 Art 288 of CIRE [13], refer, with wisdom and pertinence to the present case:

*"The reservation of public order, which argues that the State of compulsory recognition of judgments handed down in foreign proceedings, when this leads to results that are manifestly contrary to the fundamental principles of the Portuguese legal system, substantially corresponds to the option also adopted under the Regulation, in its Article 26.*

*It operates, both as regards the declaratory decision on insolvency, and in relation to any others covered by paragraph 2 article 288.*

*However, two observations are substantiated :*

*The first is to emphasize the fact that the case is only based on the defense of the fundamental principles of the Portuguese legal system which, in general terms, can be considered to be the essential and structuring nucleus on which the national legal structure is based, translating values considered to be indispensable and, as such, indeclinable.*

[13] Quoted work, (footnote 5), page 955-956.

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*Therefore, it is acceptable, and this is the second note that the law condones with recognition if it, however, leads to results that are not completely overlapping or failing by the said fundamental principles, or even divergent from them, do not confront them.*

*It is in this sense that the requirement of manifest contradiction must be understood, which is contained in the text of item b), to prevent recognition of the decision rendered in a foreign proceeding".*

In the present case, however, there is no indication of any infringement of those fundamental principles of the legal system, but rather, considering the following reasons: (i) there is a parallelism between the judicial reorganization process, in which the recovery plan for the Claimant's proceedings was approved and the homologation decision that is intended to be recognized in Portugal was approved, and the special process of revitalization established and regulated in Articles 17-A to 17-1 of CIRE; (ii) the Brazilian legal system, such as the Portuguese, guarantees the right to appeal to the interested creditors of the decision that approved the recovery plan of the Claimants (in particular to creditors domiciled in Portugal); (iii) and assigns a devolutive effect to this appeal, as it is the case in the Portuguese law.

Summing up, the appeal must proceed, and the judgment under appeal must be revoked and replaced by another that recognizes, in Portugal, the approval decision of the reorganization plan of the Claimants

As requested by the Claimants, it is also necessary to order the publicity of such Decision, by analogical interpretation of Article 290 of CIRE (Article 10, No 1 and 2 of the Civil Code), adapting the precept to the special process of revitalization, in which the functions of the judicial administrator are more limited and requires a greater assistance of the debtor

IV) **Decision**

For all of the foregoing, the Judges in this Lisbon Relation agree to grant the appeal as well as to revoke the judgment under appeal, which replaces this judgment:

a) Recognizes, to take effect in Portugal, the Decision rendered on January 8, 2018 by the Court of Justice of Rio de Janeiro - 7th Business Court of the District of the

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Capital of the State of Rio de Janeiro, which approved the Judicial Reorganization Plan of the Claimants OI S.A., TELEMAR NORTE LESTE S.A., OI MÓVEL S.A., COPART 4 PARTICIPAÇÕES S.A. and COPART 5 PARTICIPAÇÕES S.A.;

b) It is determined the disclosure of that Approval Decision, contained on point 11 of the evidenced facts, in accordance with Article 290 of CIRE (by analogue application).

No cost.

Register and notify

Lisbon, October 25, 2018.
Signed: [illegible signature]
Manuel Rodrigues

Signed: [illegible signature]
Ana Paula A. A. Carvalho

Signed: [illegible signature]
Gabriela de Fátima Marques