

Oi S.A. - In Judicial Reorganization
Form 424B3
February 12, 2019
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PROSPECTUS

Filed Pursuant to Rule 424(b)(3)

Registration No. 333-229463

Oi S.A. In Judicial Reorganization

(Incorporated in the Federative Republic of Brazil)

**Offering of 1,522,660,085 Common Shares, represented by
304,532,017 Common American Depositary Shares**

This prospectus relates to the resale, from time to time, by the shareholders identified in this prospectus, whom we refer to as the selling shareholders, of up to 304,532,017 American Depositary Shares, which we refer to as Common ADSs, each representing five of common shares, which we refer to as Common Shares, of Oi S.A. In Judicial Reorganization, or Oi.

The Common ADSs to which this prospectus relates represent Common Shares previously issued by Oi to the selling shareholders on January 25, 2019 under the terms of the Subscription and Commitment Agreement, dated December 19, 2017 (as amended), among us, some of our subsidiaries and the selling shareholders, which we refer to as the Commitment Agreement. We entered into the Commitment Agreement in connection with the judicial reorganization plan, as amended, of our company and these subsidiaries, which we refer to as the RJ Plan. The RJ Plan was approved by our creditors at a General Creditors Meeting of creditors of our company held on December 19 and 20, 2017 to consider and approve the RJ Plan. See Selling Shareholders.

We are not offering any Common Shares or Common ADSs for sale under this prospectus and will not receive any proceeds from the sales of the Common ADSs by the selling shareholders under this prospectus.

The selling shareholders identified in this prospectus may offer the Common ADSs from time to time through public or private transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at privately negotiated prices. To the extent required, we will provide the specific terms of transactions in the Common ADSs in supplements to this prospectus. You should read this prospectus and any applicable supplements carefully before you invest. See Plan of Distribution.

The Common ADSs are listed on the New York Stock Exchange under the symbol OIBR.C. On January 28, 2019, the closing price of the Common ADSs on the New York Stock Exchange was US\$1.63 per Common ADS.

Investing in the Common ADSs and Common Shares involves a high degree of risk. Please see Risk Factors beginning on page 14 of this prospectus for a discussion of those risks.

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Neither the United States Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense in the United States.

The date of this prospectus is February 12, 2019.

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Neither we nor the selling shareholders have authorized anyone to provide you with any information or to make any representations other than as contained in this prospectus or in any free writing prospectuses we have prepared. Neither we nor the selling shareholders take responsibility for, or can provide any assurance about the reliability of, any information that others may give you. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the cover of this prospectus. Our business, financial condition, results of operations, future growth prospects and other information in this prospectus may have changed since that date.

This prospectus is not an offer to sell and it is not a solicitation of an offer to buy securities in any jurisdiction in which the offer, sale or exchange is not permitted. The distribution of this prospectus and the offer or sale of the securities offered hereby in certain jurisdictions is restricted by law. This prospectus may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful. Recipients must not distribute this prospectus into jurisdictions where such distribution would be unlawful.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to *real*, *reais* or R\$ are to the Brazilian *real*, the official currency of Brazil. All references to U.S. dollars, dollars or US\$ are to U.S. dollars.

On January 28, 2019, the exchange rate for *reais* into U.S. dollars was R\$3.7676 to US\$1.00, based on the selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the Brazilian Central Bank. The selling rate was R\$4.0039 to US\$1.00 on September 30, 2018, R\$3.3080 to US\$1.00 on December 31, 2017, R\$3.2591 to US\$1.00 on December 31, 2016 and R\$3.9048 to US\$1.00 on December 31, 2015, in each case, as reported by the Brazilian Central Bank. The *real*/U.S. dollar exchange rate fluctuates widely, and the selling rate on January 28, 2019 may not be indicative of future exchange rates. See *Exchange Rates* for information regarding exchange rates for the *real* since January 1, 2013.

Solely for the convenience of the reader, we have translated some amounts included in *Selected Financial Information* and in this prospectus from *reais* into U.S. dollars using the selling rate as reported by the Brazilian Central Bank on September 30, 2018 of R\$4.0039 to US\$1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted into U.S. dollars at that or at any other exchange rate.

Financial Statements

We maintain our books and records in *reais*. The following financial statements and the related notes thereto are included in this prospectus:

Oi's unaudited condensed consolidated interim financial statements as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017, which we refer to as our unaudited interim consolidated financial statements; and

Oi's audited consolidated financial statements as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, which we refer to as our audited consolidated financial statements.

We have prepared our unaudited interim consolidated financial statements and our audited consolidated financial statements in accordance with United States generally accepted accounting principles, or U.S. GAAP, under the assumption that we will continue as a going concern. Our audited consolidated financial statements have been audited in accordance with Public Company Accounting Oversight Board, or PCAOB, standards.

Under U.S. GAAP, our management is required to assess whether there are conditions or events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after our financial statements are issued. Our management's assessment of our ability to continue as a going concern is discussed in note 1 to each of our audited consolidated financial statements included in this prospectus our unaudited interim consolidated financial statements included in this prospectus. As of December 31, 2017, our management had taken relevant steps in the RJ Process, particularly the preparation, presentation and approval of the RJ Plan, which allows our viability and continuity, and the approval of the RJ Plan by our creditors. Since December 31 2017, our management has been making the necessary efforts to implement and monitor the RJ Plan based on the understanding that our financial statements were prepared with a going concern assumption. As a result of our emergence from bankruptcy on January 25, 2019, the date on which we completed the capital increase that was mandated by the RJ Plan through the issuance of 3,225,806,451 Common Shares for an aggregate subscription price of R\$4,000 million in

our preemptive offering, our management believes that as of the date of this prospectus, it has sufficient resources to continue to operate for the 12 months following the date of this prospectus.

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As a result of the RJ Proceedings (which are considered to be similar in all substantive respects to proceedings under Chapter 11 of the U.S. Bankruptcy Code of 1986, as amended, which we refer to as the U.S. Bankruptcy Code), we have applied Financial Accounting Standards Board Accounting Standards Codification 852 *Reorganizations*, or ASC 852, in preparing our consolidated financial statements. ASC 852 requires that financial statements separately disclose and distinguish transactions and events that are directly associated with our reorganization from transactions and events that are associated with the ongoing operations of our business. Accordingly, expenses, gains, losses and provisions for losses that are realized or incurred in the RJ Proceedings have been recorded under the classification

Reorganization items, net in our consolidated statements of operations. In addition, our prepetition obligations that may be impacted by the RJ Proceedings based on our assessment of these obligations following the guidance of ASC 852 have been classified on our consolidated statement of financial position as Liabilities subject to compromise. Prepetition liabilities subject to compromise are required to be reported at the amount allowed as a claim by the RJ Court, regardless of whether they may be settled for lesser amounts and remain subject to future adjustments based on negotiated settlements with claimants, actions of the RJ Court or other events. As a result of the effectiveness of the RJ Plan on February 5, 2018, the contingencies included as Liabilities subject to compromise on our consolidated statement of financial position will be paid according to terms of the RJ Plan and were reclassified as current and non-current Provisions for contingencies on our consolidated statement of financial position.

The RJ Proceedings prompted us to perform a detailed analysis on the completeness and the accuracy of the judicial deposits and accounting balances of the other assets of the RJ Debtors. As a result, we determined the need to restate previously issued financial statements and related disclosures to correct errors. Accordingly, we are restating our consolidated financial statements for the year ended December 31, 2015. Restatement adjustments attributable to fiscal year 2014 and previous fiscal years are reflected as a net adjustment to retained earnings as of January 1, 2015.

The errors detected and corrected in our financial statements related to our judicial deposits, our provisions for contingencies, intragroup balances, tax credits and estimates of revenue from services rendered and not yet billed to customers, as described in Management's Discussion and Analysis of Financial Condition and Results of Operation Financial Presentation and Accounting Policies Restatement and note 2 to our audited consolidated financial statements included in this prospectus.

We are also required to prepare financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

the Brazilian Corporate Law (as defined below);

the rules and regulations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*); and

the accounting standards issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*), or the CPC.

Certain Defined Terms

General

Unless otherwise indicated or the context otherwise requires, all references to:

our company, we, our, ours, us or similar terms are to Oi and its consolidated subsidiaries;

ADSs are to American Depositary Shares;

the ADS Custodian are to Itaú Unibanco S.A., as Brazilian custodian of the Common Shares underlying the Common ADSs;

the ADS Deposit Agreement are to the Amended and Restated Deposit Agreement (Common Shares), dated February 28, 2012, among Oi, The Bank of New York Mellon, as the ADS Depositary, and all owners and holders from time to time of Common ADSs. The Common ADSs will be issued pursuant to the ADS Deposit Agreement;

the ADS Depositary are to The Bank of New York Mellon, as depositary of the Common ADS program;

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Brazil are to the Federative Republic of Brazil;

Brazilian Corporate Law are to, collectively, Brazilian Law No. 6,404/76, as amended by Brazilian Law No. 9,457/97, Brazilian Law No. 10,303/01, and Brazilian Law No. 11,638/07;

Brazilian government are to the federal government of the Federative Republic of Brazil.

Common ADSs are to ADSs, each representing five Common Shares;

Common Shares are to common shares of Oi;

Copart 4 are to Copart 4 Participações S.A. In Judicial Reorganization, an indirect wholly-owned subsidiary of Oi;

Copart 5 are to Copart 5 Participações S.A. In Judicial Reorganization, a direct wholly-owned subsidiary of Oi;

Oi are to Oi S.A. In Judicial Reorganization;

Oi Coop are to Oi Brasil Holdings Coöperatief U.A. In Judicial Reorganization, a direct wholly-owned subsidiary of Oi;

Oi Mobile are to Oi Móvel S.A. In Judicial Reorganization, an indirect wholly-owned subsidiary of Oi;

Pharol are to Pharol, SGPS, S.A. (formerly known as Portugal Telecom, SGPS, S.A.);

Preferred ADSs are to American Depositary Shares, each representing one Preferred Share;

Preferred Shares are to preferred shares of Oi;

PTIF are to Portugal Telecom International Finance B.V. In Judicial Reorganization, a direct wholly-owned subsidiary of Oi, which PT Portugal transferred to us in anticipation of our sale of PT Portugal in 2015;

PT Portugal are to PT Portugal, SGPS, S.A., which we acquired on May 5, 2014 and sold on June 2, 2015;

Telemar are to Telemar Norte Leste S.A. In Judicial Reorganization, a direct wholly-owned subsidiary of Oi; and

TmarPart are to Telemar Participações S.A., which, prior to the capital increase of Oi on May 5, 2014, was the direct controlling shareholder of Oi and which merged with and into Oi on September 1, 2015.

Judicial Reorganization

The following defined terms relate to our global judicial reorganization. For more information, see Presentation of Financial and Other Information Financial Restructuring, and Business Our Judicial Reorganization Proceedings. Unless otherwise indicated or the context otherwise requires, all references to:

Ad Hoc Group are to a diverse ad hoc group of holders of the Defaulted Bonds;

ADWs are to American Depositary Warrants;

Backstop Investors are to the members of the Ad Hoc Group, the IBC and certain other unaffiliated bondholders party to the Commitment Agreement;

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Bondholder are each holder of beneficial interests in the Defaulted Bonds;

Bondholder Credits are to unsecured a claim held by a creditor pursuant to the RJ Plan evidenced by the Defaulted Bonds;

Brazilian Bankruptcy Law are to Brazilian Law No. 11,101 of June 9, 2005;

Brazilian Confirmation Date are to February 5, 2018, the date in which the Brazilian Confirmation Order was published in the Official Gazette of the State of Rio de Janeiro (*Diário Oficial do Estado do Rio de Janeiro*);

Brazilian Confirmation Order are to the order entered by the RJ Court on January 8, 2018, ratifying and confirming the RJ Plan, but modifying certain provisions of the RJ Plan;

Capitalization of Credits Capital Increase are to the capital increase of R\$10,600,097,221 through the issuance of 1,514,299,603 New Shares, paid for by the conversion of claims of Qualified Bondholders into New Shares in the form of Common ADSs (in connection with the settlement of the Qualified Recovery) and by R\$477,841 in cash from existing shareholders of Oi who exercised their preemptive rights to subscribe for the New Shares in accordance with Brazilian Corporate Law, pursuant to Section 4.3.3.5 of the RJ Plan. The Capitalization of Credits Capital Increase was concluded on July 27, 2018;

Cash Capital Increase are to the cash capital increase of R\$4 billion provided for under Section 6 of the RJ Plan, of which the Rights Offer was a part;

Chapter 15 Debtors are to Oi, Telemar, Oi Coop and Oi Mobile;

Commitment Agreement are to the Subscription and Commitment Agreement, dated December 19, 2017 (as amended), between the RJ Debtors and the Backstop Investors, under which the Backstop Investors agreed to acquire all of the Common Shares that were offered, but not subscribed, in our preemptive offering, subject to the terms and conditions of the Commitment Agreement, in accordance with the RJ Plan;

Default Recovery are to the general treatment provided for unsecured credits under the RJ Plan. Under the RJ Plan, Bondholders that were not Eligible Bondholders, did not make a valid election of the form of recovery for their Bondholder Credits, or do not participate in the settlement procedures will only be entitled to the Default Recovery with respect to the Bondholder Credits represented by their Bonds.

Defaulted Bonds are to the bonds issued by Oi, Oi Coop and PTIF;

Dutch Court of Appeal are to the Court of Appeal of Amsterdam, The Netherlands;

Dutch District Court are to the District Court of Amsterdam, The Netherlands;

Eligible Bondholders are to every Bondholder that individualized its Bondholder Credits in accordance with the procedures established in the RJ Plan and by the RJ Court;

GCM are to a General Creditors Meeting of creditors of our company recognized by the RJ Court. A GMC was held on December 19 and 20, 2017 to consider and vote on the RJ Plan;

IBC means the International Bondholder Committee, a second diverse ad hoc group of holders of the Defaulted Bonds;

Judicial Ratification of the RJ Plan are to the confirmation of the RJ Plan by the RJ Court. As used in this prospectus, the date of the Judicial Ratification of the RJ Plan means February 5, 2018 (i.e., the Brazilian Confirmation Date); *provided that* in the event that any appeal of the Brazilian Confirmation Order results in an appellate court overturning or modifying the Brazilian Confirmation Order, the Brazilian Confirmation Date shall be deemed to occur on the date on which the eventual appellate court's decision, or that of a higher court (if further appeals of the appellate court's decision are made), is published in such court's official gazette. For more information about the appeals and motions for clarification filed with respect to the Brazilian Confirmation Order, see Business Our Judicial Reorganization Proceedings Confirmation of Judicial Reorganization Plan by RJ Court;

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New Notes are to senior unsecured notes of Oi which were issued on July 27, 2018, in accordance with the terms of Section 4.3.3.3 of the RJ Plan and Exhibit 4.3.3.3(f) thereto, in connection with the Capitalization of Credits Capital Increase;

New Shares are to the 1,514,299,603 Common Shares that were issued on July 27, 2018 in connection with the Capitalization of Credits Capital Increase, of which 1,514,299,603 New Shares were issued to Qualified Bondholders in the form of Common ADSs, and 68,263 New Shares were issued to existing shareholders of Oi who exercised their preemptive rights to subscribe for the New Shares in accordance with Brazilian Corporate Law;

Non-Qualified Bondholders are to Eligible Bondholders with Bondholder Credits equal to or less than USD \$750,000.00 (or the equivalent in other currencies);

Non-Qualified Credit Agreement are to the credit agreement, dated as of July 27, 2018, entered into between the RJ Debtors and Lucid Agency Services Limited, as facility agent, in accordance with the terms of Section 4.3.3.1 of the RJ Plan and Exhibit 4.3.3.1(f) thereto;

Non-Qualified Recovery are to the entitlement of certain Non-Qualified Bondholders to elect to have their Bondholder Credits Satisfied through the distribution to such Non-Qualified Bondholders of a participation interest in the Non-Qualified Credit Agreement;

Non-Qualified Recovery Settlement Procedure are to the procedure to settle the Non-Qualified Recovery to which Non-Qualified Bondholders that have made valid recovery elections pursuant to the RJ Plan are entitled;

Oi Coop Composition Plan are to the composition plan for Oi Coop providing for the restructuring of the claims against Oi Coop in the Netherlands in substantially the same terms and conditions as the RJ Plan;

PTIF Composition Plan are to the composition plan for PTIF providing for the restructuring of the claims against PTIF in the Netherlands in substantially the same terms and conditions as the RJ Plan;

PTIF Shares are to Common Shares previously held by PTIF, which were issued in the form of Common ADSs on July 27, 2018;

Qualified Bondholders are to Eligible Bondholders with Bondholder Credits greater than US\$750,000.00 (or the equivalent in other currencies);

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Qualified Recovery are to the entitlement of certain Qualified Bondholders to elect to have their Bondholder Credits satisfied through the distribution to such Qualified Bondholders of a combination of New Notes, New Shares, PTIF Shares and Warrants in amounts determined based on the Bondholder Credits evidenced by the Bonds of each series held by a Bondholder, in accordance with Section 4.3.3.2 of the RJ Plan;

Qualified Recovery Settlement Procedure are to the procedure to settle the Qualified Recovery to which Qualified Bondholders that have made valid recovery elections pursuant to the RJ Plan are entitled;

RJ Court are to the 7th Commercial Court of the Judicial District of the State Capital of Rio de Janeiro. The RJ Court is adjudicating the judicial reorganization proceedings in Brazil involving the RJ Debtors.

RJ Debtors are to Oi, Telemar, Oi Mobile, Oi Coop, PTIF, Copart 4 and Copart 5;

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RJ Plan are to the judicial reorganization plan, as amended, of the RJ Debtors that was filed with the RJ Court and, on December 20, 2017, approved by a significant majority of creditors of each class present at the GCM held on December 19 and 20, 2017;

RJ Proceedings are to the Brazilian proceedings for judicial reorganization (*recuperação judicial*) involving the RJ Debtors that are being adjudicated by the RJ Court, pursuant to a joint voluntary petition for judicial reorganization pursuant to the Brazilian Bankruptcy Law filed by the RJ Debtors with the RJ Court initially on June 20, 2016. On June 29, 2016, the RJ Court granted the processing of the RJ Proceedings of the RJ Debtors;

U.K. Recognition Orders are to the orders granted by the High Court of Justice of England and Wales on June 23, 2016 recognizing the RJ Proceedings as a foreign main proceedings under the Cross-Border Insolvency Regulations 2006, which implements the United Nations Commission on International Trade Law (UNCITRAL) Model Law on Cross-Border Insolvency in Great Britain, in relation to Oi, Telemar and Oi Mobile;

U.S. Bankruptcy Court are to the United States Bankruptcy Court for the Southern District of New York;

U.S. Recognition Order are to the order granted by the U.S. Bankruptcy Court on July 22, 2016 recognizing the RJ Proceedings as the foreign main proceedings in respect of each of the Chapter 15 Debtors; and

Warrants are to the 116,480,467 warrants (*bonus de subscrição*) that were issued on July 27, 2018 in connection with the Capitalization of Credits Capital Increase, pursuant to Section 4.3.3.6 of the RJ Plan, to acquire an equal number of Common Shares. Of the issued Warrants, 116,475,270 Warrants were issued to Qualified Bondholders in the form of ADWs, and 5,197 Warrants were issued to existing shareholders of Oi who exercised their preemptive rights to subscribe for the New Shares in the Capitalization of Credits Capital Increase in accordance with Brazilian Corporate Law.

Disposition of PT Portugal

On June 2, 2015, we sold all of the share capital of PT Portugal to Altice Portugal S.A., or Altice Portugal, under a share purchase agreement, or the PTP Share Purchase Agreement, for a purchase price equal to the enterprise value of PT Portugal of 6,900 million, subject to adjustments based on the financial debt, cash and working capital of PT Portugal on the closing date, plus an additional earn-out amount of 500 million in the event that the consolidated revenues of PT Portugal and its subsidiaries (as of the closing date) for any single year between the year ending December 31, 2015 and the year ending December 31, 2019 is equal to or exceeds 2,750 million. We refer to this transaction as the PT Portugal Disposition.

In connection with the closing of the PT Portugal Disposition, Altice Portugal disbursed 5,789 million, of which 869 million was used by PT Portugal to prepay outstanding indebtedness, and 4,920 million was paid to our company in cash. We used the net cash proceeds of the PT Portugal Disposition for the prepayment and repayment of indebtedness of our company.

In anticipation of the PT Portugal Disposition, PT Portugal transferred all of the outstanding share capital of PTIF, its wholly-owned finance subsidiary, to Oi. As a result of this transfer, the indebtedness of PTIF, which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements, was reclassified as indebtedness of our company. In addition, in connection with the PT Portugal Disposition, PTIF assumed all obligations under PT Portugal's outstanding 6.25% Notes due 2016.

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In addition, PT Portugal transferred to Oi all of the outstanding share capital of PT Participações, SGPS, S.A., or PT Participações, which holds:

our interest in Africatel Holding B.V., or Africatel, which holds our interests in telecommunications companies in Africa, including telecommunications companies in Angola, Cape Verde and São Tomé and Príncipe; and

our interests in TPT Telecomunicações Públicas de Timor, S.A., or TPT, a Portuguese holding company that owns Timor Telecom, S.A., which provides telecommunications, multimedia and IT services in Timor Leste in Asia.

Financial Restructuring

On March 9, 2016, we retained PJT Partners as our financial advisor to assist us in evaluating financial and strategic alternatives to optimize our liquidity and debt profile.

Although we engaged in negotiations with the Ad Hoc Group seeking mutual agreement as to the basis for a consensual restructuring of the indebtedness of our company, after considering the challenges arising from our economic and financial situation in connection with the maturity schedule of our financial debts, the threats to our cash flows represented by imminent attachments or freezings of assets in judicial lawsuits, and the urgent need to adopt measures that protect our company, we concluded that filing for judicial reorganization (*recuperação judicial*) in Brazil would be the most appropriate course of action.

On June 20, 2016, Oi, together with the other RJ Debtors, filed a joint voluntary petition for judicial reorganization pursuant to the Brazilian Bankruptcy Law with the RJ Court, pursuant to an urgent measure approved by our board of directors. The filing of the petition that commenced the RJ Proceedings was a step towards our financial restructuring. On June 29, 2016, the RJ Court granted the processing of the RJ Proceedings of the RJ Debtors.

On December 19 and 20, 2017, the GCM was held to consider approval of the most recently filed judicial reorganization plan. The GCM concluded on December 20, 2017 following the approval of a judicial reorganization plan reflecting amendments to the judicial reorganization plan presented at the GCM as negotiated during the course of the GCM, which we refer to as the RJ Plan.

On January 8, 2018, the RJ Court entered the Brazilian Confirmation Order, ratifying and confirming the RJ Plan, according to its terms, but modifying certain provisions of the RJ Plan. The Brazilian Confirmation Order was published in the Official Gazette of the State of Rio de Janeiro on February 5, 2018, the Brazilian Confirmation Date.

The Brazilian Confirmation Order, according to its terms, is currently binding on all parties, although still subject to appeals with no suspensive effect attributed to it. By operation of the RJ Plan and the Brazilian Confirmation Order, provided that the Brazilian Confirmation Order is not overturned or altered as a result of the pending appeals filed against it, the unsecured claims against the RJ Debtors have been novated and discharged under Brazilian law and holders of such claims are entitled only to receive the recoveries set forth in the RJ Plan in exchange for their claims in accordance with the terms and conditions of the RJ Plan.

We are in the process of implementing the RJ Plan and have concluded the implementation of the portions of the RJ Plan related to the restructuring of our financial indebtedness. For more information regarding the RJ Proceedings and

the steps that we have taken to implement the RJ Plan, see Business Our Judicial Reorganization Proceedings.

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Share Splits

On November 18, 2014, Oi's shareholders acting in an extraordinary general shareholders meeting authorized (1) the reverse split of all of the issued Common Shares into one Common Share for each 10 issued Common Shares, and (2) the reverse split of all of the issued Preferred Shares into one Preferred Share for each 10 issued Preferred Shares. This reverse share split became effective on December 22, 2014. There was no change in the ratio of Common ADSs or Preferred ADSs in connection with this reverse share split; each Common ADS continued to represent one of Common Share and each Preferred ADS continues to represent one Preferred Share. All references to numbers of shares of Oi, dividend amounts of Oi and earnings per share of Oi in this prospectus have been adjusted to give effect to the 10-for-one reverse share split.

On February 1, 2016, we changed the ratio applicable to Common ADSs from one Common Share per Common ADS to five Common Shares per Common ADS. All references to numbers of Common ADSs in this prospectus have been adjusted to give effect to this change in ratio.

Market Share and Other Information

We make statements in this prospectus about our market share and other information relating to the telecommunications industry in Brazil. We have made these statements on the basis of information obtained from third-party sources and publicly available information that we believe are reliable, such as information and reports from ANATEL, among others. Notwithstanding any investigation that we may have conducted with respect to the market share, market size or similar data provided by third parties or derived from industry or general publications, we assume no responsibility for the accuracy or completeness of any such information.

Rounding

We have made rounding adjustments to reach some of the figures included in this prospectus. As a result, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

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SUMMARY

This summary highlights selected information about us and the Common Shares and Common ADSs that we are offering. It may not contain all of the information that may be important to you. Before investing in the Common Shares or Common ADSs, you should read this entire prospectus carefully for a more complete understanding of our business, including our consolidated financial statements included in this prospectus and the section entitled Risk Factors included elsewhere in this prospectus.

Overview

We are one of the principal integrated telecommunications service providers in Brazil with approximately 58.1 million revenue generating units, or RGUs, as of September 30, 2018. We operate throughout Brazil and offer a range of integrated telecommunications services that include fixed-line and mobile telecommunication services, network usage (interconnection), data transmission services (including broadband access services), Pay-TV (including as part of double-play, triple-play and quadruple-play packages), internet services and other telecommunications services for residential customers, small, medium and large companies and governmental agencies. We owned 360,128 kilometers of installed fiber optic cable, distributed throughout Brazil, as of September 30, 2018. Our mobile network covered areas in which approximately 93.2% of the Brazilian population lived and worked as of September 30, 2018. According to ANATEL, as of September 30, 2018, we had a 16.6% market share of the Brazilian mobile telecommunications market and a 32.7% market share of the Brazilian fixed-line market.

Our traditional Residential Services business in Brazil includes (1) local and long-distance fixed-line voice services and public telephones, in accordance with the concessions granted to us by ANATEL, (2) broadband services, (3) Pay-TV services, and (4) network usage services (interconnection). We are the largest fixed-line telecommunications company in Brazil in terms of total number of lines in service as of September 30, 2018. We are the principal fixed-line telecommunications services provider in our service areas, comprising the entire territory of Brazil other than the State of São Paulo, based on our 12.1 million fixed lines in service as of September 30, 2018, with a market share of 51.6% of the total fixed lines in service in our service areas as of September 30, 2018, according to ANATEL.

We offer a variety of high-speed broadband services in our fixed-line service areas, including services offered by our subsidiaries Oi Mobile and Brasil Telecom Comunicação Multimídia Ltda. Our broadband services utilize Asymmetric Digital Subscriber Line, or ADSL, and Very-high-bit-rate Digital Subscriber Line, or VDSL, technologies. As of September 30, 2018, we had 5,788 million total subscribers, representing 47.8% of our fixed lines in service as of that date.

We offer Pay-TV services under our *Oi TV* brand. We deliver Pay-TV services throughout our residential service areas using DTH satellite technology and, in select urban areas, using fiber optic technology.

Our Personal Mobility Services business offers mobile telecommunications services throughout Brazil, as well as network usage services (interconnection). Based on our 38.9 million mobile subscribers as of September 30, 2018, we believe that we are one of the principal mobile telecommunications service providers in Brazil. Based on information available from ANATEL, as of September 30, 2018 our market share was 16.6% of the total number of mobile subscribers in Brazil.

Our B2B Services business provides voice, data, IT and Pay TV services to our SME and corporate (including government) customers throughout Brazil. We also provide wholesale interconnection, network usage and traffic transportation services to other telecommunications providers.

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We also hold significant interests in telecommunications companies in Angola, Cape Verde, and São Tomé and Príncipe in Africa and Timor Leste in Asia. Our interests in telecommunications companies in Africa are held through Africatel, in which we own an 86% interest. Our interests in telecommunications companies in Timor Leste are mainly held through TPT, in which we own a 76.14% interest. On September 16, 2014, our board of directors authorized our management to take the necessary measures to market our shares in Africatel, representing 75% of the share capital of Africatel at the time. In addition, on June 17, 2015, our board of directors authorized our management to take the necessary measures to market our shares in TPT, representing 76.14% of the share capital of TPT. As a result, as of December 31, 2015, 2016 and 2017 and September 30, 2018, we recorded the assets and liabilities of Africatel and TPT as held-for sale, although we do not record Africatel or TPT as discontinued operations in our income statement due to the immateriality of the effects of Africatel and TPT on our results of operations. Due to the many risks involved in the ownership of these interests, particularly our interest in Unitel, we cannot predict when a sale of these assets may be completed.

Judicial Reorganization

On June 20, 2016, Oi, together with the other RJ debtors, filed a joint voluntary petition for judicial reorganization pursuant to the Brazilian Bankruptcy Law with the RJ Court, pursuant an urgent measure approved by our board of directors. The filing of the petition that commenced the RJ Proceedings was a step towards our financial restructuring. On June 29, 2016, the RJ Court granted the processing of the RJ Proceedings of the RJ Debtors.

On December 19 and 20, 2017, the GCM was held to consider approval of the most recently filed judicial reorganization plan. The GCM concluded on December 20, 2017 following the approval of a judicial reorganization plan reflecting amendments to the judicial reorganization plan presented at the GCM as negotiated during the course of the GCM.

On January 8, 2018, the RJ Court entered the Brazilian Confirmation Order, ratifying and confirming the RJ Plan, according to its terms, but modifying certain provisions of the RJ Plan. The Brazilian Confirmation Order was published in the Official Gazette of the State of Rio de Janeiro on February 5, 2018, the Brazilian Confirmation Date.

The Brazilian Confirmation Order, according to its terms, is currently binding on all parties, although still subject to appeals with no suspensive effect attributed to it. By operation of the RJ Plan and the Brazilian Confirmation Order, provided that the Brazilian Confirmation Order is not overturned or altered as a result of the pending appeals filed against it, the unsecured claims against the RJ Debtors have been novated and discharged under Brazilian law and holders of such claims are entitled only to receive the recoveries set forth in the RJ Plan in exchange for their claims in accordance with the terms and conditions of the RJ Plan.

For more information regarding the RJ Proceedings and the steps that we have taken to implement the RJ Plan, see [Business Our Judicial Reorganization Proceedings](#).

Recognition Proceedings in the United States

On June 22, 2016, the U.S. Bankruptcy Court entered an order granting the provisional relief requested by the Chapter 15 Debtors in their cases that were filed on June 21, 2016 under Chapter 15 of the United States Bankruptcy Code. This provisional relief prevented (1) creditors from initiating actions against the Chapter 15 Debtors or their property located within the territorial jurisdiction of the United States, and (2) parties from terminating their existing U.S. contracts with the Chapter 15 Debtors.

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On July 21, 2016, the U.S. Bankruptcy Court held a hearing with respect to the Chapter 15 Debtors petition for recognition of the RJ Proceedings as a main foreign proceeding with regard to each of the Chapter 15 Debtors and did not receive any objections to such petition.

On July 22, 2016, the U.S. Bankruptcy Court granted the U.S. Recognition Order, as a result of which a stay was automatically applied, preventing (1) the filing, in the United States, of any actions against the Chapter 15 Debtors or their properties located within the territorial jurisdiction of the United States, and (2) parties from terminating their existing U.S. contracts with the Chapter 15 Debtors.

On April 17, 2018, the foreign representative for the Chapter 15 Debtors filed a motion with the U.S. Bankruptcy Court seeking an order of that court granting, among other things, full force and effect to the RJ Plan and the Brazilian Confirmation Order in the United States. On June 14, 2018, the U.S. Bankruptcy Court granted the requested order. As a result, the claims with respect to the Defaulted Bonds that were governed by New York law have been novated and discharged under New York law and the holders of these Defaulted Bonds are entitled only to receive the recovery set forth in the RJ Plan in exchange for the claims represented by these Defaulted Bonds.

Restructuring of Our Dutch Finance Subsidiaries

The laws of The Netherlands do not provide for the recognition of the RJ Proceedings. Two of the RJ Debtors, Oi Coop and PTIF, are organized under the laws of The Netherlands. As a result, a group of holders of some of the Defaulted Bonds issued by Oi Coop and PTIF brought proceedings against these RJ Debtors in The Netherlands.

Following extensive proceedings under Dutch law, in April 2017, Dutch bankruptcy proceedings were commenced against PTIF and Oi Coop.

On April 10, 2018, PTIF deposited a draft of the PTIF Composition Plan with the Dutch District Court and Oi Coop deposited a draft of the Oi Coop Composition Plan with the Dutch District Court. The PTIF Composition Plan and the Oi Coop Composition Plan each provide for the restructuring of the claims against PTIF and Oi Coop on substantially the same terms and conditions as the RJ Plan.

On May 17, 2018, meetings of each series of bonds issued by PTIF were held at which the bondholders voted in favor of extraordinary resolutions providing for: (1) the release Oi's guarantee for each of the relevant series of Defaulted Bonds, (2) the authorization of the trustee of each outstanding series of Defaulted Bonds issued by PTIF to act as a sole creditor of such Defaulted Bonds, submit a claim on behalf of the holders of such Defaulted Bonds to the PTIF Trustee in relation to the PTIF bankruptcy and vote in favor of the PTIF Composition Plan, and (3) authorize the trustee of each outstanding series of Defaulted Bonds issued by PTIF to request the PTIF Trustee in respect of its vote on behalf of PTIF, to vote in favor of the Oi Coop Composition Plan.

On June 1, 2018, at a meeting of the creditors of PTIF in the Netherlands, the creditors of PTIF approved the PTIF Composition Plan and directed the PTIF Trustee to vote PTIF's claims in Oi Coop in favor of the Oi Coop Composition Plan. Also on June 1, 2018, at a meeting of the creditors of Oi Coop, the creditors of Oi Coop approved the Oi Coop Composition Plan.

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On June 11, 2018, the Dutch District Court confirmed the PTIF Composition Plan and the Oi Coop Composition Plan at a homologation hearing. The homologation was subject to an eight day appeal period, which expired on June 19, 2018. As of that date, no appeals had been filed. As a result, the PTIF Composition Plan and the Oi Coop Composition Plan are effective as a matter of Dutch law, the bankruptcies of PTIF and Oi Coop have terminated and the PTIF Composition Plan and the Oi Coop Composition Plan have full force and effect in each member state of the European Union.

For more information regarding the restructuring of PTIF and Oi Coop under Dutch law, see [Business Legal Proceedings](#) [Legal Proceedings Relating to Our Financial Restructuring](#) [Restructuring of Our Dutch Finance Subsidiaries](#).

Settlement of Financial Indebtedness

Under the RJ Plan, certain groups of creditors were entitled to make elections with respect to the form of the recovery that they were entitled to receive. The period to make these elections commenced on February 5, 2018 Date and was scheduled to expire on February 26, 2018. On February 26, 2018, the RJ Court extended the election deadline applicable to beneficial holders of the Defaulted Bonds until March 8, 2018.

Settlement of Claims of BNDES

Under the RJ Plan, the claim of the Brazilian National Bank for Economic and Social Development (*Banco Nacional de Desenvolvimento Econômico e Social*), or BNDES, under our outstanding credit facilities with BNDES were novated and replaced with the right to receive payment of 100% of the principal amount of their recognized claims in *reais* in accordance with the terms of the RJ Plan.

Settlement of Claims of Lenders under Unsecured Lines of Credit and Creditors under Real Estate Securitization Transactions

Under the RJ Plan, the claims (1) of the lender under our unsecured line of credit, and (2) creditors under Real Estate Receivables Certificates (*Certificados de Recebíveis Imobiliários*), or CRIs, that had been backed by our obligations to make payments under leases of certain property by Oi and Telemar from Copart 4 and Copart 5, were novated and replaced with the right to receive payment of 100% of the principal amount of their recognized claims in *reais* in accordance with the terms of the RJ Plan.

Settlement of Claims of Holders of Debentures

Under the RJ Plan, holders of our debentures elected to receive new debentures, in the form of either the 12th issuance of simple, unsecured, non-convertible debentures of Oi or the 6th issuance, simple, unsecured, non-convertible debentures of Telemar, both denominated in *reais* in an aggregate principal amount equal to the principal of their recognized claims. These new debentures were issued on February 5, 2018 and subscribed on July 30, 2018.

Settlement of Claims of Lenders under Export Credit Facilities

Under the RJ Plan, lenders under our export credit facility agreements elected to receive payment of the amount of their recognized claims under the terms of four new export credit facilities which we entered into with these lenders during June and July 2018.

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Settlement of Claims of Holders of Defaulted Bonds

Under the RJ Plan, the claims of holders of the Defaulted Bonds were entitled to make an election with respect to the form of the recovery that they were entitled to receive based on whether such holder had individualized its claim before the RJ Court and the aggregate amount of Bondholder Credits (consisting of the U.S. dollar equivalent of the principal amount of such Defaulted Bonds and the accrued interest until June 20, 2016, the date of the commencement of the RJ Proceedings) represented by such holder's Defaulted Bonds. Holders that had individualized their claims were entitled to elect (1) the Qualified Recovery if the aggregate amount of their Bondholder Credits was US\$750,000 or more, or (2) the Non-Qualified Recovery if the aggregate amount of their Bondholder Credits was less than US\$750,000. Holders that had not individualized their claims or did not elect the Qualified Recovery or Non-Qualified Recovery are entitled to the Default Recovery under the RJ Plan.

For more information regarding the Qualified Recovery, the Non-Qualified Recovery and the Default Recovery, see Business Our Judicial Reorganization Proceedings Implementation of the Judicial Reorganization Plan.

The settlement of the Qualified Recovery and the Non-Qualified Recovery took place on July 27, 2018. In connection with the settlement of the Qualified Recovery, we issued:

US\$1,653.6 million principal amount of 10.000%/12.000% Senior PIK Toggle Notes due 2025 of Oi, which we refer to as the New Notes,

302,846,268 new Common ADSs (representing 1,514,231,340 newly issued Common Shares),

23,250,281 Common ADSs previously held by PTIF (representing 116,251,405 Common Shares), and

23,295,054 ADWs representing the right to subscribe for 23,295,054 newly issued Common ADSs (representing 116,475,270 Common Shares).

In connection with the settlement of the Qualified Recovery, holders of Defaulted Bonds received participation interests in the Non-Qualified Credit Agreement in an aggregate amount of US\$79.6 million.

Holders of the Defaulted Bonds with recognized claims in the aggregate amount of R\$4,176 million either were not eligible to elect the Qualified Recovery or the Non-Qualified Recovery, or chose not to do so. These holders are entitled to the Default Recovery described under Business Our Judicial Reorganization Proceedings Implementation of the Judicial Reorganization Plan Settlement of Class III and Class IV Claims Default Recovery with respect to their claims.

Implementation of Management Changes Required by the RJ Plan

Pursuant to the RJ Plan, as from the date of the approval of the RJ Plan on December 20, 2017 until the election of Oi's new board of directors in accordance with the RJ Plan, or the New Board, Oi had a transitional board of directors composed of nine members set forth in the RJ Plan, or the Transitional Board. Pursuant to the RJ Plan, Oi engaged a human resources consultant to assist with the selection of the New Board nominees.

Pursuant to the RJ Plan, Oi was also required to engage a human resources consultant to assist with the selection of an operating officer. This process concluded on March 21, 2018 with the election by Oi's board of directors of José Claudio Moreira Gonçalves to serve on Oi's board of executive officers as Oi's Chief Operating Officer. In addition, on that date, Oi's board of directors elected Bernardo Kos Winik to Oi's board of executive officers and the newly created position of Chief Commercial Officer.

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On September 17, 2018, the general shareholders' meeting of Oi ratified the election of the members of the New Board as indicated by Oi's management. The New Board is composed of 11 members and no alternate members, all of whom are independent as defined in Oi's by-laws. Each member of the New Board will serve a two-year term. The effectiveness of the installation of the members of the New Board was conditioned on the prior approval of ANATEL, which ANATEL conditionally granted on September 13, 2018 and confirmed on September 19, 2018. On September 26, 2018, Oi announced to the market that the chairman of the New Board received a correspondence from Mr. Marcos Duarte Santos informing him that, for supervening personal and professional reasons, Mr. Santos will not take office as a member of the New Board. On October 4, 2018, Oi's board of directors nominated Mr. Roger Solé Rafols to fill the vacant position in the New Board. The effectiveness of Mr. Solé's installation was conditioned on ANATEL's approval, which ANATEL granted on December 5, 2018. For more information about Mr. Solé's business experience, areas of expertise and principal outside business interests, see [Management Board of Directors Directors](#).

For more information about the implementation of these management changes, see [Business Our Judicial Reorganization Proceedings Implementation of the Judicial Reorganization Plan Implementation of Management Changes Required by the RJ Plan](#). For more information about members of the New Board and our executive officers, see [Management Board of Directors](#) and [Executive Officers](#).

Recent Developments

Exercise of Warrants and ADWs

On October 26, 2018, our board of directors confirmed the issuance of 112,598,610 Common Shares and the delivery of such Common Shares to holders of its Warrants that exercised their Warrants on or prior to October 24, 2018, including Warrants represented by 22,135,429 ADWs that were exercised on or prior to October 18, 2018.

On December 5, 2018, our board of directors confirmed the issuance of 3,314,745 Common Shares and the delivery of such Common Shares to holders of its Warrants that exercised their Warrants from October 25, 2018 through December 3, 2018, including Warrants represented by 662,949 ADWs that were exercised from October 19, 2018 through November 27, 2018.

On January 4, 2019, our board of directors confirmed the issuance of 275,985 Common Shares and the delivery of such Common Shares to holders of its Warrants that exercised their Warrants from December 4, 2018 through January 2, 2019, including Warrants represented by 55,197 ADWs that were exercised from November 28, 2018 through December 26, 2018.

All Warrants that were not exercised on or prior to January 2, 2019 have been cancelled.

Preemptive Offering and Closing Under Commitment Agreement

As contemplated by Section 6 of the RJ Plan, on November 13, 2018 we commenced a preemptive offering of Common Shares that was registered with the SEC under the Securities Act under which holders of our Common Shares and Preferred Shares, including the ADS Depository and The Bank of New York Mellon, as depository of the Preferred ADS program, received 1.333630 transferable rights for each Common Share or Preferred Share held as of November 19, 2018, which we refer to as subscription rights. Each subscription right entitled its holder to subscribe to one Common Share at a subscription price of R\$1.24 per Common Share, which we refer to as the initial Common Shares. In addition, each holder of a subscription right was entitled to request the subscription for additional Common Shares, up to the total of 3,225,806,451 Common Shares that were offered in the preemptive offering less the total number of initial Common Shares, which we refer to as the excess Common Shares.

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The subscription rights expired on January 4, 2019. On January 16, 2019, we issued 1,530,457,356 Common Shares to holders of subscription rights that had exercised those subscription rights with respect to the initial Common Shares. On January 21, 2019, we issued 91,080,933 Common Shares to holders of subscription rights that had requested subscriptions for excess Common Shares. The proceeds of these subscriptions was R\$2,011 million.

On January 25, 2019, we issued 1,604,268,162 Common Shares, representing the total number of Common Shares that were offered in the preemptive offering less the total number of initial Common Shares and excess Common Shares, to the Backstop Investors in a private placement under the terms of the Commitment Agreement for the aggregate amount of R\$1,989 million. In addition, under the terms of the Commitment Agreement, on that date we issued 272,148,705 Common Shares in a private placement to the Backstop Investors and paid US\$13 million to the Backstop Investors as compensation for their commitments under the Commitment Agreement.

Market Arbitration Chamber Proceeding

On February 28, 2018, one of our shareholders, Bratel S.à r.l., or Bratel, filed a petition with the Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*) of the B3 requesting the commencement of an arbitration against Oi. Although the Market Arbitration Chamber does not have jurisdiction to reverse the approval of the RJ Plan by the GCM or to reverse the Brazilian Confirmation Order, Bratel alleged, among other things, that notwithstanding the Judicial Ratification of the RJ Plan by the RJ Court, certain provisions of the RJ Plan, including the Capitalization of Credits Capital Increase, the Cash Capital Increase and the changes to Oi's corporate governance structure, which we refer to collectively as the Corporate Law Provisions of the RJ Plan, were required to be submitted to and approved by an extraordinary general shareholders' meeting of Oi, or an EGM, which did not take place prior to the Judicial Ratification of the RJ Plan by the RJ Court.

On March 7, 2018, Oi filed a conflict of jurisdiction petition before the Second Section of the Superior Court of Justice, among other things, challenging the jurisdiction of the Market Arbitration Chamber to decide on matters pertaining to the RJ Plan. On March 8, 2018, the Second Section of the Superior Court of Justice issued an order, among other things, enjoining the Market Arbitration Chamber from taking further action with respect to the RJ Plan and designating the RJ Court to decide upon any urgent matters, on a temporary basis, until further deliberation by the Superior Court of Justice with respect to the conflict of jurisdiction motion.

On October 10, 2018, the Second Section of the Superior Court of Justice decided by majority vote that the Market Arbitration Chamber had jurisdiction to resolve disputes among Oi and its shareholders relating to the Brazilian Corporate Law and Oi's bylaws, without prejudice to the preservation of the jurisdiction of the RJ Court, which may or may not ratify the decisions of the Market Arbitration Chamber.

On October 26, 2018, an emergency arbitrator (*árbitro de apoio*) appointed by the Market Arbitration Chamber, or the Emergency Arbitrator, issued an order suspending the authorization by our board of directors on that date of the capital increase, until the next decision to be rendered by the Emergency Arbitrator. On November 6, 2018, the Emergency Arbitrator overturned its prior decision to suspend the authorization of the capital increase, allowing us to continue to implement the capital increase.

Oi and other creditors who were admitted to intervene in the conflict of jurisdiction proceedings as interested parties filed motions to clarify the scope of the matters over which the Market Arbitration Chamber has jurisdiction and the role of the RJ Court in relation to any arbitral decision. These motions for clarification are still pending judgement.

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On January 8, 2019, Oi, Bratel and Pharol entered into a settlement agreement, or the Pharol Settlement Agreement, that provides, among other things, for the termination of all existing litigation involving Oi, Bratel and Pharol in Brazil and abroad. The effectiveness of the Pharol Settlement Agreement is subject to confirmation by the RJ Court. On January 10, 2019, Oi and Bratel filed a joint motion requesting the suspension of the conflict of jurisdiction proceedings for 60 days or until the RJ Court confirms the Pharol Settlement Agreement, whichever occurs first. If the RJ Court confirms the Pharol Settlement Agreement, we do not expect the appellate court to issue a decision on Oi's motions for clarification.

If the Pharol Settlement Agreement is terminated pursuant to its terms or not confirmed by the RJ Court, and the jurisdiction of the Market Arbitration Chamber with respect to the implementation of the RJ Plan is not otherwise invalidated by court proceedings, the Market Arbitration Chamber will establish an arbitral panel, or the Arbitral Panel, and we estimate that, in this scenario, it may take one year or more before the Arbitral Panel reaches a final decision on Bratel's claims.

For more information about this proceeding, including a summary of its procedural history, see [Business Legal Proceedings Legal Proceedings Relating to Our Financial Restructuring Market Arbitration Chamber Proceeding](#). For more information about the potential risks to your investment in the Common Shares and Common ADSs arising from this proceeding, including the risks that the Arbitral Panel renders a decision invalidating or reversing any of the Corporate Law Provisions of the RJ Plan, see [Risk Factors Risks Relating to Our Financial Restructuring An unfavorable decision in the arbitration proceedings before the Market Arbitration Chamber could have a material adverse effect on our business, results of operations and financial condition](#).

Pharol Settlement Agreement

On January 8, 2019, Oi, Bratel and Pharol entered into the Pharol Settlement Agreement, which provides, among other things, for the termination of all existing litigation involving Oi, Bratel and Pharol in Brazil and abroad. The effectiveness of the Pharol Settlement Agreement is subject to confirmation by the RJ Court.

As a result of the Pharol Settlement Agreement, Oi, Bratel and Pharol filed motions requesting the suspension of all pending proceedings, suits and appeals in Brazil and Portugal involving Oi, Bratel and Pharol for 60 days or until the RJ Court confirms the Pharol Settlement Agreement, whichever occurs first.

Under the Pharol Settlement Agreement Oi is required to: (1) pay Bratel an amount in U.S. dollars corresponding to 25 million, which under the Pharol Settlement Agreement should be used by Pharol for the subscription of 85,721,774 common shares issued by Oi in the Cash Capital Increase; and (2) upon confirmation of the Pharol Settlement Agreement by the RJ Court, (i) transfer to Bratel 32,000,000 million common shares and 1,800,000 preferred shares of Oi held in treasury, (ii) pay Pharol the annual fees related to certain obligations assumed by Oi with respect to proceedings of Pharol in Portugal, and (iii) in case of a sale of at least 50% of the shares of Unitel indirectly held by Oi, deposit into an escrow account an amount necessary to guarantee the payment of any potential liabilities of Pharol in tax proceedings whose chance of loss is assessed as possible or probable.

Under the Pharol Settlement Agreement, the parties have also agreed to use their best efforts to have the member designated by Oi elected to Pharol's Board of Directors. Oi may terminate the Pharol Settlement Agreement in case this member is not elected before the confirmation of the Pharol Settlement Agreement by the RJ Court.

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Principal Executive Offices

Our principal executive offices are located at Rua Humberto de Campos No. 425, 8th floor - Leblon, 22430-190 Rio de Janeiro, RJ, and the telephone number of our Investor Relations Department at this address is (55-21) 3131-2918.

Risk Factors

Investing in the Common Shares, including in the form of Common ADSs, involves significant risk. You should carefully consider the risks set forth under the caption **Risk Factors** in this prospectus before investing in the Common Shares or the Common ADSs. One or more of these factors could negatively impact our business, results of operations and financial condition, as well as our ability to implement our business strategy successfully.

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SUMMARY CONSOLIDATED FINANCIAL DATA

The following summary consolidated financial data is being provided to help you in your analysis of the financial aspects of an investment in the Common ADSs. You should read this information in conjunction with our consolidated financial statements included elsewhere in this prospectus and with the sections of this prospectus entitled Presentation of Financial and Other Information, Business, and Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following summary financial data has been derived from our consolidated financial statements. The summary financial data as of September 30, 2018 and for the nine-month periods ended September 30, 2018 and 2017 have been derived from our unaudited interim consolidated financial statements included in this prospectus. The summary financial data as of December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015 has been derived from our audited consolidated financial statements included in this prospectus. The summary financial data as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013 has been derived from our consolidated financial statements that are not included in this prospectus.

The RJ Proceedings prompted us to perform a detailed analysis on the completeness and the accuracy of the judicial deposits and accounting balances of the other assets of the RJ Debtors. As a result, we determined the need to restate previously issued financial statements and related disclosures to correct errors. Accordingly, we have restated our consolidated financial statements for the year ended December 31, 2015. Restatement adjustments attributable to fiscal year 2014 and previous fiscal years are reflected as a net adjustment to retained earnings as of January 1, 2015.

The errors detected and corrected in our financial statements related to our judicial deposits, our provisions for contingencies, intragroup balances, tax credits and estimates of revenue from services rendered and not yet billed to customers, as described in Management's Discussion and Analysis of Financial Condition and Results of Operations, Financial Presentation and Accounting Policies, Restatement of 2015 Financial Statements and note 2 to our audited consolidated financial statements included in this prospectus.

In connection with the presentation of financial information as of December 31, 2015, 2014 and 2013 and for the years ended December 31, 2014 and 2013, Oi has restated the financial statements related to those dates and periods to correct the errors included in these previously issued financial statements.

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	For the Nine-Month Period Ended September 30,				For the Year Ended December 31,				
	2018(1)	2018	2017	2017(1)	2017	2016	2015(2) (restated)	2014 (2) (restated)	2013(2) (restated)
	(in millions of US\$, except per share amounts)	(in millions of <i>reais</i> , except per share amounts and as otherwise indicated)		(in millions of US\$, except per share amounts)	(in millions of <i>reais</i> , except per share amounts and as otherwise indicated)				
Income Statement Data:									
Net operating revenue	US\$ 4,170	R\$ 16,695	R\$ 17,962	US\$ 5,942	R\$ 23,790	R\$ 25,996	R\$ 27,354	R\$ 28,247	R\$ 28,422
Cost of sales and services	(2,948)	(11,805)	(11,723)	(3,915)	(15,676)	(16,742)	(16,250)	(16,257)	(16,467)
Gross profit	1,221	4,890	6,239	2,026	8,114	9,254	11,104	11,990	11,955
Selling expenses	(827)	(3,311)	(3,239)	(1,099)	(4,400)	(4,383)	(4,720)	(5,566)	(5,532)
General and Administrative expenses	(479)	(1,916)	(2,300)	(765)	(3,064)	(3,688)	(3,912)	(3,835)	(3,683)
Other operating expenses), net	128	513	125	(261)	(1,044)	(1,237)	(2,295)	1,758	735
Reorganization expenses, net	8,087	32,380	(492)	(592)	(2,372)	(9,006)			
Operating income (loss) before financial expenses, net, and taxes	8,131	32,555	335	(691)	(2,766)	(9,060)	178	4,347	3,475
Financial expenses, net	(908)	(3,636)	(1,357)	(403)	(1,612)	(4,375)	(6,724)	(4,688)	(3,429)
Income (loss) of continuing operations before taxes	7,223	28,919	(1,023)	(1,094)	(4,378)	(13,435)	(6,546)	(342)	46
Income tax and social contribution	36	145	46	88	351	(2,245)	(3,380)	(758)	(77)

Net income (loss) of continuing operations	7,259	29,064	(977)	(1,006)	(4,027)	(15,680)	(9,926)	(1,100)	(31,100)
Net income (loss) of discontinued operations, net of taxes							(867)	(4,086)	
Net income (loss)	US\$ 7,259	R\$ 29,064	R\$ (977)	US\$ (1,006)	R\$ (4,027)	R\$ (15,680)	R\$ (10,793)	R\$ (5,186)	R\$ (31,100)

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	For the Nine-Month Period Ended September 30,				For the Year Ended December 31,				
	2018(1)	2018	2017	2017(1)	2017	2016	2015(2) (restated)	2014(2) (restated)	2013(2) (restated)
	(in millions of US\$, except per share amounts)	(in millions of <i>reais</i> , except per share amounts and as otherwise indicated)		(in millions of US\$, except per share amounts)	(in millions of <i>reais</i> , except per share amounts and as otherwise indicated)				
Net income (loss) attributable to controlling shareholders	US\$7,257	R\$29,055	R\$(912)	US\$(933)	R\$(3,736)	R\$(15,502)	R\$(10,380)	R\$(5,187)	R\$(31)
Net income (loss) attributable to non-controlling shareholders	2	9	(65)	(73)	(291)	(178)	(413)	1	
Net income (loss) applicable to each class of shares(3):									
Common shares basic and diluted	5,582	22,351	(701)	(718)	(2,874)	(11,925)	(4,473)	(1,702)	(10)
Preferred shares and ADSs basic and diluted	1,675	6,705	(210)	(215)	(862)	(3,577)	(5,907)	(3,485)	(21)
Net income (loss) per share:									
Common shares basic and diluted	10.74	43.00	(1.35)	(1.38)	(5.53)	(22.94)	(14.22)	(8.41)	(0.19)
Common ADSs basic and diluted	53.70	215.01	(6.75)	(6.91)	(27.65)	(114.72)	(71.11)	42.06	0.97
Preferred shares and ADSs basic and diluted	10.74	43.00	(1.35)	(1.38)	(5.53)	(22.94)	(14.22)	(8.41)	(0.19)

Net income (loss) per share from continuing operations:										
Common shares basic and diluted	10.74	43.00	(1.35)	(1.38)	(5.53)	(22.94)	(14.22)	(8.41)	(0.19)	
Common ADSs basic and diluted	53.70	215.01	(6.75)	(6.91)	(27.65)	(114.72)	(71.11)	42.06	0.97	
Preferred shares and ADSs basic and diluted	10.74	43.00	(1.35)	(1.38)	(5.53)	(22.94)	(14.22)	(8.41)	(0.19)	
Net income (loss) per share from discontinued operations:										
Common shares basic and diluted							(1.19)	6.63		
Common ADSs basic and diluted							(5.94)	33.14		
Preferred shares and ADSs basic and diluted							(1.19)	6.63		
Weighted average shares outstanding (in thousands):										
Common shares basic	519,752	519,752	519,752	519,752	519,752	519,752	314,518	202,312	51,476	
Common shares diluted	519,752	519,752	519,752	519,752	519,752	519,752	314,518	202,312	51,476	
Preferred shares and ADSs basic	155,915	155,915	155,915	155,915	155,915	155,915	415,321	414,200	112,527	
Preferred shares and ADSs diluted	155,915	155,915	155,915	155,915	155,915	155,915	415,321	414,200	112,527	

(1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank on September 30, 2018 for *reais* into U.S. dollars of R\$4.0039=US\$1.00.

(2) Derived from our restated consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013, which have been restated to correct certain errors to our previously issued financial statements and related disclosures. For more information, see Management's Discussion and Analysis of Financial Condition and Results

of Operations Financial Presentation and Accounting Policies Restatement of 2015 Financial Statements and note 2 to our audited consolidated financial statements included in this prospectus.

(3) In accordance with ASC 260, basic and diluted earnings per share have been calculated using the two class method. See note 21(g) to our audited consolidated financial statements included in this prospectus.

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	As of September 30, 2018(1)		2018		2017(1)		2017		As of December 31, 2016		2015(2) (restated)		2014(2) (restated)		2013(2) (restated)	
	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)	(in millions of US\$)	(in millions of <i>reais</i>)
Balance Sheet Data:																
Cash and cash equivalents	US\$ 1,266	R\$ 5,069	US\$ 1,714	R\$ 6,863	R\$ 7,563	R\$ 14,898	R\$ 2,449	R\$ 2,425								
Short-term investments	7	30	5	21	117	1,802	171	493								
Trade accounts receivable, less allowance for doubtful accounts	1,819	7,282	1,840	7,367	7,891	8,010	7,092	6,750								
Assets held for sale	1,339	5,360	1,168	4,675	5,404	7,686	34,255									
Total current assets	5,703	22,835	5,869	23,498	26,212	37,645	50,797	17,554								
Property, plant and equipment, net	6,894	27,601	6,764	27,083	26,080	25,818	26,244	25,725								
Non-current judicial deposits	1,904	7,621	2,070	8,290	8,388	8,953	9,127	8,167								
Intangible assets, net	2,076	8,311	2,311	9,255	10,511	11,780	13,554	14,666								
Total assets	17,438	69,821	17,729	70,987	74,047	94,545	106,999	75,244								
Short-term loans and financings (including current portion of long-term debt)	125	500	1	54	55	11,810	4,464	4,159								
Trade payables	1,093	4,375	1,291	5,171	4,116	5,253	4,359	4,763								
Liabilities of assets held for sale (3)	159	637	88	354	545	745	27,178									

Total current liabilities	2,414	9,665	2,455	9,831	9,444	26,142	42,752	15,700
Long-term loans and financings	3,905	15,636				48,048	31,386	31,695
Liabilities subject to compromise			16,269	65,139	63,746			
Total liabilities	9,553	38,251	20,148	80,671	79,396	83,528	84,253	59,233
Share capital	8,002	32,038	5,354	21,438	21,438	21,438	21,438	7,471
Shareholders equity (deficit)	7,885	31,570	(2,419)	(9,684)	(5,349)	11,017	22,746	16,011

- (1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank on September 30, 2018 for *reais* into U.S. dollars of R\$4.0039=US\$1.00.
- (2) Derived from our restated consolidated balance sheets as of December 31, 2015, 2014 and 2013, which have been restated to correct certain errors to our previously issued financial statements and related disclosures. For more information, see Management's Discussion and Analysis of Financial Condition and Results of Operations Financial Presentation and Accounting Policies Restatement of 2015 Financial Statements and note 2 to our audited consolidated financial statements included in this prospectus.
- (3) As of December 31, 2014, includes short-term loans and financings (including current portion of long-term debt) of R\$1,935 million and long-term loans and financings of R\$16,958 million that remained obligations of our company following the completion of our sale of PT Portugal.

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RISK FACTORS

You should consider the following risks as well as the other information set forth in this prospectus when evaluating an investment in our company. In general, investing in the securities of issuers in emerging market countries, such as Brazil, involves a higher degree of risk than investing in the securities of issuers in the United States. Additional risks and uncertainties not currently known to us, or those that we currently deem to be immaterial, may also materially and adversely affect our business, results of operations, financial condition and prospects. Any of the following risks could materially affect us. In such case, you may lose all or part of your original investment.

Risks Relating to Our Financial Restructuring

An unfavorable decision in the arbitration proceedings before the Market Arbitration Chamber could have a material adverse effect on our business, results of operations and financial condition.

On February 28, 2018, one of our shareholders, Bratel, filed a petition with the Market Arbitration Chamber (*Câmara de Arbitragem do Mercado*) of the B3 requesting the commencement of an arbitration against Oi. Although the Market Arbitration Chamber does not have jurisdiction to reverse the approval of the RJ Plan by the GCM or to reverse the Brazilian Confirmation Order, Bratel alleged, among other things, that notwithstanding the Judicial Ratification of the RJ Plan by the RJ Court, certain provisions of the RJ Plan, including the Capitalization of Credits Capital Increase, the Cash Capital Increase and the changes to Oi's corporate governance structure, which we refer to collectively as the Corporate Law Provisions of the RJ Plan, were required to be submitted to and approved by an extraordinary general shareholders' meeting of Oi, or an EGM, which did not take place prior to the Judicial Ratification of the RJ Plan by the RJ Court.

Bratel seeks, among other things, an arbitral decision to: (1) invalidate or reverse any and all measures taken or to be taken by Oi and its managers to implement the Corporate Law Provisions of the RJ Plan; (2) validate the resolutions passed at a purported EGM called by Bratel and held on February 7, 2018, or the Purported EGM, that approved the filing, by Oi, of a damages lawsuit against Mr. Eurico de Jesus Teles Neto (Oi's chief executive officer) and Mr. Carlos Augusto Machado Pereira de Almeida Brandão (Oi's chief financial officer); and (3) issue an order requiring Oi to remove Oi's chief executive officer and chief financial officer as executive officers of Oi and replace them with officers elected at the Purported EGM.

On March 7, 2018, Oi filed a conflict of jurisdiction petition before the Second Section of the Superior Court of Justice, among other things, challenging the jurisdiction of the Market Arbitration Chamber to decide on matters pertaining to the RJ Plan. On March 8, 2018, the Second Section of the Superior Court of Justice issued an order, among other things, enjoining the Market Arbitration Chamber from taking further action with respect to the RJ Plan and designating the RJ Court to decide upon any urgent matters, on a temporary basis, until further deliberation by the Superior Court of Justice with respect to the conflict of jurisdiction motion.

On July 27, 2018, the Capitalization of Credits Capital Increase, which had been approved by the board of directors of Oi on March 5, 2018, was concluded, and on September 17, 2018, an EGM ratified the election of the New Board and amended Oi's bylaws in accordance with the RJ Plan.

On October 10, 2018, the Second Section of the Superior Court of Justice decided by majority vote that the Market Arbitration Chamber had jurisdiction to resolve disputes among Oi and its shareholders relating to the Brazilian Corporate Law and Oi's bylaws, without prejudice to the preservation of the jurisdiction of the RJ Court, which may or may not ratify the decisions of the Market Arbitration Chamber.

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On October 26, 2018, an emergency arbitrator (*árbitro de apoio*) appointed by the Market Arbitration Chamber, or the Emergency Arbitrator, issued an order suspending the authorization by our board of directors on that date of the capital increase, until the next decision to be rendered by the Emergency Arbitrator. On November 6, 2018, the Emergency Arbitrator overturned its prior decision to suspend the authorization of the capital increase, allowing us to continue to implement the capital increase.

Oi and other creditors who were admitted to intervene in the conflict of jurisdiction proceedings as interested parties filed motions to clarify the scope of the matters over which the Market Arbitration Chamber has jurisdiction and the role of the RJ Court in relation to any arbitral decision. These motions for clarification are still pending judgement.

On January 8, 2019, Oi, Bratel and Pharol entered into the Pharol Settlement Agreement, which provides, among other things, for the termination of all existing litigation involving Oi, Bratel and Pharol in Brazil and abroad. The effectiveness of the Pharol Settlement Agreement is subject to confirmation by the RJ Court. On January 10, 2019, Oi and Bratel filed a joint motion requesting the suspension of the conflict of jurisdiction proceedings for 60 days or until the RJ Court confirms the Pharol Settlement Agreement, whichever occurs first. If the RJ Court confirms the Pharol Settlement Agreement, we do not expect the appellate court to issue a decision on Oi's motions for clarification.

If the Pharol Settlement Agreement is terminated pursuant to its terms or not confirmed by the RJ Court, and the jurisdiction of the Market Arbitration Chamber with respect to the implementation of the RJ Plan is not otherwise invalidated by court proceedings, the Market Arbitration Chamber will establish an arbitral panel, or the Arbitral Panel, and we estimate that, in this scenario, it may take one year or more before the Arbitral Panel reaches a final decision on Bratel's claims.

The actions of the Emergency Arbitrator do not relate to the merits of the claims made by Bratel, which have not yet been heard by the Arbitral Panel. Under the rules of the Market Arbitration Chamber, the Emergency Arbitrator is not permitted to be appointed as a member of the Arbitral Panel.

If the Pharol Settlement Agreement is terminated pursuant to its terms or not confirmed by the RJ Court, and the jurisdiction of the Market Arbitration Chamber with respect to the implementation of the RJ Plan is not otherwise invalidated by court proceedings, we believe that, in accordance with the decision of the Second Section of the Superior Court of Justice with respect to the jurisdiction of the Market Arbitration Chamber, the ratification of the RJ Court would be required prior to the implementation of any decision of the Arbitral Panel. We can provide no assurances as to whether the RJ Court would ratify any decision of an Arbitral Panel, but believe that the RJ Court is unlikely to ratify any decision of the Arbitral Panel that reverses any of the steps of implementation of the RJ Plan.

Under the rules of the Market Arbitration Chamber, Bratel is permitted to amend its claims and we believe that it is possible that Bratel will seek a damages remedy in the arbitration proceeding. We cannot predict the amount of damages that may be claimed or whether any damages may be eventually awarded by the Arbitral Panel. If substantial damages were claimed and Bratel was successful in obtaining an award for such damages, such an award may have a material adverse effect on our results of operations and financial condition.

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If the Arbitral Panel renders a decision invalidating or reversing any of the Corporate Law Provisions of the RJ Plan, we may be deemed to be in breach of the RJ Plan as we may be deemed not to have implemented these steps of the RJ Plan prior to the deadlines established in the RJ Plan. If the RJ Court ratified such a decision of the Arbitral Panel, the RJ Plan may automatically terminate and the rights and guarantees of the creditors appearing on the Second Creditors List or otherwise already recognized by the RJ Court under the ongoing verification of credits ancillary proceedings may be restored under the original terms as if the RJ Plan had never been approved, net of amounts validly received pursuant to the RJ Plan as of the termination date, in accordance with Brazilian Bankruptcy Law, unless creditors agree by the appropriate quorum provided for under Brazilian Bankruptcy Law in a meeting of creditors called for that purpose to the total or partial waiver or modification of the conditions set forth in the RJ Plan. If the RJ Plan is terminated, creditors will be entitled to (1) approve a modification to the RJ Plan at a meeting of creditors complying with the quorum requirements established in the Brazilian Bankruptcy Law, or (2) seek to have the RJ Debtors adjudicated as bankrupt by the RJ Court. In the event that the RJ Plan terminates, we cannot predict (1) whether our creditors will be able to agree on a modification to the RJ Plan that will garner sufficient support to be approved by our creditors and confirmed by the RJ Court, (2) what modifications of the RJ Plan could be adopted and the impact of these modifications on our company, or (3) whether our creditors would seek to have the RJ Debtors adjudicated as bankrupt by the RJ Court, which under Brazilian law is generally followed by a liquidation of the debtors. The termination of the RJ Plan and the occurrence of any of these events subsequent to such termination is likely to have a material adverse effect on our business, financial condition, results of operations and ability to continue as a going concern.

If the Arbitral Panel renders a decision invalidating or reversing the Capitalization of Credits Capital Increase, we cannot predict the remedies that the Arbitral Panel would order to implement any such a decision. We believe that it is unlikely, although possible, that the Arbitral Panel would seek to impose a remedy that would result in the cancellation the equity and debt instruments issued in the Capitalization of Credits Capital Increase and the reinstatement of the claims related to the Defaulted Bonds that were settled through the issuance of those equity and debt instruments. We can offer no assurance as to whether the Arbitral Panel will render a decision invalidating or reversing the Capitalization of Credits Capital Increase or the means by which the Arbitral Panel would implement any such decision. Any decision of the Arbitral Panel invalidating or reversing the Capitalization of Credits Capital Increase would have a material adverse effect on our business, results of operations and financial condition and the market value of our equity and debt securities.

If the Arbitral Panel renders a decision invalidating or reversing the Cash Capital Increase, we cannot predict the remedies that the Arbitral Panel would order to implement any such a decision. We believe that it is unlikely, although possible, that the Arbitral Panel would seek to impose a remedy that would result in the cancellation the Common Shares issued in the Rights Offer and the refund of the subscription price paid for those Common Shares. We can offer no assurance as to whether the Arbitral Panel will render a decision invalidating or reversing the Cash Capital Increase following the settlement of the Cash Capital Increase or the means by which the Arbitral Panel would implement any such decision. Any decision of the Arbitral Panel invalidating or reversing the Cash Capital Increase would have a material adverse effect on our business, results of operations and financial condition and the market value of our equity securities and may result in the loss of all or part of your investment in our company.

For more information about this proceeding, including a summary of its procedural history, see [Business Legal Proceedings](#) [Legal Proceedings Relating to Our Financial Restructuring](#) [Market Arbitration Chamber Proceeding](#).

Table of Contents***If the Brazilian Confirmation Order is overturned or modified, the RJ Debtors may be declared bankrupt under Brazilian law and liquidated.***

On June 20, 2016, Oi, together with the other RJ Debtors, filed a joint voluntary petition for judicial reorganization pursuant to the Brazilian Bankruptcy Law with the RJ Court, pursuant to an urgent measure approved by our board of directors. On December 19 and 20, 2017, the GCM was held to consider approval of the most recently filed judicial reorganization plan. The GCM concluded on December 20, 2017 following the approval of the RJ Plan reflecting amendments to the judicial reorganization plan presented at the GCM as negotiated during the course of the GCM. On January 8, 2018, the RJ Court entered the Brazilian Confirmation Order, ratifying and confirming the RJ Plan. The Brazilian Confirmation Order was published in the Official Gazette of the State of Rio de Janeiro on February 5, 2018, the Brazilian Confirmation Date. For more information with respect to the RJ Proceedings, see Business Our Judicial Reorganization Proceedings.

The Brazilian Confirmation Order, according to its terms, is currently binding on all parties, although it is subject to pending appeals with no suspensive effect attributed to it. By operation of the RJ Plan and the Brazilian Confirmation Order, provided that the Brazilian Confirmation Order is not overturned or altered as a result of the pending appeals, the unsecured claims against the RJ Debtors have been novated and discharged under Brazilian law and holders of such claims are entitled only to receive the recoveries set forth in the RJ Plan in exchange for their claims in accordance with the terms and conditions of the RJ Plan. As of the date of this prospectus, there are several appeals of the Brazilian Confirmation Order pending (see Business Our Judicial Reorganization Proceedings Confirmation of Judicial Reorganization Plan by RJ Court). For more information with respect to the recoveries available with respect to claims against the RJ Debtors provided for in the RJ Plan, see Business Our Judicial Reorganization Proceedings Implementation of the Judicial Reorganization Plan.

If the Brazilian Confirmation Order is overturned or modified and, as a result, the RJ Debtors are declared bankrupt, which under Brazilian law is generally followed by a liquidation of the debtors, the rights and guarantees of the creditors appearing on the Second Creditors List or otherwise already recognized by the RJ Court under the ongoing verification of credits ancillary proceedings will be restored under the original terms as if the RJ Plan had never been approved, net of amounts validly received pursuant to the RJ Plan, in accordance with Brazilian Bankruptcy Law. A modification of the Brazilian Confirmation Order may lead to a breach of the RJ Plan by the debtors. In case of breach of the RJ Plan by the RJ Debtors, creditors will be entitled to (1) approve a modification to the RJ Plan at a meeting of creditors complying with the quorum requirements established in the Brazilian Bankruptcy Law, or (2) seek to have the RJ Debtors adjudicated as bankrupt by the RJ Court.

General Risks Relating to the Telecommunications Industry

The telecommunications industry is subject to frequent changes in technology. Our ability to remain competitive depends on our ability to implement new technology, and it is difficult to predict how new technology will affect our business.

Companies in the telecommunications industry must adapt to rapid and significant technological changes that are usually difficult to anticipate. The mobile telecommunications industry in particular has experienced rapid and significant technological development and frequent improvements in capacity, quality and data-transmission speed. Technological changes may render our equipment, services and technology obsolete or inefficient, which may adversely affect our competitiveness or require us to increase our capital expenditures in order to maintain our competitive position. In addition, personal mobility service providers in Brazil are experiencing increasing competition from over-the-top, or OTT, providers, which provide content (such as WhatsApp, Skype and YouTube) over an internet connection rather than through a service provider's network. OTT providers are becoming increasingly

competitive as customers shift from mobile voice and SMS communications to internet-based voice and data communications through computers and smartphone or tablet applications. It is possible that alternative technologies may be developed that are more advanced than those we currently provide. We may not obtain the expected benefits of our investments if more advanced technologies are adopted by the market. Even if we adopt new technologies in a timely manner as they are developed, the cost of such technology may exceed the benefit to us, and we cannot assure you that we will be able to maintain our level of competitiveness.

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Our operations depend on our ability to maintain, upgrade and operate efficiently our accounting, billing, customer service, information technology and management information systems and to rely on the systems of other carriers under co-billing agreements.

Sophisticated information and processing systems are vital to our growth and our ability to monitor costs, render monthly invoices for services, process customer orders, provide customer service and achieve operating efficiencies. We cannot assure you that we will be able to operate successfully and upgrade our accounting, information and processing systems or that these systems will continue to perform as expected. We have entered into co-billing agreements with each long-distance telecommunications service provider that is interconnected to our networks in Brazil to include in our invoices the long-distance services rendered by these providers, and these providers have agreed to include charges owed to us in their invoices. Any failure in our accounting, information and processing systems, or any problems with the execution of invoicing and collection services by other carriers with whom we have co-billing agreements, could impair our ability to collect payments from customers and respond satisfactorily to customer needs, which could adversely affect our business, financial condition and results of operations.

Improper use of our networks could adversely affect our costs and results of operations.

We may incur costs associated with the unauthorized and fraudulent use of our networks, including administrative and capital costs associated with detecting, monitoring and reducing the incidence of fraud. Fraud also affects interconnection costs and payments to other carriers for non-billable fraudulent roaming. Improper use of our network could also increase our selling expenses if we need to increase our provision for doubtful accounts to reflect amounts we do not believe we can collect for improperly made calls. Any increase in the improper use of our network in the future could materially adversely affect our costs and results of operations.

Our business is dependent on our ability to expand our services and to maintain the quality of the services provided.

Our business as a telecommunications services provider depends on our ability to maintain and expand our telecommunications services network. We believe that our expected growth will require, among other things:

continuous development of our operational and administrative systems;

increasing marketing activities;

improving our understanding of customer wants and needs;

continuous attention to service quality; and

attracting, training and retaining qualified management, technical, customer relations, and sales personnel.

We believe that these requirements will place significant demand on our managerial, operational and financial resources. Failure to manage successfully our expected growth could reduce the quality of our services, with adverse effects on our business, financial condition and results of operations.

Our operations are also dependent upon our ability to maintain and protect our network. Failure in our networks, or their backup mechanisms, may result in service delays or interruptions and limit our ability to provide customers with reliable service over our networks. Some of the risks to our networks and infrastructure include (1) physical damage to access lines and long-distance optical cables; (2) power surges or outages; (3) software defects; (4) disruptions beyond our control; (5) breaches of security; and (6) natural disasters. The occurrence of any such event could cause interruptions in service or reduce capacity for customers, either of which could reduce our net operating revenue or cause us to incur additional expenses. In addition, the occurrence of any such event may subject us to penalties and other sanctions imposed by ANATEL, and may adversely affect our business and results of operations.

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We face various cyber-security risks that, if not adequately addressed, could have an adverse effect on our business.

We face various cyber-security risks that could result in business losses, including but not limited to contamination (whether intentional or accidental) of our networks and systems by third parties with whom we exchange data, equipment failures, unauthorized access to and loss of confidential customer, employee and/or proprietary data by persons inside or outside of our organization, cyber attacks causing systems degradation or service unavailability, the penetration of our information technology systems and platforms by ill-intentioned third parties, and infiltration of malware (such as computer viruses) into our systems. Cyber attacks against companies have increased in frequency, scope and potential harm in recent years. Further, the perpetrators of cyber attacks are not restricted to particular groups or persons. These attacks may be committed by company employees or third parties operating in any region, including jurisdictions where law enforcement measures to address such attacks are unavailable or ineffective. We may not be able to successfully protect our operational and information technology systems and platforms against such threats. Further, as cyber attacks continue to evolve, we may incur significant costs in the attempt to modify or enhance our protective measures or investigate or remediate any vulnerability. The inability to operate our networks and systems as a result of cyber attacks, even for a limited period of time, may result in significant expenses to us and/or a loss of market share to other communications providers. The costs associated with a major cyber attack could include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cyber-security measures and the use of alternate resources, lost revenues from business interruption and litigation. If we are unable to adequately address these cyber-security risks, or operating network and information systems could be compromised, which would have an adverse effect on our business, financial condition and results of operations.

The mobile telecommunications industry and participants in this industry, including us, may be required to adopt an extensive program of field measurements of radio frequency emissions and be subject to further regulation and/or claims based on concerns regarding potential health problems and interfere with medical devices.

Media and other entities have suggested that the electromagnetic emissions from mobile handsets and base stations may cause health problems. If consumers harbor health-related concerns, they may be discouraged from using mobile handsets. These concerns could have an adverse effect on the mobile telecommunications industry and, possibly, expose mobile services providers to litigation. We cannot assure you that further medical research and studies will refute a link between the electromagnetic emissions of mobile handsets and base stations, including on frequency ranges we use to provide mobile services, and these health concerns. Government authorities could increase regulation on electromagnetic emissions of mobile handsets and base stations, which could have an adverse effect on our business, financial condition and results of operations. The expansion of our network may be affected by these perceived risks if we experience problems in finding new sites, which in turn may delay the expansion and may affect the quality of our services.

In July 2002, ANATEL enacted regulations that limit emission and exposure for fields with frequencies between 9 kHz and 300 GHz. In May 2009, Law No. 11,934 was enacted, which established the need for field measurements by telecommunications service providers of all radio-communication transmitting stations every five years with respect to emission and exposure to these fields. In September 2018, ANATEL published Resolution No. 700/2018, a regulation pursuant to Law No. 11,934 that will make field measurements mandatory by telecommunication service providers of all radio-communication transmission stations every five years beginning in 2019. We cannot predict the scope of the technical and financial impact of these new regulations on our company.

Table of Contents**Risks Relating to Our Company**

We have identified various material weaknesses in our internal control over financial reporting which have materially adversely affected our ability to timely and accurately report our results of operations and financial condition. These material weaknesses may not have been fully remediated as of the filing date of this prospectus and we cannot assure you that other material weaknesses will not be identified in the future.

Under the supervision and with the participation of our chief executive officer and our chief financial officer, our management conducted an assessment of the effectiveness of our internal control over financial reporting as of December 31, 2017 based on the criteria established in Internal Control Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management concluded that as of December 31, 2017, our internal control over financial reporting was not effective because material weaknesses existed. A material weakness is a control deficiency, or combination of control deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of the annual consolidated financial statements will not be prevented or detected on a timely basis. These deficiencies resulted in material misstatements to the Company's financial statements for 2015 and previous years, which were corrected through restatement of those periods, and to the preliminary 2016 and 2017 financial statements, which were corrected prior to issuance. The material weaknesses identified as of December 31, 2017 were: (1) we did not design, establish and maintain effective procedures to ensure adequate review, approval, and existence of sufficient supporting documentation over manual journal entries. This weakness could impact in a failure to timely detect the totality of manual journal entries, as well as their adequate approval and revision; (2) we did not design, establish or maintain effective controls over the communication of activity that impacted the judicial deposits and contingencies balances. Further, effective controls over the timely reconciliation of these accounts were not established or maintained; (3) we did not design, establish or maintain effective control over the preparation, timely review, and documented approval of the reconciliation of unbilled revenues. Specifically, we did not have effective controls over the completeness and accuracy of supporting schedules. The schedules and historical information used in this process were not reviewed in a periodic and timely manner; (4) we did not have sufficient and skilled accounting and finance personnel necessary to perform appropriate processes and controls related to the preparation of the financial statements in accordance with U.S. GAAP, which includes timely identification and review of significant non-routine transactions. As a result, a number of errors in our financial statements were detected and corrected and could not be detected on a timely basis by management in the normal course of the business; (5) we did not design, establish or maintain effective control over the completeness and accuracy of consolidation entries, which includes timely review of reconciliation of intercompany balances and its elimination in the consolidation process; and (6) we did not design, establish or maintain effective control over the process level control to capture and identify the statute of limitation of its recoverable taxes.

Although we have implemented and continue to implement measures designed to remediate these material weaknesses and, in the short term, to mitigate the potential adverse effects of these material weaknesses, our assessment of the impact of these measures has not been completed as of the filing date of this prospectus and we cannot assure you that these measures are adequate. Moreover, we cannot assure you that additional material weaknesses in our internal control over financial reporting will not arise or be identified in the future.

As a result, we must continue our remediation activities and must also continue to improve our operational, information technology, and financial systems, infrastructure, procedures, and controls, as well as continue to expand, train, retain, and manage our employee base. Any failure to do so, or any difficulties we encounter during implementation, could result in additional material weaknesses or in material misstatements in our financial statements. These misstatements could result in a future restatement of our financial statements, could cause us to fail to meet our reporting obligations, or could cause investors to lose confidence in our reported financial information,

which could materially adversely affect our business, financial condition and results of operations and may generate negative market reactions, potentially leading to a decline in the price of the Common Shares and Common ADSs.

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Our debt instruments contain covenants that could restrict our financing and operating flexibility and have other adverse consequences.

As of December 31, 2017, we had loans and financings of R\$49,130 million classified as liabilities subject to compromise. Following the implementation of the RJ Plan, the outstanding amount of our loans and financings has been substantially reduced. As of September 30, 2018, we had loans and financings of R\$30,638 million, excluding the fair value adjustment of our loans and financings. However we are subject to certain financial covenants under the instruments that govern our indebtedness that limit our ability to incur additional debt. The level of our consolidated indebtedness and the requirements and limitations imposed by these debt instruments could adversely affect our financial condition or results of operations. In particular, the terms of some of these debt instruments restrict our ability, and the ability of our subsidiaries, to:

incur additional debt;

grant liens;

pledge assets;

sell or dispose of assets; and

make certain acquisitions, mergers and consolidations.

If we are unable to incur additional debt, we may be unable to invest in our business and make necessary or advisable capital expenditures, which could reduce future net operating revenue and adversely affect our profitability. In addition, the cash required to service our indebtedness reduces the amount available to us to make capital expenditures. If we are unable to generate operating cash flows, we may not be able to continue servicing our debt.

Under the RJ Plan, until the fifth anniversary of the Brazilian Confirmation Date, we are required to apply an amount equivalent to 100% of the net revenue from our sale of assets in excess of US\$200 million to investments in our activities. Beginning on the sixth anniversary of the Brazilian Confirmation Date, we are required to allocate to the repayment of debt instruments representing recoveries under the RJ Plan on an annual basis an amount equivalent to 70% of the amount by which (1) our cash and cash equivalents and financial investments at the end of each fiscal year exceeds (2) the greater of (a) 25% of our operating expenses and capital expenses for that fiscal year, and (b) R\$5,000 million, subject to adjustment in the event that we conclude any capital increases. The cash required to make these repayments will reduce the amount available to us to make capital expenditures.

If we are unable to meet our debt service obligations or comply with our debt covenants, we could be forced to renegotiate or refinance our indebtedness or seek additional equity capital. In this circumstance, we may be unable to obtain financing on satisfactory terms, or at all.

For more information regarding our outstanding debt instruments, see Management's Discussion and Analysis of Financial Condition and Results of Operation Indebtedness.

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We rely on strategic suppliers of equipment, materials and certain services necessary for our operations and expansion. If these suppliers fail to provide equipment, materials or services to us on a timely basis, we could experience disruptions, which could have an adverse effect on our revenues and results of operations.

We rely on a few strategic suppliers of equipment and materials, including Huawei do Brasil Telecomunicações Ltda. and Nokia Solutions and Networks do Brasil Telecomunicações Ltda., to provide us with equipment and materials that we need in order to expand and to operate our business in Brazil. In addition, we rely on a third-party provider of network maintenance services in certain regions where we operate. There are a limited number of suppliers with the capability of providing the mobile network equipment and fixed-line network platforms that our operations and expansion plans require or the services that we require to maintain our networks. In addition, because the supply of mobile network equipment and fixed-line network platforms requires detailed supply planning and this equipment is technologically complex, it would be difficult for our company to replace the suppliers of this equipment. Suppliers of cables that we need to extend and maintain our networks may suffer capacity constraints or difficulties in obtaining the raw materials required to manufacture these cables. As a result, we are exposed to risks associated with these suppliers, including restrictions of production capacity for equipment and materials, availability of equipment and materials, delays in delivery of equipment, materials or services, and price increases. If these suppliers or vendors fail to provide equipment, materials or services to us on a timely basis or otherwise in compliance with the terms of our contracts with these suppliers, we could experience disruptions or declines in the quality of our services, which could have an adverse effect on our revenues and results of operations, and we might be unable to satisfy the requirements contained in our concession and authorization agreements.

We are subject to numerous legal and administrative proceedings, which could adversely affect our business, results of operations and financial condition.

We are subject to numerous legal and administrative proceedings. It is difficult to quantify the potential impact of these legal and administrative proceedings. We classify our risk of loss from legal and administrative proceedings as probable, possible or remote. We make provisions for probable losses but do not make provisions for possible and remote losses.

As a result of the RJ Proceedings we have applied ASC 852 in preparing our consolidated financial statements. ASC 852 requires that financial statements separately disclose and distinguish transactions and events that are directly associated with our reorganization from transactions and events that are associated with the ongoing operations of our business. Accordingly, expenses, gains, losses and provisions for losses that are realized or incurred in the RJ Proceedings have been recorded under the classification Reorganization items, net in our consolidated statements of operations. In addition, our prepetition obligations that may be impacted by the RJ Proceedings based on our assessment of these obligations following the guidance of ASC 852 have been classified on our consolidated statement of financial position as Liabilities subject to compromise. Prepetition liabilities subject to compromise are required to be reported at the amount allowed as a claim by the RJ Court, regardless of whether they may be settled for lesser amounts and remain subject to future adjustments based on negotiated settlements with claimants, actions of the RJ Court or other events.

As of December 31, 2017, the aggregate amount of legal contingencies recognized by the RJ Court was R\$13,162 million. As a result of the effectiveness of the RJ Plan on February 5, 2018, the contingencies included as Liabilities subject to compromise on our consolidated statement of financial position will be paid according to terms of the RJ Plan and were reclassified as current and non-current Provisions for contingencies on our consolidated statement of financial position. For more information about the impact of the RJ Proceedings on our legal proceedings, see note 28 to our audited consolidated financial statements included in this prospectus and note 19 to our unaudited interim consolidated financial statements included in this prospectus.

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As of September 30, 2018, the total estimated amount in controversy for those proceedings in respect of which the risk of loss was deemed probable or possible totaled approximately R\$34,780 million, and we had established provisions of R\$5,488 million relating to these proceedings. As of December 31, 2017, the total estimated amount in controversy for those proceedings not subject to the RJ Plan in respect of which the risk of loss was deemed probable or possible totaled approximately R\$27,603 million, and we had established provisions of R\$1,368 million relating to these proceedings. Our provisions for legal contingencies are subject to monthly monetary adjustments. For a detailed description of our provisions for contingencies, see note 18 to our audited consolidated financial statements included in this prospectus and note 19 to our unaudited interim consolidated financial statements included in this prospectus.

We are not required to disclose or record provisions for proceedings in which our management judges the risk of loss to be remote. However, the amounts involved in certain of the proceedings in which we believe our risk of loss is remote could be substantial. Consequently, our losses could be significantly higher than the amounts for which we have recorded provisions.

If we are subject to unfavorable decisions in any legal or administrative proceedings and the losses in those proceedings significantly exceed the amount for which we have provisioned or involve proceedings for which we have made no provision, our results of operations and financial condition may be materially adversely affected. Even for the amounts recorded as provisions for probable losses, a judgment against us would have an effect on our cash flow if we are required to pay those amounts. Unfavorable decisions in these legal proceedings may, therefore, reduce our liquidity and adversely affect our business, financial condition and results of operations. For a more detailed description of these proceedings, see Business Legal Proceedings .

We have indemnification obligations with respect to the PT Exchange and the PT Portugal Disposition that could materially adversely affect our financial position.

In the exchange agreement, or the PT Exchange Agreement, that we entered into with Pharol under which we transferred defaulted commercial paper of Rio Forte Investments S.A., or Rio Forte, to Pharol in exchange for the delivery to our company of Common Shares and Preferred Shares as described under Principal Shareholders PT Option Agreement, we agreed to indemnify Pharol against any loss arising from (1) Pharol's contingent or absolute tax or anti-trust obligations in relation to the assets contributed to our company in the Oi capital increase in connection with which we acquired PT Portugal from Pharol in May 2014 and (2) Pharol's management activities, with reference to acts or triggering events occurring on or prior to May 5, 2014, excluding any losses incurred by Pharol as a result of the financial investments in the Rio Forte commercial paper and the acquisition of the Rio Forte commercial paper from Oi under the PT Exchange Agreement.

In the PTP Share Purchase Agreement under which we sold PT Portugal in the PT Portugal Disposition, we agreed to indemnify Altice Portugal for breaches of our representations and warranties under the PTP Share Purchase Agreement, subject to certain customary procedural and financial limitations. There can be no assurance that we will not be subject to significant claims under these indemnification provisions and if we are subject to such claims under these indemnification provisions, we could be required to pay significant amounts, which would have an adverse effect on our financial condition.

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We are subject to potential liabilities relating to our third-party service providers, which could have a material adverse effect on our business, financial condition and results of operations.

We are subject to potential liabilities relating to our third-party service providers in Brazil. Such potential liabilities may involve claims by employees of third-party service providers in Brazil directly against us as if we were the direct employer of such employees, as well as claims against us for secondary liability for, among other things, occupational hazards, wage parity or overtime pay, in the event that such third-party service providers fail to meet their obligations to their employees. We have not recorded any provisions for such claims, and significant judgments against us could have a material adverse effect on our business, financial condition and results of operations.

We are subject to delinquencies of our accounts receivables. If we are unable to limit payment delinquencies by our customers, or if delinquent payments by our customers increase, our financial condition and results of operations could be adversely affected.

Our business significantly depends on our customers' ability to pay their bills and comply with their obligations to us. During the nine-month period ended September 30, 2018, we recorded provisions for doubtful accounts in the amount of R\$939 million, or 5.6% of our net operating revenue, primarily due to subscribers' delinquencies. During 2017, we recorded provisions for doubtful accounts in the amount of R\$692 million, or 2.9% of our net operating revenue, primarily due to subscribers' delinquencies. As of September 30, 2018 and December 31, 2017, our provision for doubtful accounts was R\$1,742 million and R\$1,342 million, respectively.

ANATEL regulations prevent us from implementing certain policies that could have the effect of reducing delinquency of our customers in Brazil, such as service restrictions or limitations on the types of services provided based on a subscriber's credit record. If we are unable to successfully implement policies to limit delinquencies of our Brazilian subscribers or otherwise select our customers based on their credit records, persistent subscriber delinquencies and bad debt will continue to adversely affect our operating and financial results.

In addition, if the Brazilian economy declines due to, among other factors, a reduction in the level of economic activity, an increase in inflation or an increase in domestic interest rates, a greater portion of our customers may not be able to pay their bills on a timely basis, which would increase our provision for doubtful accounts and adversely affect our financial condition and results of operations.

We are dependent on key personnel and the ability to hire and retain additional personnel.

We believe that our success will depend on the continued services of our senior management team and other key personnel. Our management team is comprised of highly qualified professionals, with extensive experience in the telecommunications industry. The loss of the services of any of our senior management team or other key employees could adversely affect our business, financial condition and results of operations. We also depend on the ability of our senior management and key personnel to work effectively as a team.

Our future success also depends on our ability to identify, attract, hire, train, retain and motivate highly skilled technical, managerial, sales and marketing personnel. Competition for such personnel is intense, and we cannot guarantee that we will successfully attract, assimilate or retain a sufficient number of qualified personnel. Failure to retain and attract the necessary technical, managerial, sales and marketing and administrative personnel could adversely affect our business, financial condition and results of operations.

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Certain members of our management are subject to administrative proceedings in Brazil, which could lead to their removal from office.

In December 2018, we became aware that the Enforcement Office (*Superintendência de Processos Sancionadores*) and the Office of the Chief Counselor (*Procuradoria Federal Especializada*) of the CVM issued Reports in Punitive Administrative Proceedings proposing liability for certain persons, including Eurico de Jesus Teles Neto, our chief executive officer, and José Mauro Mettrau Carneiro da Cunha, a member of our board of directors, and other of our former directors, executive officers and former or current shareholders, for alleged violations of the Brazilian Corporate Law in connection with facts related to the corporate reorganization between Oi and Pharol, which was announced in October 2013, and subsequent acquisition capital increase, in which Pharol increased its holdings in our share capital, which was completed in May 2014. For more information about the corporate reorganization and the capital increase, see [Business History and Development](#) [Oi Capital Increase and Acquisition of PT Portugal](#).

If any such persons are found liable in these Punitive Administrative Proceedings, they will be subject to a penalty, which may vary from a warning to disqualification from acting as a member of the board of directors or board of executive officers of any publicly-held company in Brazil for a period of up to 20 years. We cannot predict when these Punitive Administrative Proceedings will be concluded.

The loss of the services of any of our senior management team could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Brazilian Operations

Our Residential Services business faces competition from mobile services and other fixed-line service providers, which may adversely affect our revenues and margins.

Our Residential Services business, which provides local and long-distance fixed-line voice, fixed-line data, or broadband, and subscription television, or Pay-TV, services to our residential customers, as well as bundles of these services together with mobile services, faces competition from:

mobile services, as reductions in interconnection tariffs, which have led to more robust mobile package offerings, have driven the traffic migration trend of fixed-to-mobile substitution;

other fixed-line voice service providers, primarily (1) Claro S.A. (a subsidiary of América Móvil S.A.B. de C.V., or América Móvil, one of the leading telecommunications service providers in Latin America), or Claro, which markets its fixed-line voice services under the brand name Embratel, and (2) Telefônica Brasil S.A. (a subsidiary of Telefónica S.A.), or Telefônica Brasil, the largest telecommunications operator in Brazil);

other broadband service providers, including (1) Claro, which markets its broadband services under the brand name Net, (2) Telefônica Brasil, and (3) smaller regional broadband services provider including Companhia Paranense de Energia Copel and Companhia Energética de Minas Gerais CEMIG; and

other Pay-TV service providers, including our primary competitors (1) SKY Brasil Serviços Ltda., or SKY, and (2) Claro, which markets its Pay-TV services under the Claro TV and Net brands.

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Based on information available from ANATEL, from December 31, 2012 to September 30, 2018, the number of fixed lines in service (including the number fixed lines provided to our Business-to-Business, or B2B, customers) in our service areas (all of Brazil other than the state of São Paulo) declined from 27.7 million to 24.4 million . As of September 30, 2018, based on information available from ANATEL, (1) we had a market share of 53.3% of the total fixed lines in service in Region I of Brazil and a market share of 49.4% of the total fixed lines in service in Region II of Brazil (in each case, including the fixed lines provided to our B2B customers); (2) Claro had a market share of 25.2% of the total fixed lines in service in Region I and a market share of 20.6% of the total fixed lines in service in Region II; and (3) Telefônica Brasil had a market share of 13.3% of the total fixed lines in service in Region I and a market share of 24.4% of the total fixed lines in service in Region II.

As a result of competition from mobile services, we expect (1) the number of our fixed lines in service to experience a slow decline, as some of our customers eliminate their fixed-line services in favor of mobile services, and (2) the use of existing fixed lines for making voice calls to decline, as customers replace fixed-line calls in favor of calls on mobile phones as a result of the emergence of all-net plans, which allow a customer to make calls to any fixed-line or mobile device of any operator for a flat monthly fee. The rate at which the number of fixed lines in service in our service areas, a large majority of which are used by our residential customers, may decline depends on many factors beyond our control, such as economic, social, technological and other developments in Brazil. Despite the recent deceleration of fixed line disconnections, because we derive a significant portion of our net operating revenue from our Residential Services business, the reduction in the number of our fixed lines in service has negatively affected and is likely to continue to negatively affect our net operating revenue and margins.

Our broadband services in Brazil face strong competition from Claro, Telefônica Brasil and small regional players, which had market shares of 24.0%, 15.6% and an aggregate 23.7%, respectively, for broadband services in Regions I and II of Brazil as of September 30, 2018, according to data from ANATEL. As of September 30, 2018, we had a market share of 29.9% for broadband services in Regions I and II of Brazil, according to data from ANATEL. Claro provides local fixed-line services to residential customers through its cable network in the portions of Regions I and II where it provides cable television and broadband services under the Net brand. Telefônica Brasil provides local fixed-line services through its own network and the assets it acquired from Vivendi S.A. when it acquired GVT Participações S.A. in 2015. The primary drivers of competition in the broadband industry are speed and price, with discounts typically offered in the form of bundled services. Claro and Telefônica Brasil each offer broadband services at higher speeds than ours and both offer integrated voice, broadband and subscription television services, typically as bundles, to the residential services market through a single network infrastructure. Future offerings by our competitors that are aggressively priced or that offer additional services could have an adverse effect on our net operating revenue and our results of operations.

The primary providers of Pay-TV services in the regions in which we provide residential services are SKY, which provides direct-to-home, or DTH, service, and Claro, which provides DTH service under the Claro TV brand and Pay-TV services using coaxial cable under the Net brand. We offer DTH services throughout the regions in which we provide residential services. Future changes in satellite technology may result in one of our competitors utilizing new satellites for DTH services that have higher capacities or better quality of service, which could adversely affect our net operating revenue and may adversely affect our results of operations.

Our primary competitors for residential services, Claro and Telefônica Brasil, are each controlled by multinational companies that may have more significant financial and marketing resources, and greater abilities to access capital on a timely basis and on more favorable terms, than our company. In addition, we compete in our service areas with smaller companies that have been authorized by ANATEL to provide local fixed-line services. Increased competition from these small, regional companies may require us to increase our marketing expenses and our capital expenditures, which would lead to a decrease in our profitability. For a more information about our competition in the residential

services market in Brazil, see Business Competition Residential Services .

Table of Contents***Our Personal Mobility Services business faces strong competition from fixed-line service providers other mobile services providers and internet data providers, which may adversely affect our revenues and margins.***

The mobile services market in Brazil is extremely competitive. Our Personal Mobility Services business, which provides post-paid and pre-paid mobile voice services and post-paid and pre-paid mobile data communications services, faces competition from large competitors such as (1) TIM Participações S.A., or TIM, (2) Claro and (3) Telefônica Brasil, which markets its mobile services under the brand name Vivo. As of September 30, 2018, based on information regarding the total number of subscribers as of that date available from ANATEL, we had a market share of 16.6% of the total number of mobile subscribers (including subscribers in our B2B Services business), ranking behind Telefônica Brasil with 31.8%, Claro with 25.2% and TIM with 24.0%. Telefônica Brasil, Claro and TIM are each controlled by multinational companies that may have more significant financial and marketing resources, and greater abilities to access capital on a timely basis and on more favorable terms, than our company.

Our ability to generate revenues from our Personal Mobility Services business depends on our ability to continue to maintain or increase the average revenue per unit, or ARPU, generated by our customer base, retain or increase the size of our customer base, improve the perception of the quality of our services and encourage the migration of our customers to our UMTS (Universal Mobile Telecommunications System), or 3G, and our LTE (Long Term Evolution), or 4G, networks through our offers of attractive data packages that take advantage of the structural shift from voice to data usage. The recent trend towards SIM card consolidation, reversing the trend of customers using multiple SIM cards to participate in on-net calling plans and the demand for more aggressive data packages in the pre-paid market may result in a decline in the size of our customer base. The increased use of instant internet messaging and Voice over Internet Protocol, or VoIP, services on smartphone applications such as WhatsApp may result in a migration from voice to data services, which could have an adverse effect on the size and profitability of our customer base. Acquiring each additional personal mobility customer entails costs, including sales commissions and marketing costs. Recovering these costs depends on our ability to retain such customers. Therefore, high rates of customer churn could have a material adverse effect on the profitability of our Personal Mobility Services business. During the nine-month period ended September 30, 2018 and the year ended December 31, 2017, the average monthly churn rate of our Personal Mobility Services business was 3.9% and 4.1% per month, respectively.

We have experienced increased pressure to reduce our mobile rates in response to pricing competition. This pricing competition has taken the form unlimited voice plans or special promotional packages, which may include, among other things, traffic usage promotions. We no longer offer handset subsidies for new customers, and competing with the service plans and promotions offered by our competitors may cause an increase in our marketing expenses and customer-acquisition costs, which has adversely affected our results of operations during some periods in the past and could continue to adversely affect our results of operations. Our inability to compete effectively with these packages could result in our loss of market share and adversely affect our net operating revenue and profitability. For more information about our competition in the personal mobility services market in Brazil, see

Business Competition Personal Mobility Services .

Our B2B Services business faces strong competition from other mobile, fixed-line and information technology services providers, which may adversely affect our revenues and margins.

Our B2B Services business provides a la carte and bundled fixed-line voice and data services, mobile voice and data services and information technology services to our small- and medium-sized enterprise, or SME, customers and our corporate (including government) customers, as well as interconnection, network usage and traffic transportation services to other telecommunications providers, which we refer to as our wholesale business. The competition risks relating to the fixed-line and mobile services we provide to our SME and corporate customers are similar to those relating to the fixed-line and mobile services we provide to our residential and personal mobility customers,

respectively.

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The Brazilian recession has had a significant negative effect on our operating revenue and margins as SMEs generally, including our customers, have reduced the size of their businesses and in some cases ceased operations, and a number of our Corporate customers have reduced their telecommunications spending as part of their overall cost-cutting efforts. Because we derive a significant portion of our net operating revenue from our B2B Services business, the loss of a significant number of SME and corporate customers would adversely affect our net operating revenue and may adversely affect our results of operations. For more information about our competition in the B2B market in Brazil, see [Business Operations in Brazil Competition B2B Services](#) .

Our long-distance services in Brazil face significant competition, which may adversely affect our revenues.

In Brazil, unlike in the United States and elsewhere, a caller chooses its preferred long-distance carrier for each long-distance call, whether originated from a fixed-line telephone or a mobile handset, by dialing such carrier's long-distance carrier selection code (*Código de Seleção de Prestadora*). The long-distance services market in Brazil has become less competitive as a result of ongoing reductions in the interconnection rates, as mandated by ANATEL. The proliferation of all-net service plans, particularly for mobile services, offers unlimited long-distance calls and data combination plans that have reduced the relevance of long-distance services for mobile services. As a result, competition for long-distance services in Brazil is limited to fixed-line voice services. We compete with Telefônica Brasil, which is the incumbent fixed-line service provider in the State of São Paulo. Competition in the Brazilian fixed-line long-distance market may require us to increase our marketing expenses and/or provide services at lower rates than those we currently expect to charge for such services. Competition in the Brazilian fixed-line long-distance market has had and could continue to have a material adverse effect on our revenues and margins.

The Brazilian telecommunications industry is highly regulated. Changes to these regulations have and may continue to adversely impact our business.

The Brazilian telecommunications industry is highly regulated by ANATEL. ANATEL regulates, among other things, rates, quality of service and universal service goals, as well as competition among telecommunications service providers. Changes in laws and regulations, grants of new concessions, authorizations or licenses or the imposition of additional universal service obligations, among other factors, may adversely affect our business, financial condition and results of operations. For more information, see [Business Regulation of the Brazilian Telecommunications Industry](#) .

For example, in November 2012, ANATEL approved the General Plan on Competition Targets (*Plano Geral de Metas de Competição*), which includes criteria for the evaluation of telecommunications providers to determine which providers have significant market power, regulations applicable to the wholesale markets for trunk lines, backhaul, access to internet backbone and interconnection services, and regulations related to partial unbundling and/or full unbundling of the local fixed-line networks of public regime service providers. The General Plan on Competition Targets was updated in July 2018. For more information, see [Business Regulation of the Brazilian Telecommunications Industry Other Regulatory Matters General Plan on Competition Targets](#) . We have been classified by ANATEL as a company with significant market power in certain markets, as a result of which we are subject to increased regulation in areas such as fixed-line and mobile infrastructure sharing and mobile interconnection rates. In 2014 ANATEL approved rules under which interconnection rates we are able to charge for the use of our mobile networks would be reduced between 2016 and 2019. As a result, the mobile interconnection rates for Regions I, II and III declined by 47.1%, 47.7% and 39.2%, respectively, in each of February 2017 and 2018, and they will decline by the same percentages in February 2019. ANATEL has also set the interconnections rates we are able to charge for the use of our fixed-line networks, which have declined between 20.9% and 57.3% in each of February 2017 and 2018 and will continue to decline by the same percentages in February 2019. For more information, see [Business Rates Network Usage \(Interconnection\) Rates](#) . These regulations have had and will continue to have adverse

effects on our revenues, although as a result of reductions in our costs and expenses for these services that we acquire from other telecommunications providers, we cannot predict with certainty the effects that these regulations will have on our results of operations.

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In December 2016, legislation was introduced in the Brazilian Congress, which we refer to as PLC 79, to substantially amend certain features of the current regulatory framework of the Brazilian telecommunications industry. For more information about PLC 79, see [Business Regulation of the Brazilian Telecommunications Industry Concessions and Authorizations Other Regulatory Matters New Regulatory Framework](#) . PLC 79 has faced political gridlock in the Brazilian Congress and has not yet been passed, and we cannot predict whether this legislation will ultimately be adopted by the Brazilian Congress and executed by the President or will be adopted as proposed. Furthermore, should this legislation be adopted, many of its provisions would only have effects on our business following a rule-making procedure by ANATEL to implement the modifications to the regulatory scheme. We cannot predict the form of these new regulations or the time required for ANATEL to propose or adopt these regulations. Therefore, we are unable to predict with any certainty the effects of this legislation on our company, if adopted.

We cannot predict whether ANATEL, the Brazilian Ministry of Science Technology, Innovation and Communication (*Ministério da Ciência, Tecnologia, Inovação e Comunicação*), or the Brazilian Ministry of Communication, or the Brazilian government will adopt these or other telecommunications sector policies in the future or the consequences of such policies on our business or the business of our competitors. In the event that any modification of the regulatory scheme or new regulations applicable to our company are adopted that increase the costs of compliance to our company, whether through capital expenditure requirements, increased service requirements, increased costs for renewal of our authorizations and licenses, increased exposure to regulatory penalties or otherwise, these modifications and regulations could have a material adverse effect on our business, financial condition and results of operations.

Our local fixed-line and domestic long-distance concession agreements in Brazil are subject to periodic modifications by ANATEL and we cannot assure you that the modifications to these concession agreements will not have adverse effects on our company.

We provide fixed-line telecommunications services in our Brazilian service areas pursuant to concession agreements with the Brazilian government. These concession agreements expire on December 31, 2025, and may be amended by the parties every five years prior to the expiration date. In connection with each five-year amendment, ANATEL has the right, following public consultations, to impose new terms and conditions in response to changes in technology, competition in the marketplace and domestic and international economic conditions.

Our obligations under our concession agreements may be subject to revision in connection with each future amendment. Our concession agreements were last amended in 2011. In 2014, ANATEL held a public comment period for the 2015 revision of the terms of our concession agreements and met regularly with us throughout 2015 to discuss possible amendments, and in 2016 the Brazilian Ministry of Communication issued an ordinance addressing guidelines for the establishment of a new regulatory framework for telecommunications, in line with the provisions of PLC 79. Despite these efforts, our concession agreements have not yet been amended, as a result of the Brazilian Congress's failure to date to pass PLC 79, passage of which is required to provide the necessary legal authority for ANATEL to implement the proposed changes to our concession agreements. Further discussions regarding amendments to our concession agreements have halted pending resolution of PLC 79. Under their existing terms, our concession agreements may be amended by December 2020 at the latest. If PLC 79 is not passed, our concession agreements will expire in 2025 without the possibility of renewal. For more information about our concession agreements, see [Business Concessions, Authorizations and Licenses Fixed-Line and Domestic Long-Distance Services Concession Agreements](#) .

In connection with the consideration of revisions to the concession agreements under the public regime, in January 2017, ANATEL proposed revisions to the terms of the General Plan of Grants (*Plano Geral de Outorgas*), in line with the provisions of PLC 79. However, as a result of the legislative gridlock faced by PLC 79, ANATEL has halted

implementation of the General Plan of Grants. For more information about PLC 79 and ANATEL's proposed revisions to the terms of the General Plan of Grants, see [Business Regulation of the Brazilian Telecommunications Industry - Other Regulatory Matters - New Regulatory Framework](#) .

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We cannot assure you that any future amendments to our concession agreements or the General Plan of Grants will not impose requirements on our company that will require us to undertake significant capital expenditures or will not modify the rate-setting procedures applicable to us in a manner that will significantly reduce the net operating revenue that we generate from our Brazilian fixed-line businesses. If the amendments to our Brazilian concession agreements have these effects, our business, financial condition and results of operations could be materially adversely affected.

Our local fixed-line and domestic long-distance concession agreements expire on December 31, 2025 and we cannot assure you that our bids for new concessions upon the expiration of our existing concessions will be successful or that the pending expiration of these concessions will not have adverse effects on our ability to finance our operations.

Our concession agreements will expire on December 31, 2025. We expect the Brazilian government to offer new concessions in competitive auctions prior to the expiration of our existing concession agreements. We may participate in such auctions, but our existing fixed-line and domestic long-distance concession agreements will not entitle us to preferential treatment in these auctions. If we do not secure concessions for our existing service areas in any future auctions, or if such concessions are on less favorable terms than our current concessions, our business, financial condition and results of operations would be materially adversely affected. In addition, based on the current scheduled expiration of our concession agreements and the uncertainty that the terms of these concessions will be extended, investors may be unwilling to make investments in our company on terms that are attractive to our company, or at all. Our inability to raise capital in the equity or debt markets on favorable terms, or at all, could have a materially adverse effect on our business, financial condition and results of operations.

Our local fixed-line and domestic long-distance concession agreements in Brazil, as well as our authorizations to provide personal mobile services in Brazil, contain certain obligations, and our failure to comply with these obligations may result in various fines and penalties being imposed on us by ANATEL.

Our local fixed-line and domestic long-distance concession agreements in Brazil contain terms reflecting the General Plan of Universal Service Goals, the General Plan of Quality Goals (*Plano Geral de Metas de Qualidade*) and other regulations adopted by ANATEL, the terms of which could affect our financial condition and results of operations. Our local fixed-line concession agreements in Brazil also require us to meet certain network expansion, quality of service and modernization obligations in each of the Brazilian states in our service areas. In the event of noncompliance with ANATEL targets in any one of these states, ANATEL can establish a deadline for achieving the targeted level of such service, impose penalties and, in extreme situations, terminate the applicable concession agreement for noncompliance with our quality and universal service obligations. See [Business Regulation of the Brazilian Telecommunications Industry Regulation of Fixed-Line Services](#) .

In addition, our authorizations to provide personal mobile services contain certain obligations requiring us to meet network scope and quality of service targets. If we fail to meet these obligations, we may be fined by ANATEL until we are in full compliance with our obligations and, in extreme circumstances, our authorizations could be revoked by ANATEL. See [Business Regulation of the Brazilian Telecommunications Industry Regulation of Mobile Services Obligations of Personal Mobile Services Providers](#) .

On an almost weekly basis, we receive inquiries from ANATEL requiring information from us on our compliance with the various service obligations imposed on us by our concession agreements. If we are unable to respond satisfactorily to those inquiries or comply with our service obligations under our concession agreements, ANATEL may commence administrative proceedings in connection with such noncompliance. We have received numerous notices of commencement of administrative proceedings from ANATEL, mostly due to our inability to achieve certain targets established in the General Plan on Quality Goals and the General Plan of Universal Service Goals.

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At the time that ANATEL notifies us it believes that we have failed to comply with our obligations, we evaluate the claim and, based on our assessment of the probability of loss relating to that claim, may establish a provision. We vigorously contest a substantial number of the assessments made against us. As a result of the commencement of the RJ Proceedings, our contingencies related to claims of ANATEL were reclassified liabilities subject to compromise and were measure as required by ASC 852. As of December 31, 2017, our prepetition liabilities subject to compromise included R\$9,334 million related with claims of ANATEL. As a result of the effectiveness of the RJ Plan on February 5, 2018, the contingencies related to these claims will be paid according to terms of the RJ Plan and were reclassified as current and non-current Provisions for contingencies on our consolidated statement of financial position.

By operation of the RJ Plan and the Brazilian Confirmation Order (provided that the Brazilian Confirmation Order is not overturned or altered as a result of the pending appeals filed against it), the claim for these contingent obligations has been novated and discharged under Brazilian law and ANATEL is entitled only to receive the recovery set forth in the RJ Plan in exchange for these contingent claims in accordance with the terms and conditions of the RJ Plan. For more information regarding the recoveries to which ANATEL is entitled under the RJ Plan, see Business Our Judicial Reorganization Proceedings Implementation of the Judicial Reorganization Plan Settlement of Class III Claims ANATEL.

We may be unable to implement our plans to expand and enhance our existing networks in Brazil in a timely manner or without unanticipated costs, which could hinder or prevent the successful implementation of our business plan and result in revenues and net income being less than expected.

Our ability to achieve our strategic objectives depends in large part on the successful, timely and cost-effective implementation of our plans to expand and enhance our networks in Brazil. Factors that could affect this implementation include:

our ability to generate cash flow or to obtain future financing necessary to implement our projects;

delays in the delivery of telecommunications equipment by our vendors;

the failure of the telecommunications equipment supplied by our vendors to comply with the expected capabilities;

the failure to obtain licenses necessary for our projects; and

delays resulting from the failure of third-party suppliers or contractors to meet their obligations in a timely and cost-effective manner.

Although we believe that our cost estimates and implementation schedule are reasonable, we cannot assure you that the actual costs or time required to complete the implementation of these projects will not substantially exceed our current estimates. Any significant cost overrun or delay could hinder or prevent the successful implementation of our business plan and result in revenues and net income being less than expected.

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Certain key inputs are subject to risks related to importation, and we acquire other key inputs from a limited number of domestic suppliers, which may further limit our ability to acquire such inputs in a timely and cost effective manner.

The high growth in data markets in general and broadband in particular may result in a limited supply of equipment essential for the provision of such services, such as data transmission equipment and modems. The restrictions on the number of manufacturers imposed by the Brazilian government for certain inputs, mainly data transmission equipment and modems, and the geographical locations of non-Brazilian manufacturers of these inputs, pose certain risks, including:

vulnerability to currency fluctuations in cases where inputs are imported and paid for with U.S. dollars, Euros or other non-Brazilian currency;

difficulties in managing inventory due to an inability to accurately forecast the domestic availability of certain inputs; and

the imposition of customs or other duties on key inputs that are imported.

If any of these risks materialize, they may result in our inability to provide services to our customers in a timely manner or may affect the prices of our services, which may have an adverse effect on our business, financial condition and results of operations.

We make investments based on demand forecasts that may become inaccurate due to economic volatility and may result in revenues that lower than expected.

We make certain investments, such as the procurement of materials and the development of physical sites, based on our forecasts of the amount of demand that customers will have for our services at a later date (generally several months later). However, any major changes in the Brazilian economic scenario may affect this demand and therefore our forecasts may turn out to be inaccurate. For example, economic crises may restrict credit to the population, and uncertainties relating to employment may result in a delay in the decision to acquire new products or services. As a result, it is possible that we may make larger investments based on demand forecasts than were necessary given actual demand at the relevant time, which may directly affect our cash flow.

Furthermore, improvements in economic conditions may have the opposite effect. For example, an increase in demand not accompanied by our investment in improved infrastructure may result in a possible loss of opportunity to increase our revenue or result in the degradation of the quality of our services.

We may be unable to respond to the recent trend towards consolidation in the Brazilian telecommunications market.

The Brazilian telecommunications market has been subject to consolidation. Mergers and acquisitions may change market dynamics, create competitive pressures, force small competitors to find partners and impact our financial condition; and may require us to adjust our operations, marketing strategies (including promotions), and product portfolio. For example, in March 2015, Telefónica S.A. acquired from Vivendi S.A., all of the shares of GVT Participações S.A., the controlling shareholder of Global Village Telecom S.A. This acquisition increased Telefónica's

share of the Brazilian telecommunications market, and we believe such trend is likely to continue in the industry as players continue to consolidate. Additional joint ventures, mergers and acquisitions among telecommunications service providers are possible in the future. If such consolidation occurs, it may result in increased competition within our market. We may be unable to adequately respond to pricing pressures resulting from consolidation in our market, adversely affecting our business, financial condition and results of operations. We may also consider engaging in merger or acquisition activity in response to changes in the competitive environment, which could divert resources away from other aspects of our business.

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Companies in the Brazilian telecommunication industry, including us, may be harmed by restrictions regarding the installation of new antennas for mobile services.

Currently, there are approximately 250 municipal laws in Brazil that limit the installation of new antennas for mobile service, which has been a barrier to the ex