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**CONSOLIDATED JUDICIAL REORGANIZATION PLAN OF**

OI S.A. – UNDER JUDICIAL REORGANIZATION

TELEMAR NORTE LESTE S.A. – UNDER JUDICIAL REORGANIZATION

OI MÓVEL S.A. – UNDER JUDICIAL REORGANIZATION

COPART 4 PARTICIPAÇÕES S.A. – UNDER JUDICIAL REORGANIZATION

COPART 5 PARTICIPAÇÕES S.A. – UNDER JUDICIAL REORGANIZATION

PORTUGAL TELECOM INTERNATIONAL FINANCE BV – UNDER JUDICIAL REORGANIZATION

OI BRASIL HOLDINGS COÖPERATIEF UA – UNDER JUDICIAL REORGANIZATION

September 05, 2016

**OI S.A. – under Judicial Reorganization** (“OI”), a publicly held corporation, registered for corporate tax under No. 76.535.764/0001-43, with headquarters and principal place of business at Rua do Lavradio No. 71, Center, Rio de Janeiro – RJ, CEP 20230-070; **TELEMAR NORTE LESTE S.A. – under Judicial Reorganization** (“TELEMAR”), a privately held corporation, registered for corporate tax under No. 33.000.118/0001-79, with headquarters and principal place of business at Rua do Lavradio No. 71, Center, Rio de Janeiro – RJ, CEP 20230-070; **OI MÓVEL S.A. – under Judicial Reorganization** (“OI MÓVEL”), a privately held corporation, registered for corporate tax under No. 05.423.963/0001-11, with headquarters and principal place of business in the Commercial Sector North, Quadra 3, Bloco A, Edifício Estação Telefônica, ground floor (part 2), Brasília – DF, CEP 70.713-900; **COPART 4 PARTICIPAÇÕES S.A. – under Judicial Reorganization** (“COPART 4”), a privately held corporation, registered for corporate tax under No. 12.253.691/0001-14, with headquarters and principal place of business at Rua General Polidoro No. 99, 4<sup>th</sup> floor, part, Botafogo, Rio de Janeiro-RJ, CEP 22280-004; **COPART 5 PARTICIPAÇÕES S.A. – under Judicial Reorganization** (“COPART 5”), a privately held corporation, registered for corporate tax under No. 12.278.083/0001-64, with headquarters and principal place of business at Rua General Polidoro No. 99, 5<sup>th</sup> floor, part, Botafogo, Rio de Janeiro-RJ, CEP 22280-004; **PORTUGAL TELECOM INTERNATIONAL FINANCE B.V. – under Judicial Reorganization** (“PTIF”), a private law legal entity organized under the laws of the Netherlands, with headquarters in Amsterdam, Naritaweg 165, 1043 BW, and principal place of business in this city of Rio de Janeiro; and **OI BRASIL HOLDINGS COÖPERATIEF U.A. – under Judicial Reorganization** (“OI COOP”), a private law legal entity organized under the laws of the Netherlands, registered for corporate tax under No. 16.770.090/0001-30, with headquarters in Amsterdam, Schiphol Boulevard 231, B tower, 5<sup>th</sup> floor, 1118 BH Schiphol and principal place of business in this city of Rio de Janeiro (and OI, TELEMAR, OI MÓVEL, COPART 4, COPART 5, PTIF and OI COOP together hereinafter referred to as “Oi Group” or “COMPANIES UNDER REORGANIZATION”), submit, in the records of the judicial reorganization case No. 0203711-65.2016.8.19.001, in progress before the 7<sup>th</sup> Business Court of the Court District of Rio de Janeiro Capital (“Judicial Reorganization”), pursuant to the provisions of art. 53 of Law No. 11.101/2005 (“LFR”), this joint judicial reorganization plan (“Plan” or “JRP”), under the following terms and conditions:

## 1. DEFINITIONS AND RULES OF INTERPRETATION

1.1. **Definitions.** The terms and expressions used in this Plan in capital letters shall have the meanings assigned to them in **Annex 1.1**.

### 1.2. **Rules of Interpretation.**

1.2.1. The Plan should be read and construed in accordance with the rules set forth in this **Clause 1** and its annexes.

1.2.2. Where the context requires it, the definitions contained herein will be applied in both the singular and the plural and the masculine gender will include the feminine and vice versa.

1.2.3. The headings and titles of the clauses herein are only for information purposes and will not limit or affect the meaning of the clauses, paragraphs or items to which they apply.

1.2.4. Unless expressly specified otherwise herein, the annexes and documents mentioned in this Plan are integral parts of the plan for all legal purposes and their contents are binding. References to any documents or other instruments include all their amendments, substitutions and consolidations and respective additions, unless expressly stated otherwise in the Plan.

1.2.5. Unless expressly specified otherwise herein, references to chapters, clauses, items, or annexes apply to the chapters, clauses, items, and annexes herein.

1.2.6. Pursuant to applicable law, except in cases expressly specified otherwise herein, all references to the COMPANIES UNDER REORGANIZATION should be construed in order to include the legal entities that succeed them in their obligations due to the corporate reorganization set out herein.

- 1.2.7.** The use of the terms “inclusive,” “including” and similar terms herein followed by any statement, term or generic matter shall not be construed to limit such statement, term or matter to the specific items or matters inserted immediately after that word—as well as to similar items or matters—and should instead be considered as a reference to all the other items or matters that could reasonably be included in the broadest possible scope of such a statement, term or matter, and such terms shall always be interpreted as if they were accompanied by the phrase “as an example.”
- 1.2.8.** References to legal provisions and laws shall be construed as references to such legal provisions and laws as are in effect on the date of this Plan or on the date specifically determined by the context.
- 1.2.9.** All the deadlines set out herein shall be calculated as provided for in art. 132 of the Civil Code, excluding the initial day and including the due day, and if the due day falls on a non-Business Day, it will be extended, automatically, to the first Business Day thereafter.
- 1.2.10.** Except as otherwise expressly set forth herein: (a) in the event of a conflict between clauses of this Plan, the clause containing specific provisions shall prevail over the one which contains general provisions; (b) in the event of a conflict between provisions of the annexes and/or the documents mentioned herein and the provisions of this Plan, the Plan shall prevail; and (c) in the event of a conflict between the provisions herein and obligations under any contracts entered into by the COMPANIES UNDER REORGANIZATION and/or their Affiliates prior to the Application Date, the Plan shall prevail.

## 2. GENERAL CONSIDERATIONS

**2.1. THE OI GROUP and its Operations.** The OI GROUP started its activities with the rendering of fixed telephony services, but over the years, accompanying technological cycles and market demand, it expanded its operations also into the areas of mobile telephony, Internet, and pay television, among others.

Currently, the COMPANIES UNDER REORGANIZATION provide telecommunications services in an integrated manner under a single brand—"Oi"—offering a range of convergent products, for both fixed and mobile telephony. The OI GROUP is now the largest fixed line telephone service provider in Brazil (and one of the largest in Latin America), with 14.9 million lines in service in operation, representing a market share of 34.4% of the entire country, serving homes, companies and public telephony. Moreover, it is one of the largest conglomerates in the mobile telephony segment, with a market share of 18.52% in this sector.

The OI GROUP's operations also cover fixed and mobile broadband services, Wi-Fi, TV and public telephony, and its strategy of offering convergent services in an integrated manner is proving successful and necessary, considering that it increases users loyalty.

The OI GROUP is also the exclusive provider of telephony and data communication services to 100% of the army units stationed on Brazil's land borders, in addition to operating the telecommunications system of the Comandante Ferraz station in Antarctica, under an agreement with the Navy Ministry.

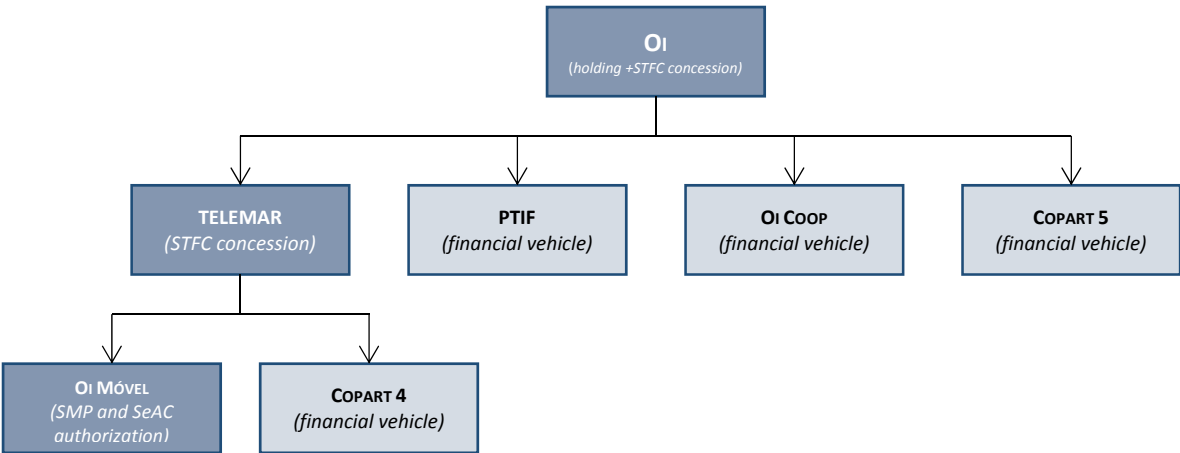
The social importance of the OI GROUP is reflected in the significant figures related to tax revenues and job creation; from just 2013 to 2016, the OI GROUP paid more than BRL 30 billion to the government treasury, and it is currently responsible for more than 138,300 direct and indirect jobs in Brazil. Furthermore, the Oi Group (i) is engaged in social initiatives and social projects, such as "Oi Futuro," a social responsibility institute established in 2001, with projects in the areas of education, sustainability, sport and culture, as well as (ii) participating in the implementation of public policies such as the National Broadband Plan and Broadband in Schools.

Additionally, the OI GROUP enables the electronic counting of votes in municipal and state elections held in the country, providing the integration of information coming from the 2,238 zones and 12,969 polling stations of the Regional Electoral Courts of 21 states of the federation, which allows the transmission of such information to the Superior Electoral Court.

OI GROUP's operations are concentrated in Regions I, II and III of the General Plan of Concessions (described in the application for Judicial Reorganization), and all the telecommunications services depend on a prior concession from ANATEL, either through concessions, authorizations, licenses or registrations.

In short, the OI GROUP is one of the largest business conglomerates in the country, present in all 5,570 Brazilian municipalities and serves over 69 million customers. In this context, the importance of the OI GROUP is beyond question, not only for the Brazilian telecommunications system, but also and especially for the population at a national level, thus making its recuperation and preservation essential.

**2.2. Structure of the OI GROUP.** The corporate structure of the OI GROUP is shown in the organizational chart below:



As highlighted in the application for Judicial Reorganization, the activities of the OI GROUP are carried out in a coordinated manner and under the single corporate, operational, financial, administrative and management control of OI, which acts as the group's holding entity (in addition to holding the concession for "Fixed-line Telephone Service" – STFC in Region II) and whose shares are listed on the BM&FBovespa and the NYSE (in the latter case, traded under the ADR format).

OI MÓVEL and COPART 4 are wholly-owned subsidiaries of TELEMAR which, in turn, like PTIF, OI COOP, and COPART 5, is a wholly-owned subsidiary of the parent company OI.

The fixed-line operations are performed by TELEMAR, the concessionaire of the public service in question, while the provision of cable TV services is the responsibility of OI MÓVEL, a subsidiary of TELEMAR, which also holds the authorization for the operation of mobile telephony services.

PTIF, OI COOP, COPART 4, and COPART 5, in their turn, are investment entities of the OI GROUP. The first two entities, incorporated under the laws of the Netherlands, act as extensions of the OI GROUP to raise funds on the international market, which are used, through loans, to finance activities in Brazil—a structure frequently utilized by a number of Brazilian conglomerates. The latter two are owners of some of the major real estate properties leased to the OI GROUP in the State of Rio de Janeiro.

**2.3. Reasons for the Crisis.** The current financial situation of the OI GROUP is the result of a number of factors. The worsening of the financial situation of the OI GROUP was aggravated by the retention of a significant amount of resources in judicial deposits arising from litigation in the regulatory, labor, tax, and civil areas, with immediate impact on OI GROUP's liquidity, and the imposition of significant administrative fines, particularly by ANATEL.

The change in consumption patterns of telecommunications services due to technological developments further aggravated this scenario of financial difficulty. With the widespread offers of mobile telephony, cable TV and internet services, the attractiveness of fixed-line telephony service declined, resulting in a reduction in the OI GROUP's subscriber base in this segment.



Nevertheless, the level of the goals and targets related to the obligations to universalize fixed-line telephone service (consolidated in the General Plan of Universal Service Goals (*Plano Geral de Metas de Universalização*), as provided for in the General Telecommunications Act) has remained stable since 1998, the year in which the concession agreements currently in force were executed. Therefore, in the context of these universalization obligations, the OI GROUP is required to undertake heavy investments in certain regions and remote locations with low population density and low-income populations, earning, as a result, a low financial return when compared to the regulatory requirement for such investments.

As an example of this imbalance between the obligations imposed on the COMPANIES UNDER REORGANIZATION within the context of the universal service requirements *vis-à-vis* its financial counterpart, the figures for the public telephones (popularly known as “orelhões”) are striking: the OI GROUP currently operates about 651,000 (six hundred and fifty-one thousand) payphones throughout Brazil (except for São Paulo), at an annual cost of approximately BRL 300,000,000.00 (three hundred million reais), while the annual revenue generated by such public telephones is only BRL 7,000,000.00 (seven million reais) (with a further decrease of 96% between 2009 and 2015).

Added to this is the fact that the costs for fundraising by the OI GROUP—given the high domestic interest rates and the need and cost of currency hedging for foreign funding—are higher than the fundraising costs of its direct competitors, who are international players, which also contributed to the deterioration of the OI GROUP’s financial situation.

Further, it is clear that the country’s economic situation has been deteriorating in recent years, directly impacting the operations performed by the OI GROUP and negatively affecting its liquidity. In addition to this, the profile of the market segment served by the fixed-line telephone operators that are the competitors of the COMPANIES UNDER REORGANIZATION is more homogeneous and the economic power of its members is materially higher than those served by the OI GROUP in its area of operation (larger and more heterogeneous than the operating area of its competitors).

The combination of these factors made it impossible to comply with various obligations, in particular those assumed as a result of financial loan transactions and fundraising through the issuance of bonds and debentures, whose balances represent the greater part of the OI GROUP's current debt, culminating in the petition for Judicial Reorganization.

**2.4. Prior Measures Adopted.** Since the first signs of deterioration of its financial health, the OI GROUP has been working together with outside financial and legal advisors in Brazil and abroad to assist it in the negotiation process with creditors and evaluation of viable alternatives for its recovery.

In recent months, the OI GROUP has implemented an internal restructuring project—called “Transformation Plan”—comprising more than 370 initiatives, with the vast majority already executed or in progress, which, in general, aim to increase market share and productivity, to reduce costs and expenses, and to bolster operational efficiency.

**2.5. Reasons for the Joint Plan.** The OI GROUP consists of companies which, although legally independent with their own assets and legal personalities, share a significant economic and operational interconnection that derives, in particular, from the interdependence and complementarity of the activities and services they provide.

Management, administrative and financial decisions of the OI GROUP emanate from the parent company, OI. Further, the organization and internal and corporate processes of the OI GROUP are also integrated and completely unified.

In addition to this single and consolidated management of the convergent and integrated activities, the COMPANIES UNDER REORGANIZATION have a close economic relationship by virtue of contracts, guarantees and obligations that bind them and make them financially dependent upon one other.

In this regard, the operational center from which remote monitoring is performed of the entire OI GROUP network is located in properties owned by COPART 4 and COPART 5 and leased to the OI GROUP.

From a commercial perspective, OI, TELEMAR, and OI MÓVEL share the same physical and logistics infrastructure, using “multiservice” networks that carry communications and data related to different concessions of the OI GROUP (fixed-line and mobile telephony, internet, and television signal). This business model—that consists of a consolidated practice in the telecommunications industry—allows the OI GROUP to offer and sell various integrated package plans that include convergent services under the single brand “Oi,” which bolsters user loyalty and reduces the consumer disconnection rate for each of the contracted services. Therefore, most of the operating assets are dedicated to the provision of varied services, which would turn unfeasible to make a separation according to the owner company.

In addition to the direct operational and commercial link, the COMPANIES UNDER REORGANIZATION have a strong and interconnected legal, economic and financial relationship between themselves, in view of the intercompany loan and debt agreements signed by OI, TELEMAR and OI MÓVEL with financial institutions, and moreover having many guarantees granted by one group company in favor of another. Among other operations that resulted from this interconnection between the COMPANIES UNDER REORGANIZATION, the following should be highlighted: (i) the issuance of bonds on the international market (debt securities) by PTIF and OI COOP, figuring OI as full guarantor in such operations, as well as the issuance on the international market of bonds by OI, with TELEMAR figuring as guarantor of some series of such bonds; and (ii) the issuance by COPART 4 and COPART 5 of Certificates of Real Estate Receivables (*Certificados de Recebíveis Imobiliários*) backed by receivables corresponding to the rents of the properties leased to OI and TELEMAR, with OI as the debtor and TELEMAR as the guarantor in the agreement with COPART 5.

The OI GROUP needs an overall solution with its creditors and relevant public and market agents. To analyze the Judicial Reorganization in an isolated or individual manner for each of the companies will not give a clear view of the OI GROUP’s debt, considering the business model adopted, the integration and convergence in the rendering of telecommunications services, the many cross-guarantees, and the consolidation of corporate, operational, financial, administrative and management control in OI.

Moreover, to assume that some of the OI GROUP entities may not recover while others are reorganized is to ignore the harmful consequence that, in light of the legal and practical complexities that the failure of one of the companies could create, would hinder the remaining actions set out in this Plan and in the petition for Judicial Reorganization.

Therefore, the failure to adopt a single proposal that provides a joint and coordinated solution to the economic and financial crisis of the COMPANIES UNDER REORGANIZATION carries a high risk that the desired Judicial Reorganization will be frustrated with obvious harm to the creditors and other stakeholders (including social ones) that surround them, all interested in finding a solution to the present situation (government, investors, financial institutions, employees, suppliers, consumers, etc.).

**2.6. Economic/Financial and Operating Viability of the OI GROUP.** Despite the difficulties and other factors that affect the OI GROUP, culminating in the petition for Judicial Reorganization, the current financial situation is temporary and transient, as the OI GROUP, given its economic size, has all the necessary conditions to reverse it.

The activities performed by the COMPANIES UNDER REORGANIZATION are profitable and viable, generating annually for the OI GROUP a gross income of BRL 40 billion and net income of approximately BRL 27 billion. Moreover, recent events reinforce the conclusion as to the profitability of the activities of the COMPANIES UNDER REORGANIZATION and the viability of the OI GROUP. The launch of the new brand “Oi” has already seen, to date, (i) the growth in sales of the new “Oi Total” plans, (ii) a significant increase of the so-called RGU (revenue generator unit, equivalent to each service contracted), (iii) an increase in operational efficiency, and (iv) a fall in the rate of service disconnections.

Moreover, it is public knowledge that discussions are at an advanced stage between ANATEL and the Ministry of Communications to change the regulatory environment which may result in transformation of the concessions into authorizations and in a change of the legal regime of reversible assets, relieving the concessionaires of many of their obligations and making them more competitive compared to competitors that operate under the authorization regime. There are, furthermore, bills of law in advanced stages precisely focused on lending greater security to the change in the model that would benefit all the concessionaires and not only those linked to the OI GROUP. Such changes will have a positive impact on the situation of the COMPANIES UNDER REORGANIZATION and therefore they are also considered important for the effective recuperation of the OI GROUP, preserving its business activities and, consequently, the

maintenance of production and jobs, promoting the social role of the company and stimulating economic activity, objectives expressly declared in the Company Recovery Law (LFR) and expressed as fundamental clauses of the Brazilian Constitution.

The viability of the Plan and of the measures envisaged in it for the recovery of the OI GROUP is attested and confirmed by the Expert Reports under the terms of art. 53, items II and III of the LFR which are given in **Annex 2.6** of this Plan.

### **3. PRIMARY MEANS OF RECOVERY**

**3.1. Overview.** The OI GROUP proposes adoption of the measures listed below as a way to overcome its current transient economic and financial crisis:

- 3.1.1. Debt restructuring:** the OI GROUP will carry out a restructuring and reorganization of its liabilities in relation to the Reorganization Credits and, at the discretion of the OI GROUP, in relation to the Credits outside the Reorganization Proceedings whose holders wish to be bound by the Plan pursuant to **Clause 4** herein.
- 3.1.2. Disposal of assets:** as a way to raise funds, the OI GROUP may sell fixed (non-current) assets of the COMPANIES UNDER REORGANIZATION, including those listed in **Annex 3.1.2**, pursuant to **Clause 5.1** herein.
- 3.1.3. New funds:** the OI GROUP may seek and adopt measures during the Judicial Reorganization in order to obtain new funds, and, if successful, the corresponding obligations will be deemed to be credits not subject to the Judicial Reorganization for the purposes of the provisions of the LFR.
- 3.1.4. Corporate Restructuring:** the OI GROUP may carry out a Corporate Restructuring, pursuant to **Clause 6** herein, in order to obtain a more efficient and suitable structure for implementing the proposals set out in this Plan and for the continuation of its activities or any other corporate restructuring that may be defined in due course by the COMPANIES UNDER REORGANIZATION.

**3.1.5.** Following Judicial Confirmation of the Plan, the OI GROUP may immediately withdraw the full amount of the Judicial Deposits that have not been used for payment as provided in this Plan.

#### **4. DEBT RESTRUCTURING**

**4.1. Labor Credits.** Subject to the provisions of **Clauses 4.1.2** and **4.1.3** below, the Labor Credits, in accordance with the amounts indicated in the Judicial Administrator's List of Creditors, will be paid, after Judicial Confirmation of the Plan and after expiry of the grace period of 180 (one hundred and eighty) days from Judicial Confirmation of the Plan, in 5 (five) equal and consecutive monthly installments, the first of which is due on the 20<sup>th</sup> (twentieth) Business Day after expiry of the grace period referred to above and the others on the same day of the subsequent months.

**4.1.1** Labor Credits not yet recognized on the date set for the first payment provided in **Clause 4.1** above will be paid as follows after their recognition:

- (a) if held by Labor Creditors that do not fall under the category of Judicial Deposit Labor Creditor, payment will be made following a final decision (that is, a decision not subject to appeal) that closes the relevant Proceeding and ratifies the amount due with no allowance for objections by the OI GROUP, pursuant to **Clause 4.1**, and after a grace period of 180 (one hundred and eighty) days starting on the date of such final decision is made, with the first installment due on the 20<sup>th</sup> (twentieth) Business Day after expiry of the grace period referred to above and the others due on the same day of the subsequent months; or
- (b) if held by Labor Creditors that fall under the category of Judicial Deposit Labor Creditors (or that should fall under this category in the event that a Judicial Deposit is made by the OI GROUP in the respective proceeding in which the Labor Credit in question is discussed after the presentation of this Plan to the Judicial Reorganization Court, and the Labor Creditor in question accepts the conditions set out in **Clause 4.1.2**), its payment will be made pursuant to **Clause 4.1.2** below. Where this **Clause 4.1.1(b)** applies, the Judicial Deposit Labor Creditor must (i) accept the amount indicated in the List of Creditors of the Judicial Administrator or, (ii) if the OI GROUP files an objection to the amount shown in the Judicial

Administrator's List of Creditors, agree with the amount asserted in such OI GROUP objection.

**4.1.2 Judicial Deposit Labor Creditors.** Labor Credits held by Judicial Deposit Labor Creditors will be paid by means of withdrawal of the Judicial Deposit by the respective Judicial Deposit Labor Creditors, after Judicial Confirmation of the Plan, up to the limit of the amount of the respective Labor Credit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the COMPANIES UNDER REORGANIZATION or the Judicial Administrator's List of Creditors, and in the latter case pursuant to the terms of **Clause 4.1.1(b)**.

**4.1.2.1** Where the amount of the Judicial Deposit referred to in **Clause 4.1.24.1.2** is higher than the amount of the respective Labor Credit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the Judicial Administrator's List of Creditors, in the latter case pursuant to the terms of **Clause 4.1.1(b)**, the excess amount will be withdrawn by the OI GROUP.

**4.1.2.2** Where the amount of the Judicial Deposit referred to in **Clause 4.1.2** above is lower than the amount of the respective Labor Credit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the Judicial Administrator's List of Creditors, in the latter case pursuant to the terms of **Clause 4.1.1(b)**, the remaining amount of the Labor Credit will be paid in local currency, after a decision of the Labor Court confirming the amount due and after the grace period of 180 (one hundred and eighty) days from the Judicial Confirmation of the Plan, in 5 (five) equal and consecutive monthly instalments, with the first one due on the 20<sup>th</sup> (twentieth) Business Day after expiry of the grace period referred to above, and the others due on the same day of the subsequent months.

**4.1.2.3** For the purposes of the provisions of **Clauses 4.1.2** and **4.1.2.1** above, within 20 (twenty) Business Days of actual receipt of the Option Form

sent by a Judicial Deposit Labor Creditor, such Judicial Deposit Labor Creditor, together with all its attorneys appointed in the records of the proceedings, including claimants of the defeated party's fees, and the COMPANY UNDER REORGANIZATION shall submit a Joint Labor Petition asking the Labor Court (i) to issue the appropriate judicial orders to withdraw the Judicial Deposit in the manner described in **Clauses 4.1.2** or **4.1.2.1** above, as applicable, and (ii) to provide for the termination, cancellation of distribution and final closing of the relevant Proceeding. The withdrawal of the Judicial Deposit, in any event, can only occur after confirmation by the Labor Court of the amount due under the terms of the Joint Labor Petition.

**4.1.2.4.** Pursuant to the terms of **Clause 4.1.2.1** above, the amount of the Labor Credit held by the Judicial Deposit Labor Creditor will be paid as indemnification, including any and all attorneys or other professional fees, as well as court expenses and costs incurred by the Judicial Deposit Labor Creditor in question. In this context, neither the Judicial Deposit Labor Creditor nor its attorneys shall be entitled to receive any additional amounts beyond those recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the Judicial Administrator's List of Creditors, and in the latter case pursuant to the terms of **Clause 4.1.1(b)** for the Labor Credit in question.

**4.1.3. Atlântico Foundation Labor Credit.** Pursuant to the amount shown in the Judicial Administrator's List of Creditors, the **Atlântico Foundation Labor Credit** will be paid as follows:

**4.1.3.1. Grace period:** grace period for repayment of principal of 5 (five) years from the date of Judicial Confirmation of the Plan.

**4.1.3.2. Installments:** repayment of the principal in 6 (six) annual and consecutive installments, with the first due on the 20<sup>th</sup> (twentieth) Business Day after the expiration of the grace period referred to in **Clause 4.1.3.1** above.



**4.1.3.3. Interest/inflation adjustment:** INPC (National Index for Consumer Prices) + 5.5% (five and a half percent) per year, calculated from the date of Judicial Confirmation of the Plan; (i) interest and monetary adjustment will be accrued to the principal amount during the first 5 (five) years of the Judicial Confirmation of the Plan and will not be paid in this period;; and (ii) interest applied on the new principal amount will be paid starting on the 20<sup>th</sup> (twentieth) Business Day of the month following the expiration of the period referred to in (i) above, together with the amortization installments of the principal amount.

**4.2. Secured Credits.** Secured Credits will be paid, as follows:

**4.2.1 Principal:** the principal amount will be paid in 10 (ten) biannual and successive installments, each one in an amount corresponding to 10% (ten percent) of the balance of such principal amount, with the first one due on the 20<sup>th</sup> (twentieth) Business Day of the month following the month marking the end of the period of 126 (one hundred and twenty-six) months from Judicial Confirmation of the Plan, and the remaining installments every 6 (six) months starting from the first payment.

**4.2.2 Interest/inflation adjustment:** interest and inflation adjustment will be paid at the original contract rates pursuant to the documents of the financial transactions that generated the Secured Credits, and:

(i) the interest due during the first 7 (seven) years following Judicial Confirmation of the Plan will not be paid during this period, but will be accrued to the amount of principal owed; and

(ii) starting from the 20<sup>th</sup> (twentieth) Business Day of the month following that month in which ends the period of 90 (ninety) months following the Judicial Confirmation of the Plan, the interest on the new principal amount will be paid biannually, in local currency until full payment of the principal is made under the terms of this Plan.

**4.2.3 Other contractual conditions:** the COMPANIES UNDER REORGANIZATION agree to comply, until full payment of the Secured Credits held by BNDES is made and to

the extent that such compliance is not contrary to the provisions of this Plan, with the Provisions Applicable to *Banco Nacional de Desenvolvimento Econômico e Social – BNDES* (the named “*Disposições Aplicáveis aos Contratos do BNDES*”), a copy of which is included in **Annex 4.2.3**.

### **4.3 Class III Credits.**

**4.3.1 Linear payment:** except if provided otherwise in this Plan, Class III Creditors holding Class III Credits in an amount equal to or lower than BRL 1,000.00 (one thousand reais) will be paid in a single installment by the 20<sup>th</sup> (twentieth) Business Day following Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable. Class III Creditors holding Class III Credits in an amount exceeding BRL 1,000.00 (one thousand reais) may opt for treatment under the terms of this **Clause 4.3.1**, as long as they agree to receive only the referenced amount of BRL 1,000.000 (one thousand reais) as full payment of their respective Class III Credits, by sending the Option Form, listing, when applicable, any and all attorney fees or the fees of other professionals, as well as the procedural costs and expenses incurred by the Class III Creditor in question. In this regard, payment will be made by the 20<sup>th</sup> (twentieth) Business Day from the receipt of the Option Form by the COMPANIES UNDER REORGANIZATION, and neither the Class III Creditors nor its attorneys will be entitled to receive any additional amount beyond that indicated in this **Clause 4.3.1**.

**4.3.2** Except as provided otherwise in this Plan, and considering the limit of Class III Creditors or Microenterprise or Small Business Credits provided in **Clause 4.4.4**, in each of the options described as follows, each Class III Creditor holding Class III Credits may opt to be paid in one of the forms described as follows, at its discretion, without the possibility of dividing its credit between the forms except as provided for in **Clause 4.3.2.3.1**:

**4.3.2.1. Restructuring without Conversion.** For the purposes of this **Clause 4.3.2.1**, the maximum limits described in items (a) and (b) below will be observed as to Class III Credits held by Class III Creditors that choose the payment option provided for in this **Clause 4.3.2.1**, namely:

- (a) one portion of up to BRL 9,336,470,321.65 (nine billion, three hundred and thirty-six million, four hundred and seventy thousand, three hundred

and twenty-one reais and sixty-five cents) will be represented in Brazilian Reais; and

- (b) one portion of up to USD 1,872,540,394.72 (one billion, eight hundred and seventy-two million, five hundred and forty thousand, three hundred and ninety-four dollars and seventy-two cents) will be represented in US Dollars and/or Euros, pursuant to the provisions of art. 50, § 2, of the LFR.

**4.3.2.1.1** Subject to the restrictions of this Plan, as well as the proportional allocation of the Class III Credits held by the Class III Creditors that choose this payment option provided for in **Clause 4.3.2.1** in relation to all of the Class III Credits payable within the limit established in this **Clause 4.3.2.1**, the Class III Credits in question will be restructured as follows:

- (a) **Grace period for repayment of the principal:** grace period for repayment of principal for 10 (ten) years from the Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.
- (b) **Grace period for repayment of the interest:** grace period for repayment of interest of 7 (seven) years from the Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.
- (c) **Installments:** repayment of principal in 14 (fourteen) biannual and successive installments, with the first due on the 20<sup>th</sup> (twentieth) Business Day after the expiry of the period of 126 (one hundred and twenty-six) months from the Judicial Confirmation of the Plan or the Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, and the remaining ones on the same day every 6 (six) months starting from the first payment, according to the percentages of the value of the principal along with the accrued interest (according to item (d) below) shown in the progressive table below:

Semesters	Percentage of amount to be amortized per semester
21 <sup>st</sup> to 24 <sup>th</sup>	3.75%
25 <sup>th</sup> to 28 <sup>th</sup>	5.0%
29 <sup>th</sup> and 30 <sup>th</sup>	7.5%
31 <sup>st</sup> to 34 <sup>th</sup>	12.5%

(d) **Interest/inflation adjustment:** (A) for the Class III Credits originally issued in reals, the interest and inflation adjustment corresponding to the highest rate will be applied, between (i) 8% (eight percent) per annum; and (ii) TR + 1% (one percent) per annum, as calculated on the last Business Day of each year; and (b) for Class III Credits originally issued in US dollars or Euros, interest of 1.25% (one point two five percent) per annum, and:

(i) the interest and inflation adjustment due during the first 7 (seven) years following Judicial Confirmation of the Plan, as applicable, will not be paid during this period, but will be accrued to the amount of principal owed; and

(ii) the interest due on the new principal amount will be paid biannually starting on the 20<sup>th</sup> (twentieth) Business Day of the month following the month in which ends the period of 90 (ninety) months following Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.

**4.3.2.1.2.** Once the limit that is stipulated in item **Error! Reference source not found.** of **Clause Error! Reference source not found.** above is reached for Class III Credits to be restructured in reals, the remaining balances of Class III Credits held by Class III Creditors that have chosen said option will be automatically and proportionally (*pro rata*) allocated within the limits available in the other options, in accordance with item (b) from **Clause 4.3.2.1** and in **Clause 4.3.2.2**, in the following order:

(a) The balances of the Class III Credits will be allocated to be restructured in US dollars or in Euros, as applicable;

(b) If the limit provided in item (b) of **Clause 4.3.2.1** above is also reached, or in the case of any impossibility of whatever nature preventing allocation to any Class III Creditor as set forth in the said item **Error! Reference source not found.** of **Clause Error! Reference source not found.** above, the relevant Class III Credits will be allocated instead as set forth in **Clause 0** below;

(c) If the limit provided in **Clause 0** below is also reached, the balances of the Class III Credits will be allocated so that they can be paid as set forth in **Clause 4.3.2.4** below.

**4.3.2.1.3.** Once the limit provided in item (b) of **Clause 4.3.2.1** above is reached for Class III Credits to be restructured in U.S. Dollars and/or Euros, the remaining balances of the Class III Credits held by Class III Creditors that have chosen this option will be automatically and proportionally (*pro rata*) allocated within the available limits of the other options, in accordance with item (a) from **Clause 4.3.2.1** and **Clause 4.3.2.2**, pursuant to the following order:

(a) Pursuant to the provisions of art. 50, §2, of the LFR, the amounts of the Class III Credits will be allocated to be restructured in reais;

(b) If the limit provided in item (b) of **Clause 4.3.2.1** above is also reached, or in the case of any impossibility of whatever nature preventing allocation to a Class III Creditor as set forth in said item (a) of **Clause 4.3.2.1** above, the balances of the Class III Credits will be allocated as set forth in **Clause 4.3.2.2** below;

(c) If the limit provided in **Clause 4.3.2.2** below is also reached, the outstanding balances of the Class III Credits will be allocated for payment as set forth in **Clause 4.3.2.4** below.

**4.3.2.1.4.** **Other contractual conditions:** the other conditions applicable to the Class III Credits to be restructured under the terms of **Clause 4.3.2.1** above are described in **Annex 4.3.2.1.4.**

**4.3.2.2. Restructuring with Conversion.** As an alternative to **Clause 4.3.2.1** above, and pursuant to the applicable corporate law and to **Clause 4.3.2.2.2**, as well as to the limit of BRL 32,330,000,000.00 (thirty-two billion, three hundred and thirty million reais) in Class III Credits held by Class III Creditors that choose or that are allocated to the payment option provided for in **Clause 4.3.2.2** herein, the Class III Creditors who have opted for this form of payment (or have been allocated to it) and that are holders of Class III Credits in an amount greater than BRL 50,000.00 (fifty thousand reais), will have their respective Class III Credits paid in the form of securities (such as, for instance, debentures) issued by any of the COMPANIES UNDER REORGANIZATION, where at least one of these securities is convertible or exchangeable into, or entitles the holder to subscribe to, ordinary shares issued by OI or by the company that may eventually replace it as a result of the implementation of the Corporate Reorganization, noting that the shares issued as a result of the conversion of these convertible securities (or from exercising the subscription right therein provided, if applicable) will represent, after this conversion, the percentage of 85% (eighty-five percent) of the share capital of OI or the corporation that may replace it as a result of implementing the Corporate Reorganization, excluding shares kept in treasury, pursuant to the item **(f)** in **Clause 4.3.2.2.1** below:

**4.3.2.2.1.** Securities convertible into shares or that entitle the holder to subscribe to shares, as applicable, will be subject to the following terms and conditions:

- (a) Total value represented by the convertible securities (or by securities that entitle the holder to share subscription):** the face value of the convertible securities (or securities entitling the holder to subscribe shares) to be issued will be expressed in US Dollars or Euros, or shall be denominated in reais but paid according to the applicable exchange rate for US Dollars or Euros, under the terms of the respective Class III Credit, and will fully correspond to the product of the multiplication of the amount of BRL10,000,000,000.00 (ten billion reais) by the result of the division *(i)* of the value of the Class III Credits that have selected this payment option, pursuant to the limitation provided for in **Clause 4.3.2.2**, by *(ii)* BRL 32,330,000,000.00 (thirty-two billion, three hundred and thirty million reais); provided that, for the purposes of this Clause, Class III Credits in foreign currency will be converted to the local currency using the exchange rate available in the

Information System of the Central Bank of Brazil (SISBACEN), PTAX-800, option 5, quotations for accounting, currency 220, free market, on September, 2<sup>nd</sup>, 2016.

- (b) Interest:** 4% (four percent) per annum, capitalized.
- (c) Redemption price:** the redemption price will be the value corresponding to the principal amount of the convertible securities (or by securities entitling the holder to subscribe shares) existing at the time of the redemption, along with the interest incurred under the terms of item (b) above.
- (d) Redemption at discretion of the COMPANIES UNDER REORGANIZATION:** the COMPANIES UNDER REORGANIZATION will have the option to, at the end of every period of 6 (six) months counting from the Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, until the last 36<sup>th</sup> (thirty-sixth) month from the Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, fully or partially redeem the securities to be issued under the terms of this **Clause 4.3.2.2.1**.
- (e) Convertibility:** the amount of the convertible securities (or by securities entitling the holder to subscribe shares) that have not been redeemed by the COMPANIES UNDER REORGANIZATION by the end of the 36<sup>th</sup> (thirty-sixth) month from the Judicial Confirmation of the Plan or the Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, will be mandatorily converted or transferred into ordinary shares issued by OI or the company that may in the future replace it as a result implementing the Corporate Reorganization, within up to 6 (six) months from the end of the deadline mentioned in this item (e).
- (f)** If the total amount of Class III Credits owned by Class III Creditors that have opted to subscribe new convertible securities (or securities entitling them to subscribe shares) is lower than the BRL 32,330,000,000.00 (thirty-two billion, three hundred and thirty million reais) limit herein referred to, the total equity percentage to be given to said Class III Creditors as a result of the potential conversion will also be reduced proportionally.

(g) The number of shares to be given to Class III Creditors who opt to utilize their respective Class III Credits to subscribe securities pursuant to Clause 4.3.2.2.1 will be adjusted simultaneously and proportionally to the capital increases from the issuances of bonus shares, stock splits or reverse splits with respect to the common shares issued by the relevant COMPANY UNDER REORGANIZATION, for any reason, that may occur on or after September, 5<sup>th</sup>, 2016.

(h) **Other conditions:** other conditions applicable to the convertible securities (or securities entitling the holder to subscribe shares) to be issued are described in Annex 4.3.2.2.1(h).

(i) **Preemptive Right:** the issuance of securities convertible into shares (or securities entitling the holder to subscribe shares, as the case may be) shall comply, as applicable, with the preemptive right set forth in art. 171 and its paragraphs 2<sup>nd</sup> and 3<sup>rd</sup> of Law No. 6.404, of 12/15/1976. In this context, if the shareholders exercise their preemptive rights, any amounts paid by them will be given to the holders of credits to be capitalized.

4.3.2.2.2. In addition, the COMPANIES UNDER REORGANIZATION may issue to the Class III Creditors that opt for or are allocated to the payment option provided in Clause 4.3.2.2, and that are holders of Class III Credits with values greater than BRL 50,000.00 (fifty thousand reais), securities or other debt instruments to be issued of a value equal to the difference between the total Class III Credits owned by Class III Creditors that have opted for or have been allocated to the payment option provided in Clause 4.3.2.2 and the total issue amount of the convertible securities provided under Clause 4.3.2.2.1.

4.3.2.2.3 The outstanding balances of Class III Credits that are not used to subscribe securities pursuant to Clause 0 above because the limit set forth in Clause 0 has been reached will be allocated for restructuring pursuant to Clause 4.3.2.1 above (i) in reais; or (ii) in US Dollars or in Euros, as applicable, pursuant to the available limits in the options in items (a) and



(b) of said **Clause 4.3.2.1**, at the time of the balance allocation herein referred to.

**4.3.2.2.4.** If the limits set in items (a) and (b) of **Clause 4.3.2.1** have been reached, making it impossible to allocate as set forth in **Clause 4.3.2.2.3** above, the remaining Class III Credit balances shall be paid pursuant to **Clause 4.3.2.4**.

**4.3.2.3 New Funds Partner Creditors.** Except as provided otherwise in this Plan, and subject to the limit of USD 2,000,000,000.00 (two billion US Dollars) (or its equivalent in reais converted on the date of the Judicial Confirmation of the Plan pursuant to **Clause 4.11**) in Class III Credits held by Class III Creditors that choose the payment option provided for in this **Clause 4.3.2.3**, the Class III Credits of such New Funds Partner Creditors and the credit constituted by the new funds provided by the respective Class III Creditor, in the proportion of (i) BRL1.00 of Class III Credits for each BRL1.00 of new credit, (ii) USD1.00 of Class III Credits for every USD1.00 of new credit, calculated according to the exchange rate available on the date of the Judicial Confirmation of the Plan, will be paid as follows:

- (a) **Grace period:** grace period for repayment of principal and interest for 5 (five) years from Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.
- (b) **Installments:** repayment of the principal in 5 (five) annual and consecutive installments, with the first due on the 20<sup>th</sup> (twentieth) Business Day following expiration of the grace period referred to in item (a) of this **Clause 4.3.2.3** and the others on the same day of the following years, in accordance with the percentages in the table below:

<b>Years</b>	<b>Percentage of amount to be amortized</b>
6 <sup>th</sup>	20.0%
7 <sup>th</sup>	20.0%
8 <sup>th</sup>	20.0%
9 <sup>th</sup>	20.0%
10 <sup>th</sup>	20.0%

(c) **Interest/inflation adjustment:** for new funds borrowed in US Dollars, LIBOR + 1.5% (one and a half percent) per annum; and for new funds borrowed in Reais, CDI + 0.25% (zero point twenty-five percent) per annum starting from the Judicial Confirmation of the Plan or the Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.

(i) interest and inflation adjustment applied during the first 5 (five) years starting from the Judicial Confirmation of the Plan or the Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, will not be paid in this period but will be accrued to the principal amount owed; and

(ii) interest applied to the new principal amount will be paid starting on the 20<sup>th</sup> (twentieth) Business Day of the month after the time frame above-mentioned is completed, together with amortization installments of the principal.

**4.3.2.3.1.** The New Funds Partner Creditors that grant new funds under **Clause 4.3.2.3** above, in amounts less than the total of their Class III Credit may choose to allocate the outstanding balance of their Class III Credits to payment pursuant to **Clause 4.3.2.1** or, alternatively, **Clause 4.3.2.2** above, pursuant to the provisions of **Clauses 4.3.2.1.2** and **4.3.2.1.3** above.

**4.3.2.3.2. Other conditions:** the other conditions applicable to the representative instruments of the new funds are described in **Annex 4.3.2.3.2.**

**4.3.2.4 Residual Payment mode.** The Class III Credits (or any remaining amounts) indicated in **Clause 4.3.2.4.1** below, shall be paid as follows:

(a) **Grace period:** grace period for repayment of principal and interest of 10 (ten) years from the date of Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable.

(b) **Installments:** repayment of the principal in 9 (nine) annual and consecutive installments, with the first due on the 20<sup>th</sup> (twentieth)

Business Day following expiration of the grace period referred to in item (a) of this **Clause 4.3.2.4**, and the rest on the same day of the subsequent years, according to the percentages described in the table below:

<b>Years</b>	<b>Percentage of value to be amortized</b>
11th and 12th	7.5%
13th and 14th	10.0%
15th to 19th	13.0%

- (c) **Interest/inflation adjustment:** (i) for Class III Credits issued in Reais (or any balances remaining), TR + 0.5% (one half percent) per annum; and (ii) for Class III Credits issued in US Dollars or in Euros (or any balances remaining), 0.5% (one half percent) per annum, starting from the Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, and the total amount of interest accrued and inflation adjustment for the period will be paid only along with the last installment referred to in item (b) of this **Clause 4.3.2.4**.

**4.3.2.4.1.** Except if otherwise provided for in this Plan, the overall payment mechanism set out in **Clause 4.3.2.4** applies to the Class III Creditors whose Class III Credits cannot be paid by any other procedures set forth in this Plan, notably in cases of (i) the limits set forth for each of the payment options set out in **Clauses 4.3.2.1** to **4.3.2.3** above have been reached and Class III Credit balances remain outstanding; or (ii) a Class III Creditor does not choose in time the payment option of its Class III Credit pursuant to **Clause 4.5** below; or (iii) a Class III Creditor no longer qualifies as a Partner Creditor; or (iv) the Class III Creditor cannot qualify for the payment options provided for in **Clauses 4.3.2.1** to **4.3.2.3**; or (v) the occurrence of an increase of Credits pursuant to **Clause 4.9** below; or (vi) acceptance of proofs of credit of Late Credits; or (vii) there is no satisfactory mediation for the COMPANIES UNDER REORGANIZATION concerning the Class III Credits Administrative Fines; or (viii), a balance remains of the Partner Credits under Judicial Deposit or the Microenterprise and Small Business

Credits under Judicial Deposit remains outstanding after withdrawal of the relevant Judicial Deposits.

**4.3.2.4.2. Other conditions:** other conditions applicable to the Reorganization Credits to be paid in the form of **Clause 4.3.2.4** are described in **Annex 4.3.2.4.2**.

**4.3.2.5 Judicial Deposit Partner Creditors.** Except as otherwise provided in this Plan, the Class III Credits held by Judicial Deposit Partner Creditors recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the Judicial Administrator’s List of Creditors, in the latter case pursuant to **Clause 4.3.2.5.1**, will be paid by withdrawal of the amount of the Judicial Deposit by the respective Judicial Deposit Partner Creditor, up to the limit of the such Class III Credit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator’s List of Creditors, in the latter case pursuant to **Clause 4.3.2.5.1**, and after reducing from the value of the Class III Credit recognized by the COMPANIES UNDER REORGANIZATION including as shown in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator’s List of Creditors, the latter pursuant to **Clause 4.3.2.5.1**, a discount of the applicable percentage shown in the table below:

<b>Credit Amount Interval</b>	<b>% Discount</b>
Up to BRL 1,000.00	0.0%
BRL 1,000.01 to BRL 5,000.00;	15.0%
BRL5,000.01 to BRL10,000.00	20.0%
BRL10,001.00 to BRL150,000.00	30%
Above BRL150,000.00	50%

**4.3.2.5.1** The Class III Credits not yet recognized on the date set for submission of the Option Form established in **Clause 4.5** below and, after their recognition, held by Class III Credits who are Judicial Deposit Partner Creditors (or that may become so, in the event that any Judicial Deposit made by the OI GROUP in the respective Proceeding where said Class III Credit is discussed after presentation of this Plan to the Judicial Reorganization Court, and said Class III Creditor

accepts the conditions set in **Clause 4.3.2.5**), will be paid pursuant to **Clause 4.3.2.5** above. In the event of this **Clause 4.3.2.5.1**, the Judicial Deposit Partner Creditor (i) may not file an objection or challenge in any other way the amount shown in the Judicial Administrator's List of Creditors or equivalent document, and (ii) if the OI GROUP does object to the amount shown in the Judicial Administrator's List of Creditors or equivalent document, shall agree with the amount asserted in the respective OI GROUP challenge.

**4.3.2.5.2.** In case the Judicial Deposit referred to in **Clause 4.3.2.5** above is higher than the amount of the respective Class III Credit recognized by the Companies UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause 4.3.2.5.1**, the excess amount will be withdrawn by the OI GROUP.

**4.3.2.5.3** In case the Judicial Deposit referred to in **Clause 4.3.2.5** above is proven to be lower than the amount of the respective Class III Credit (calculated after deducting the discount indicated in the table mentioned in **Clause 4.3.2.5** from the value recognized by the COMPANIES UNDER REORGANIZATION for the Class III Credit in question, including as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause 4.3.2.5.1**), the outstanding amount of the Judicial Deposit Partner Creditor will be paid in local currency, after the final decision of the competent Court to approve the due amount, pursuant to **Clause 4.3.2.4** above.

**4.3.2.5.4** For the purposes of the provisions of **Clauses 4.3.2.5** and **4.3.2.5.2** above, within 20 (twenty) Business Days of actual receipt of the Option Form sent by the respective Judicial Deposit Partner Creditor, the Judicial Deposit Partner Creditor, together with all its attorneys appointed in the proceedings, including those owed the defeated party's fees, and the COMPANY UNDER REORGANIZATION shall submit a Class III Joint Petition requiring the competent Court (i) to issue the appropriate judicial orders to withdraw the Judicial Deposit, in the manner described in **Clauses 4.3.2.5** and **4.3.2.5.2** above, as applicable, and (ii) provide for

the termination, cancellation of distribution and final closing of the Proceeding. The withdrawal of Judicial Deposit, in any circumstances, can occur only after approval by the competent Court of the amount due, pursuant to the Class III Joint Petition.

**4.3.2.5.5** Pursuant to the provisions of **Clause 4.3.2.5.2**, the amount of Class III Credit held by a Judicial Deposit Partner Creditor will be considered to include any and all attorney or other professional fees, and also court expenses and costs incurred by the Judicial Deposit Partner Creditor in question. In this context, neither the Judicial Deposit Partner Creditor nor its attorneys shall be entitled to receive any amounts in addition to those recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause 4.3.2.5.1** (deducting the premium indicated in said table in **Clause 4.3.2.5**) for the respective Class III Credit.

**4.3.2.6 Supplier Partner Creditors.** Considering the importance of maintaining the supply of goods and services to the OI GROUP, all the Class III Creditors that provide goods and/or services to the OI GROUP will be considered, for the purposes of this Plan, as Supplier Partner Creditors and, except for the provisions of **Clause 4.3.2.6.3** below, will have their Class III Credits paid as described below:

**4.3.2.6.1** Up to the limit of BRL 150,000.00 (one hundred and fifty thousand reais), and always pursuant to the limit of the respective Class III Credit amounts for the Class III Creditors in hand, the Class III Credits held by Partner Supplier Creditors will be paid in one single installment, on the 20<sup>th</sup> (twentieth) Business Day after the actual receipt of the Option Form.

**4.3.2.6.2** The outstanding balance of the Class III Credits held by Partner Supplier Creditors remaining after the payment made pursuant to **Clause 4.3.2.6.1** above will be paid in 2 (two) equal, successive and annual installments, plus an additional TR + 0.5% (half a percent) per annum, starting from the Judicial Confirmation of the Plan or

Recognition of the Plan in the Jurisdiction of the Creditor, as applicable, with the first installment due on the 20<sup>th</sup> (twentieth) Business Day after completion of the first year of actual receipt of the Option Form, and the second installment on the same day and month of the subsequent year.

**4.3.2.6.3** The Partner Supplier Creditor that, once requested by any of the COMPANIES UNDER REORGANIZATION, refuses to supply goods and/or services to the COMPANIES UNDER REORGANIZATION under the same terms and conditions as practiced by it prior to Petition Date, will have the amount of its respective Class III Credit paid pursuant to **Clause 4.3.2.4** above.

**4.3.2.7** The COMPANIES UNDER REORGANIZATION may file for mediation proceedings before the Courts of Rio de Janeiro, under the supervision of the Judicial Reorganization Court, pursuant to Law No. 13.140/2015, regarding illiquid Class III Credits, in order to obtain settlements to make them liquid.

**Class III Credits Administrative Fines.** The conditions applicable to the Class III Credits Administrative Fines held by the Class III Creditors, arising out of administrative fines and described in the List of Creditors of the COMPANIES UNDER REORGANIZATION, will be determined through a settlement authorized by OI's management and by referendum of its Board of Directors, in accordance with Law no 9.469/1997, as a result of a mediation process before the Courts of Rio de Janeiro, under the supervision of the Judicial Reorganization Court, with the participation of representatives of the creditor entity and the competent Public Prosecutor (*Advocacia Pública*), pursuant to Law No. 13.140/2015, with the possibility of participation, including the giving of opinions, of the representatives of the competent Court of Accounts (*Tribunal de Contas*), with the following guidelines as parameters:

- (i) Actions from the COMPANIES UNDER REORGANIZATION focused on service improvements, in particular with some relation to the alleged breach in conduct;

(ii) Conversion of the fine into operating obligations, which may be:

- a. Investments in infrastructure by the COMPANIES UNDER REORGANIZATION; and/or
- b. Benefits to consumers of services provided; and/or
- c. Withdrawal of amounts already judicially deposited for the proceedings related to these administrative fines.

**4.3.8.2.1.** In the event that a mediation procedure is initiated with regard to amounts owed by the COMPANIES UNDER REORGANIZATION to the regulatory agency ANATEL, the limit of the negotiations will be characterized and limited by the following parameters: a) the provisions of ANATEL Resolution No. 629, from December 16, 2013 (Regulation for signing and monitoring the Conduct Adjustment Agreement Terms – TAC), insofar as they do not conflict with the present Plan or with the rulings of the Judicial Reorganization Court, in particular as to: (i) the final closing of the proceedings; and (ii) the suspension of requirements related to quality indicators and regulatory rules, other than those expressly undertaken by the COMPANIES UNDER REORGANIZATION during the period of the mediation, for not less than 4 (four) years; b) with respect to instruments already negotiated and signed between the parties prior to the Request for the Term Conduct Adjustment, the obligations imposed on the COMPANIES UNDER REORGANIZATION may not be increased; c) with respect to administrative penalties or sentences that were not the object of a negotiated instrument already signed by the parties, the concepts listed in sub-items (a) and (b) of item (ii) of **Clause 4.3.2.8** above will be considered.

**4.3.2.8.2.** If the mediation provided for in this Clause does not result in a settlement, the Class III Credits Administrative Fines will be paid exclusively in accordance with **Clause 4.3.2.4** above.

**4.3.2.8.3.** Without prejudice to the provisions of **Clauses 4.3.2.8, 4.3.2.8.1, and 4.3.2.8.2** above, considering that the OI GROUP is judicially challenging



the imposition of administrative fines, the provision in this Plan for a payment mechanism of the Class III Credits Administrative Fines does not entail a renunciation to the right of the OI GROUP to continue with the challenge of these administrative fines in the respective proceedings in which they are being questioned. In this regard, if the OI GROUP is successful in challenging any of these administrative fines is successful, the amount of such Class III Credit Administrative Fines will be automatically reduced in the same measure and amount as the reduction of the administrative fine in question.

#### **4.4. Microenterprise and Small Business Credits.**

**4.4.1. Linear payment:** except as otherwise provided in this Plan, Microenterprise and Small Business Creditors holding Microbusiness and Small Business Credits in an amount equal to or less than BRL 1,000.00 (one thousand reais) will be paid in one single installment before the 20<sup>th</sup> (twentieth) Business Day after Judicial Confirmation of the Plan. Microenterprise and Small Business Creditors holding Microbusiness and Small Business Credits for amounts greater than BRL 1,000.00 (one thousand reais) may choose to receive pursuant to this **Clause 4.4.1**, provided they agree to receive only the amount of BRL 1,000.00 (one thousand reais) as full payment of their Microbusiness and Small Business Credits, by sending the Option Form, comprising, whenever applicable, all and any attorney fees or other professionals, as well as legal costs incurred by the Microbusiness and Small Business Creditors in question. In this condition, the payment will be made until the 20<sup>th</sup> (twentieth) Business Day from the receipt of the Option Form by the COMPANIES UNDER REORGANIZATION, and neither the Microbusiness and Small Business Creditor nor their attorneys will be entitled to receive any additional amount beyond that set forth in this **Clause 4.4.1**.

**4.4.2. Judicial Deposit Microenterprise and Small Business Creditors.** Except as otherwise provided in this Plan, Microenterprise and Small Business Credits under Judicial Deposit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, the latter pursuant to **Clause 4.4.2.1** shall be paid by withdrawal from the Judicial Deposit, after the Judicial Confirmation of the Plan, up to the limit of the amount of the

Microenterprise and Small Business Credit under Judicial Deposit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, in the latter case pursuant to **Clause 4.4.2.1**.

**4.4.2.1.** The Microenterprise and Small Business Credits under Judicial Deposit not yet recognized on the date set for submission of the Option Form established in **Clause 4.5** below and, after their recognition, held by parties who are or may become Judicial Deposit Microenterprise and Small Business Creditors in the event of any Judicial Deposit made by the OI GROUP in the respective Process related to said Microenterprise and Small Business Credit under Judicial Deposit after presentation of this Plan to the Judicial Reorganization Court, and said Microenterprise and Small Business Partner Creditor accepts the conditions set in **Clause 4.4.2**), will be paid pursuant to **Clause 4.4.2** above. In the event of this **Clause 4.4.2.1**, the Judicial Deposit Microenterprise and Small Business Creditor (i) may not object to or question in any way the amount shown in the List of Creditors of the Judicial Administrator or, (ii) if the OI GROUP files an objection based on the amount shown in the the Judicial Administrator's List of Creditors, it shall agree with the amount asserted in such OI GROUP objection.

**4.4.2.2.** In the event that the amount of the Judicial Deposit referred to in **Clause 4.4.2** above exceeds the Microenterprise and Small Business Credit under Judicial Deposit recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause 4.4.2.1**, such excess shall be withdrawn by the OI GROUP.

**4.4.2.3.** In the event that the amount of the Judicial Deposit referred to in **Clause 4.4.2** above is lower than the amount of the respective Microenterprise and Small Business Credit under Judicial Deposit recognized by the COMPANIES UNDER REORGANIZATION, including

as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause 4.4.2.1**, the remaining balance of the respective Judicial Deposit Microenterprise and Small Business Creditor shall be paid in the manner set forth in **Clause 4.3.2.4** above.

**4.4.2.4.** For the purposes of **Clauses 4.4.2** and **4.4.2.2** above, within 20 (twenty) Business Days after the actual receipt of the Option Form sent by a Judicial Deposit Microenterprise and Small Business Creditor, such Judicial Deposit Microenterprise and Small Business Creditor, together with all its attorneys appointed in the proceedings, including those owed the defeated party's fees, and the COMPANY UNDER REORGANIZATION shall submit a Microenterprise and Small Business Joint Petition, requesting that the court with jurisdiction (i) issue the respective judicial orders to withdraw the Judicial Deposit in the manner described in **Clauses 4.4.2** and **4.4.2.2** above, as applicable, and (ii) provide for the termination, cancellation of distribution and final closing of the Proceeding. The withdrawal of the Judicial Deposit, in any event, can only occur after approval by the competent Court of the amount due, under the terms of the Microenterprise and Small Business Joint Petition.

**4.4.2.5.** Pursuant to the terms of **Clause 4.4.2.2** above, the amount of the Microenterprise and Small Business Credit under Judicial Deposit held by the Judicial Deposit Microenterprise and Small Business Creditor shall be considered to include any and all attorney's fees or other professional fees and expenses and legal costs incurred by such Judicial Deposit Microenterprise and Small Business Creditor. In this context, neither the Judicial Deposit Microenterprise and Small Business Creditor nor its attorneys shall be entitled to receive any amounts beyond those recognized by the COMPANIES UNDER REORGANIZATION, including as shown in the List of Creditors of the Companies under Reorganization or the List of the Judicial Administrator, in the latter case pursuant to **Clause**

**4.4.2.1**, for the relevant Microenterprise and Small Business Credit under Judicial Deposit.

**4.4.3. Microenterprise and Small Business Supplier Partner Creditors.**

Considering the importance of maintaining the provision of goods and services to the OI GROUP, all the Microenterprise and Small Business Creditors that are suppliers of goods and/or services to the OI GROUP shall be considered, for the purposes of this Plan, as Microenterprise and Small Business Supplier Partners and, except for the provisions of **Clause 4.4.3.3** below, shall have their Microenterprise and Small Business Credits paid as described below:

**4.4.3.1.** Up to the limit of BRL 150,000.00 (one hundred and fifty thousand reais) and always pursuant to the limit of the respective amounts of Microenterprise and Small Business Credits for the Microenterprise and Small Business Creditors in question, the Microenterprise and Small Business Credits held by Microenterprise and Small Business Supplier Partner Creditors shall be paid in one single installment on the 20<sup>th</sup> (twentieth) Business Day after effective receipt of the Option Form.

**4.4.3.2.** The remaining balance of the Microenterprise and Small Business Credits held by Microenterprise and Small Business Supplier Partner Creditors after payment is made pursuant to **Clause 4.4.3.1** above, shall be paid in 2 (two) equal, subsequent and annual installments, plus TR + 0.5% (one half percent) per annum, starting from the Judicial Confirmation of the Plan, with the first installment due on the 20<sup>th</sup> (twentieth) Business Day after the completion of the first year from actual receipt of the Option Form, and the second installment on the same day and month of the following year.

**4.4.3.3.** In case the Microenterprise and Small Business Partner Supplier Creditor, once requested by any of the COMPANIES UNDER REORGANIZATION, refuses to supply goods and/or services to the COMPANIES UNDER REORGANIZATION under the same terms and

conditions as those it practiced as of the Petition Date, it shall have the balance of its Microenterprise and Small Business Credit paid pursuant to **Clause 4.3.2.4** above.

**4.4.4.** The Microenterprise and Small Business Creditors that do not fall under any of the payment cases referred to in **Clauses 4.4.2** or **4.4.3** above shall have their respective Microenterprise and Small Business Credits paid in the manner set forth in **Clauses 4.3.2.1, 4.3.2.2, 4.3.2.3, or 4.3.2.4**, as applicable, according to the option chosen by the respective Microenterprise and Small Business Creditor in the Option Form, and pursuant to the provisions of this Plan, and by adapting to **Clause 4.3** and its sub-clauses above as is necessary to include the Microenterprise and Small Business Creditors.

**4.4.5.** The COMPANIES UNDER REORGANIZATION will seek to commence mediation proceedings before the Courts of Rio de Janeiro supervised by the Judicial Reorganization Court, under the terms of Law No. 13.140/2015, in relation to the Microenterprise and Small Business Credits with illiquid values, as to obtain settlements in order to make them liquid.

**4.5. Option Form.** For the purposes of the provisions in **Clause 4**, Reorganization Creditors should send the Option Form to the COMPANIES UNDER REORGANIZATION, - or to whomever the COMPANIES UNDER REORGANIZATION suitably indicate to the Reorganization Creditors - with a copy for the Clerk of the Court, within 30 (thirty) Business Days following Judicial Confirmation of the Plan or Recognition of the Plan in the Jurisdiction of the Creditor, using its exact terms and specifically following the content in the draft, indicating their choice from among the options referred to in this Plan, as well as the information concerning the bank account where the payment is to be made, as applicable. The COMPANIES UNDER REORGANIZATION shall not be liable for any failure to conform to the content of the Option Form with respect completing and sending the Option Form, or to ensure delivery within the specified time frame, and in the case of any such failure the COMPANIES UNDER REORGANIZATION shall be relieved of the obligation to make the payment in question. In the event of such failure, the provisions in **Clause 8.4.1** below shall therefore apply.

**4.5.1.** The Reorganization Creditors that hold Illiquid Credits at the date of the Judicial Confirmation of the Plan must also send the Option Form in the

manner and within the deadline set forth in **Clause 4.5** above (or later, at the discretion of the COMPANIES UNDER REORGANIZATION, in this case in order to contemplate acts or facts not foreseen or not yet occurred at the time of this Plan), indicating its choice of payment from the options set forth in **Clause 4**, which will be followed by the OI GROUP for payment of such Illiquid Credit when it becomes liquid, under the provisions of this Plan.

**4.5.2.** Except as otherwise provided in this Plan, considering the alternative nature of the payment options set forth in **Clause 4** above, the choice of each Reorganization Creditor must necessarily be restricted to only one of the above-mentioned options.

**4.5.3.** The option chosen by a Reorganization Creditor in its Option Form shall be irrevocable and irreversible and cannot subsequently be changed for any reason, unless there is express consent of the COMPANIES UNDER REORGANIZATION.

**4.5.4.** Any Reorganization Creditor who does not send its Option Form within the timeframe and in the manner set forth in this Plan shall receive its Reorganization Credit, as appropriate, in the form provided for in **Clause 4.3.2.4** above.

**4.6.** The funds raised by the OI GROUP support the activities of the COMPANIES UNDER REORGANIZATION, strengthening the integration and consolidation of their operations, as described in **Clause 2.5** above. The OI GROUP companies made loans among themselves as a way to manage cash and transfer funds between the various companies that make up the OI GROUP. This loans were made with funds raised on the international market by the COMPANIES UNDER REORGANIZATION from the Reorganization Creditors indicated in the List of Creditors of the Companies under Reorganization. These Reorganization Credits will be paid exclusively pursuant to **Clauses 4.3.2.1, 4.3.2.2, 4.3.2.3, or 4.3.2.4**, as applicable.

**4.6.1.** The loans mentioned above may have their conditions changed by the OI GROUP, considering the payments made to the Reorganization Creditors mentioned above, in order to avoid duplicate payment as well as to reflect the new financial conditions of the capital structure of the COMPANIES UNDER REORGANIZATION.

**4.7. Illiquid Credits.** Illiquid Credits shall be fully subject to the terms and conditions of this Plan and the effects of the Judicial Reorganization. Once they have been materialized and recognized either by a court or arbitration decision that renders them liquid without the possibility of appeal, or by agreement of the parties, including those resulting from Mediation, Illiquid Credits shall be treated as provided in **Clause 4.8**, except as otherwise provided in this Plan.

**4.8. Late Credits.** In the event of recognition of Credits subsequent to the date of submission of this Plan to the Judicial Reorganization Court, either by a final (that is, not subject to appeal) judicial or arbitration decision, or by agreement between the parties, such credits shall be deemed Late Credits and shall be paid according to the classification and criteria established in this Plan for the class in which the Late Credits in question are classified. Without prejudice to the provisions of this **Clause 4.8**, Late Credits shall not be entitled to allocations that have already been distributed.

**4.9. Modification of the Value of Credits.** In the event of modification of the amount of any Credits already recognized and included in the List of Creditors from the Judicial Administrator either through final (that is, not subject to appeal) judicial or arbitration decision, *or* by agreement between the parties, the altered amount of the Credit in question shall be paid in accordance with this Plan. The increase in the amount of any Credits shall entail, if applicable, the proportional reduction (*pro rata*) of the amounts to be paid to other Creditors in the respective classes, provided that the Creditor whose Credit was modified shall not be entitled to allocations that have already been distributed prior to said change.

**4.10. Reclassification of Credits.** If, by means of a judicial or arbitration decision, *res judicata*, or agreement between the parties, any of the Credits is reclassified into a different class than that indicated in the Judicial Administrator's List of Creditors, the Claim as reclassified shall be paid under the terms and conditions of this Plan for the applicable class. Without prejudice to this **Clause 4.10**, reclassified Credits shall not be entitled to allocations that have already been distributed to the classes into which they have been reclassified. The qualification and inclusion of reclassified Credits in the relevant classes shall entail, if necessary, the proportional reduction (*pro rata*) of amounts to be paid to other Creditors of those classes, such that there is no increase in the total amount set in this plan to be allocated to such classes.

**4.11. Credits in Foreign Currency.** Pursuant to the provisions in art. 50, § 2, of LFR, the obligations and Credits in foreign currency shall be, as applicable and necessary under the terms of this Plan, converted into local currency based on the exchange rate available in the Information System of the Central Bank of Brazil (SISBACEN) PTAX-800 transaction, option 5, quotations for accounting, currency 220, free market, on the Business Day immediately preceding the date of exchange, under the terms of this Plan, except if provided for otherwise in this Plan.

## 5. DISPOSAL OF ASSETS

**5.1 Disposal of Assets.** After Plan Approval, as a form of raising funds, the OI GROUP may dispose of its fixed (non-current) assets of the COMPANIES UNDER REORGANIZATION listed in **Annex 3.1.2** of this Plan, regardless of renewed approval by the Reorganization Creditors, as long as this disposal is, while the Judicial Reorganization persists, preceded by (i) an evaluation to be performed by a first-class independent evaluator or by an evaluator nominated by the Judicial Reorganization Court for this purpose and, after, (ii) a new approval by the Judicial Reorganization Court. Any other movable or immovable assets that are part of the fixed (non-current) assets of the COMPANIES UNDER REORGANIZATION may only be disposed of and/or encumbered, jointly or in isolation, or, furthermore, gathered into UPIs, as long as the respective disposal and/or encumbrance, as applicable, so long as the Judicial Reorganization is ongoing, is preceded by (i) an evaluation to be performed by a first-class independent evaluator nominated by the Judicial Reorganization Court for this purpose and, subsequently, (ii) approval by the Judicial Reorganization Court.

**5.1.1.** In order to generate liquidity and improve cash flow, the COMPANIES UNDER REORGANIZATION shall make their best efforts, where they can profit from opportunities, to participate in consolidation processes in the Brazilian telecommunications market or dispose of assets, including opportunities resulting from possible regulatory changes, always pursuant to **Clause 5.1**, and in the interests of the COMPANIES UNDER REORGANIZATION, with no harm to their compliance with outstanding obligations to their creditors, subject to the Judicial Reorganization Plan.

## 6 CORPORATE REORGANIZATION



**6.1** The COMPANIES UNDER REORGANIZATION may carry out corporate reorganization operations, such as spin-offs, mergers, incorporation of one or more companies, structural changes, dissolution, or liquidation, involving the COMPANIES UNDER REORGANIZATION themselves and/or any of their Affiliates, provided that the purpose is to optimize their operations and increase their profitability, thus facilitating performance of the obligations contained in this Plan, provided that the legal formalities are followed and that such operations do not involve (i) reduction of any encumbrance on assets of the OI GROUP and/or (ii) increase of total indebtedness, if the consequences referred to in (i) and (ii) above are not provided for in this Plan.

## **7 EFFECTS OF THE PLAN**

**7.1 Binding Nature of the Plan.** Upon Judicial Confirmation of the Plan, the provisions of this Plan will be binding on the COMPANIES UNDER REORGANIZATION, their shareholders and partners, and the Reorganization Creditors and their respective assignees and successors, pursuant to art. 59 of the LFR.

**7.1.1.** Plan Approval shall constitute authorization by the Reorganization Creditors allowing the COMPANIES UNDER REORGANIZATION, to adopt, within the limits of the law and the terms of this Plan, any and all measures that are appropriate and necessary for the implementation of measures provided for in this Plan, including the establishment of procedures for (i) Creditors that are non-residents in Brazil to express their choice of option regarding payment of their respective Credits, without prejudice to the provisions of **Clauses 4.5, 4.5.1, 4.5.2, 4.5.3, and 4.5.4**; and for (ii) payment of the Credits held by the said Creditors that are non-residents in Brazil in the applicable manner, as provided for in this Plan.

**7.2 Novation.** Judicial Confirmation of the Plan shall effect a novation of the Reorganization Credits, pursuant to art. 59 of the LFR, which shall be paid in the manner set forth herein. Under the novation, all obligations, contractual covenants, financial indexes, situations of early maturity, as well as other obligations and guarantees of any nature assumed or provided by the COMPANIES UNDER REORGANIZATION before the Petition Date will be extinguished and replaced, in all terms (except as otherwise provided for in this Plan), by the provisions of the Plan.

**7.3 Extinction of the Proceedings.** Upon Judicial Confirmation of the Plan, while the Plan is being implemented and in accordance with the provisions of **Clauses 4.1.2, 04.3.2.5, and 4.4.2,**

the Reorganization Creditors may not (i) file or continue any legal action or proceedings of any kind against any of the COMPANIES UNDER REORGANIZATION related to any Reorganization Credit, with the exception of the provisions of art 6, §1, of the LFR in relation to proceedings concerning the Illiquid Credits; (ii) enforce any decision, judgment or award against the COMPANIES UNDER REORGANIZATION related to any Reorganization Credit; (iii) pledge or encumber any assets of the Oi Group to meet their Reorganization Credits or take any other restricting act against the property of COMPANIES UNDER REORGANIZATION; (iv) create, improve or enforce any collateral guarantee over the assets and rights of the COMPANIES UNDER REORGANIZATION to ensure payment of any Reorganization Credit; (v) claim any right of set-off as to any Reorganization Credits against any credit owed to the COMPANIES UNDER REORGANIZATION; (vi) seek satisfaction of any Reorganization Credits by any means other than the provisions of this Plan. Upon Judicial Confirmation of the Plan, all judicial enforcements and other legal proceedings pending against the OI GROUP relating to Reorganization Credits shall be extinguished, and the liens and legal constrictions released along with, in favor of the OI GROUP, any balances remaining of the Judicial Deposits that have not been used to pay Creditors under **Clauses 4.1.2, 4.3.2.5, and 4.4.2** above.

**7.4 Request for Documents and other Arrangements.** The OI GROUP, the buyers of any assets owned by any of the COMPANIES UNDER REORGANIZATION, and the Creditors and their representatives and attorneys shall perform all acts and execute all contracts and other documents that are formally or materially necessary or appropriate for performance and implementation of the provisions of this Plan.

**7.5 Modification of the Plan.** Amendments, alterations, and modifications to the Plan may be proposed at any time after the Judicial Homologation of the Plan, provided that such amendments, alterations, and modifications are approved by the General Assembly of Creditors, pursuant to arts. 45 or 58 of the LFR. Amendments, alterations, and modifications to the Plan shall be binding to the COMPANIES UNDER REORGANIZATION and all Reorganization Credits following its approval pursuant to this **Clause 7.5**.

**7.6 Discharge.** Payments made in the form set forth in this Plan shall entail, automatically and independently of any additional formality, full, broad and irrevocable discharge of any and all Reorganization Credits against the COMPANIES UNDER REORGANIZATION, whether it be a primary or fiduciary obligation, including those in relation to Financial Charges, and thus the Reorganization Creditors are not entitled to make any further claims against the COMPANIES

UNDER REORGANIZATION with respect to the Reorganization Credits, at any time, in or out of court.

**7.7 Ratification of Acts.** The Plan Approval by the General Assembly of Creditors shall constitute approval and ratification of all acts carried out and measures taken by the COMPANIES UNDER REORGANIZATION in the course of the Judicial Reorganization.

**7.8 Disclaimer of Liability and Waiver.** As a result of the Plan Approval, the Creditors expressly relieve the Released Parties from any and all liability for acts carried out and obligations contracted before or after the Petition Date, including with respect to the restructuring under this Plan, granting the Exempt Parties a broad, general, irrevocable and irreversible discharge from all patrimonial, criminal and moral rights and claims that could in any way stem from such acts.

**7.8.1.** Plan Approval also represents an explicit and irrevocable waiver by Creditors holding any claims, actions or rights to file, pursue or claim remedy for damages in court or out of court, for any reason and without restrictions, and/or other actions or measures against the Released Parties with respect to acts performed and obligations assumed by the Released Parties, including by virtue of and/or in the course of the Judicial Reorganization.

## **8 GENERAL PROVISIONS**

**8.1 Conditions precedent.** The effectiveness of this plan is subject to (i) Plan Approval; and (ii) Judicial Confirmation of the Plan. To the extent applicable, the effectiveness of the implementation of the measures provided for in this Plan is subject to (a) obtaining all authorizations or consents from Governmental Authorities in the exercise of their legal competencies, including but not limited to approval by ANATEL, which is necessary for the implementation of measures in this Plan providing for the transfer of the corporate control or disposal of assets considered reversible;; and (b) obtaining all consents and corporate approvals necessary for the implementation of the measures provided for in this Plan, including but not limited to authorization, consent and approval required by the Shareholders Agreements and/or Corporate Bylaws and/or articles of incorporation or similar documents.

**8.2 Conduct obligations.** By means of this Plan and during the course of the Judicial Reorganization, the COMPANIES UNDER REORGANIZATION agree to (a) conduct the business of

the OI GROUP in the ordinary course; (b) comply with all terms, conditions and limitations set forth in this Plan; and (c) comply with all obligations assumed under this Plan.

**8.2.1.** Without prejudice to the provisions of **Clause 8.2** above, the COMPANIES UNDER REORGANIZATION undertake to adopt the measures that are within their reach and that are necessary for this Plan to be recognized as effective, executable, and binding in relevant foreign jurisdictions, inasmuch as this recognition is necessary to implement the measures provided for in this Plan with respect to certain Creditors.

**8.3** **Closure of the Judicial Reorganization.** The Judicial Reorganization shall be closed upon verification of performance of all the obligations contained in the Plan that fall due within two (2) years from the Judicial Homologation of the Plan.

**8.4** **Means of Payment.** Pursuant to the provisions in **Clause 7.1.1** above, unless provided for otherwise in this Plan, the amounts owed to the Reorganization Creditors shall be paid by (a) direct transfer of funds to the bank account of the respective Reorganization Creditor through credit order document (*documento de ordem de crédito* or DOC), or electronic funds transfer (*transferência eletrônica disponível* or TED), or, furthermore, (b) through a Payment Order to be withdrawn directly from the financial institution by the relevant Reorganization Creditor, as applicable, with the receipt for said financial transaction serving as proof of discharge of the payment in question.

**8.4.1.** Payments under this Plan shall be made only after the Reorganization Creditors submit their updated registration and bank account information in the Option Form. If the Reorganization Creditor does not send this communication in a timely manner so that COMPANIES UNDER REORGANIZATION can issue payment on the dates set forth in and under the terms of this Plan, this shall not be deemed a breach of the Plan. There shall be no interest, penalties, adjustment for inflation or late charges on the payments that have not been made on the dates set forth in and under the terms of this Plan on account of any Reorganization Creditor's failure to send such communications in a timely manner.

**8.5** **Payment Dates.** In the event that any payment or obligation under this Plan is expected to be made or satisfied on a day that is not a Business Day, such payment or obligation may be made or satisfied, as applicable, on the Business Day immediately following, without this

constituting tardiness by the COMPANIES UNDER REORGANIZATION or incurring financial charges. Similarly, considering the potential payment obligations that depend on acts not yet performed, the COMPANIES UNDER REORGANIZATION will make their best efforts to pay on the earliest possible date and in the manner set forth in this Plan.

**8.6 Communications.** To be effective, all notifications, requirements, requests and other communications to the Oil Group required or permitted under this Plan must be made in writing and shall be deemed made when (i) sent by registered mail, return receipt requested, or by courier, when actually delivered; or (ii) sent by e-mail with proof of delivery, using the following contact information:

**Oi S.A.**

Rua Humberto de Campos, 425

Protocol – Recuperação Judicial

Leblon

Rio de Janeiro – RJ

CEP 22430-190

E-mail: rjoi@oi.net.br

**8.7 Severability of Plan Provisions.** In the event that any term or provision of the Plan is deemed invalid, void, or unenforceable by the Judicial Reorganization Court, the validity and effectiveness of the remaining provisions shall not be affected, and the COMPANIES UNDER REORGANIZATION should propose new provisions to replace those declared invalid, void, or ineffective in order to uphold the purpose of this Plan.

**8.8 Assignment of Credits.** Except if provided for otherwise in this Plan, the Creditors may assign their credits to other Creditors or third parties, and such assignment shall be effective provided that (i) the COMPANIES UNDER REORGANIZATION, the Judicial Administrator and Judicial Reorganization Court are informed; and (ii) the assignees sign a written statement attesting to receipt of a copy of the Plan and recognizing that the assigned Claim shall be subject to the provisions of the Plan.

**8.9 Applicable Law.** The rights, duties, and obligations under this Plan shall be governed, construed, and enforced in accordance with the laws of the Federative Republic of Brazil, even if the Credits are governed by the laws of another jurisdiction, and shall not be subject to any rules or principles of private international law.

**8.10 Resolution of Disputes and Choice of Forum.** All disagreements or disputes arising out of or related to this Plan, including claims by Creditors concerning the amount of their respective Reorganization Credits, may be subjected first to a Mediation process, pursuant to the regulations of the Chamber of Mediation and Arbitration of the Getulio Vargas Foundation/RJ. If the disagreements or disputes in question are not resolved in Mediation, they shall be resolved (i) if prior to the closing of the Judicial Reorganization proceeding, by final decision (that is, a decision not subject to appeal) of the Judicial Reorganization Court; and (ii) if after the closing of the Judicial Reorganization proceeding, by any final decision (that is, a decision not subject to appeal) by any commercial court of the City of Rio de Janeiro.

**8.11**

The plan is signed by the duly constituted legal representatives of the OI GROUP.

Rio de Janeiro, September 05, 2016.

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**OI S.A. – under judicial reorganization**

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**TELEMAR NORTE LESTE S.A. – under judicial reorganization**

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**OI MÓVEL S.A.**  
**- under judicial reorganization**

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**COPART 4 PARTICIPAÇÕES S.A.**  
**- under judicial reorganization**

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**COPART 5 PARTICIPAÇÕES S.A.**  
**- under judicial reorganization**

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**PORTUGAL TELECOM INTERNATIONAL FINANCE B.V.**  
**- under judicial reorganization**

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**OI BRASIL HOLDINGS COÖPERATIEF U.A.**  
**- under judicial reorganization**

## ANNEX 1.1

### DEFINITIONS

“**ADR**” means American Depositary Receipts, the format of the shares of OI traded on the NYSE.

“**Affiliates**” means, with respect to any Person, any other Person who is directly or indirectly a Controlling Company, a Controlled Company, or a Company under common control of such Person.

“**ANATEL**” means the National Telecommunications Agency, created by Law 9,472 of July 16<sup>th</sup>, 1997.

“**Atlântico Foundation Labor Credit**” means the Labor Credit held by Fundação Atlântico de Seguridade Social, a private pension fund related to the OI GROUP.

“**BM&FBovespa**” means the Brazilian Securities, Commodities, and Futures Exchange, based in São Paulo.

“**BNDES**” means the Brazilian National Bank for Economic and Social Development [*Banco Nacional de Desenvolvimento Econômico e Social*].

“**Brasil Telecom**” means Brazil Telecom S.A., originated from the privatization of the former state company Telecomunicações Brasileiras S.A., which gave rise to the current OI GROUP.

“**Broadband in Schools**” means the program launched by the Federal Government through Decree No. 6.424/2008 that allows fixed-line telecommunications service providers to exchange the obligations to install telephone service stations (PST) in municipalities for installation of network infrastructure to support high-speed internet connections in all Brazilian municipalities and connecting all urban public schools, with maintenance of the services at no cost until the year 2025.

“**Business Day**” means any and all days other than Saturdays, Sundays or public holidays in the city of Rio de Janeiro, State of Rio de Janeiro.



**“Bylaws”** means the bylaws or similar corporate charter of OI, TELEMAR, OI MÓVEL, COPART 4, COPART 5, PTIF and OI COOP and their Affiliates.

**“Civil Code”** means Law No. 10.406 of January 10<sup>th</sup>, 2002.

**“Class III Administrative Fine Creditors”** means the holders of Class III Credits for Administrative Fines.

**“Class III Creditors”** means holders of Class III Credits.

**“Class III Credits for Administrative Fines”** means Class III Credits arising from fines and obligations imposed by Government Authorities.

**“Class III Credits”** means Reorganization Credits provided for in arts. 41, item III, and 83, item VI, of the LFR against the COMPANIES UNDER REORGANIZATION, held by Persons who are not any of the COMPANIES UNDER Reorganization themselves.

**“Class III Joint Petition”** means the joint petition to be presented under the terms of **Clause 4.3.2.5.4**, of form and content to be disclosed by the COMPANIES UNDER REORGANIZATION within up to 15 (fifteen) days prior to the date of the General Assembly of Creditors convened to deliberate on this Plan.

**“COMPANIES UNDER REORGANIZATION”** means OI, TELEMAR, OI MÓVEL, COPART 4, COPART 5, OI COOP, and PTIF.

**“Control”** means, pursuant to art. 116 of Law No. 6.404/76, (i) ownership of the rights of partners that ensure the holder, permanently, the majority of the votes in corporate decisions and the power to elect the majority of the corporation’s administrators; and (ii) the effective exercise of such power to direct corporate activities and guide the operation of the corporate bodies. The expressions and terms “Controlling,” “Controlled by,” “under common Control,” and “Controlled” have their meaning logically derived from this definition of “Control.”

**“COPART 4”** means COPART 4 PARTICIPAÇÕES S.A. – under judicial reorganization, a privately held corporation, with CNPJ/MF No. 12.253.691/0001-14, with headquarters and principal place of business at Rua General Polidoro, 99, 4º andar, parte, Botafogo, Rio de Janeiro-RJ, CEP 22280-004.

**“COPART 5”** means COPART 5 PARTICIPAÇÕES S.A. – under judicial reorganization, a privately held corporation, with CPNJ/MF No. 12.278.083/0001-64, with headquarters and principal place of business at Rua General Polidoro, 99, 5º andar, parte, Botafogo, Rio de Janeiro-RJ, CEP 22280-004.

**“Corporate Reorganization”** means the corporate reorganization to be carried out pursuant to **Clause 6** of this Plan.

**“Corporations Act”** means Law No. 6.404 dated December 15, 1976.

**“Creditors”** means all creditors referred to herein.

**“Creditors outside the Reorganization Proceedings”** means holders of Credits outside the Reorganization Proceedings.

**“Credits outside the Reorganization Proceedings”** means credits held against the COMPANIES UNDER REORGANIZATION that are not subject to the effects of this Plan because (i) they arose after the Petition Date, or (ii) they are subject to art. 49, §§3 and 4 of the LFR, or any other legal provision that excludes them from the effects of this Plan.

**“Credits”** means Reorganization Credits and Credits outside the Reorganization Proceedings.

**“Department of Communications”** means the Brazilian executive branch agency created by Decree-Law No. 200 of February 25, 1967, which regulates telecommunications, postal and broadcasting services.

**“Euros”** or **“EUR”** means the official currency of the European Union.

**“Financial Charges”** means any monetary correction, interest, fines, penalties, compensation, inflation, damages, default interest, and/or other similar charges.

**“General Assembly of Creditors”** means any general assembly of creditors held pursuant to Chapter II, Section IV of the LFR.

**“General Plan of Grants”** means the plan that defined the regions and sectors for grants and authorizations for Switched Fixed-Line Telephone Service, established by Decree No. 6.654 of November 20, 2008.

**“General Telecommunications Act”** means Law No. 9.472, dated July 16, 1997.

**“General Universal Service Target Plan”** means the plans stipulating universal service obligations, which are periodically reviewed by the publication of federal decrees (currently PGMU III is in force, approved by Decree No. 7.512, dated June 30, 2011 with targets for the period between 2011 and 2016).

**“Government Authorities”** means the government of the Federative Republic of Brazil or of any other jurisdiction or any political subdivision thereof, including federal, state or local governments, and any autonomous local authority, agency, secretary, department or body of such a government or political subdivision thereof, including the Public Prosecutor’s Office, the Federal Police, the Brazilian Internal Revenue Service, the National Institute of Social Security, Brazil’s Central Bank, the Brazilian Securities Commission, ANATEL, the Federal Audit Tribunal, any court or Tribunal, whether judicial, administrative or arbitration, and any regulatory or self-regulatory entity.

**“Illiquid Credits”** means Reorganization Credits that are (i) the subject of court and/or arbitration proceedings, whether commenced or not, derived from any legal relationships and contracts existing prior to the Petition Date; or (ii) in respect of which amount there is a dispute pending resolution; or (iii) those that, although do not fall under items (i) and (ii) above, are for any reason not shown in the List of Creditors of the COMPANIES UNDER REORGANIZATION and/or the Judicial Administrator’s List of Creditors.

**“INSS”** means the National Institute of Social Security (*Instituto Nacional de Segurança Social*), linked to the Ministry of Labor and Social Security.

**“Joint Labor Petition”** means the joint petition to be presented under the terms of **Clause 4.1.2.3**, of form and content to be disclosed by the COMPANIES UNDER REORGANIZATION within up to 15 (fifteen) days prior to the date of the General Assembly of Creditors convened to deliberate on this Plan.

**“Judicial Administrator”** means both PricewaterhouseCoopers Assessoria Empresarial Ltda., with headquarters at Av. Francisco Matarazzo nº 1.400, São Paulo- SP, CEP 05001-903, and Escritório de Advocacia Arnold Wald, with headquarters at Av. Pres. Juscelino Kubitschek, 510, 8º andar, São Paulo- SP, CEP 04543-906, as appointed by the Judicial Reorganization Court in the decision rendered on July 22, 2016.

**“Judicial Administrator’s List of Creditors”** means the list of creditors presented by the Judicial Administrators pursuant to art. 7, §2 of the LFR.

**“Judicial Confirmation of the Plan”** means the court decision handed down by the Reorganization Court granting the Judicial Reorganization, pursuant to art. 58, caput and §1 of the LFR. For the purposes of this Plan, Judicial Confirmation of the Plan is considered to occur on the date of publication, in the official gazette, of the decision granting this Judicial Reorganization in the court of first instance, after which, following expiry of the time limits for filing the appropriate appeals, no appeal suspending the effects of such order is pending judgment. If the court of first instance denies, or the court of first appeal dismisses, Judicial Confirmation of the Plan, and a court of second appeal or any higher court, whether by ruling of a single judge or panel of judges, ultimately renders an order confirming the Plan, the date shall be considered the date of publication in the official gazette of the eventual decision of the first of such higher courts to so enter a decision against which, after expiry of the time limits for filing an appeal, no appeal suspending the effects of such order is pending judgment.

**“Judicial Deposit”** means the judicial deposits made by the OI GROUP in lawsuits of any kind, which shall be used in payment of certain credits as provided herein.

**“Judicial Deposit Labor Creditors”** means the holders of Labor Credits who, aware that litigation against the COMPANIES UNDER REORGANIZATION implicates an outlay of resources and hinders the liquidity of the OI GROUP, expressly agree with the amounts of their Labor Claims listed in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator’s List of Creditors, in the latter case when the Labor Credit becomes a Judicial Deposit Labor Creditor pursuant to **Clause 4.1.1(b)**, and waive the right to offer, propose or pursue actions, proof of credit, discrepancies, credit disputes, or any other measure (including appeals) aimed at increasing the amounts of their respective Labor Credits, including as indicated in the List of Creditors of the Companies under Reorganization or in the Judicial

Administrator's List of Creditors, in the latter case when the Labor Credit becomes a Judicial Deposit Labor Creditor pursuant to **Clause 4.1.1(b)** and as provided in **Clause 4.1**.

**"Judicial Deposit Microenterprise and Small Business Creditors"** means holders of Microenterprise and Small Business Credits who, aware that the existence of litigation against the COMPANIES UNDER REORGANIZATION implicates an outlay of resources and hinders the liquidity of the Oi Group, expressly agree with the amounts of their Microenterprise and Small Business Credits as recognized by the Companies under Reorganization, including as shown in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, in the latter case when the Microenterprise and Small Business Credit [sic] in question becomes a Judicial Deposit Microenterprise and Small Business Creditor pursuant to **Clause 4.4.2.1**, and waive the right to offer, propose or pursue actions, proofs of credit, discrepancies, credit disputes, or any other measure (including appeals) aimed at increasing the amounts of their respective Microenterprise and Small Business Credits as recognized by the COMPANIES UNDER REORGANIZATION, including those indicated in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, in the latter case when the Microenterprise and Small Business Credit in question becomes a Judicial Deposit Microenterprise and Small Business Creditor [sic] pursuant to **Clause 4.4.2.1** and as provided in **Clause 4.4.2**.

**"Judicial Deposit Partner Creditors"** means holders of Class III Credits who, aware that the existence of litigation against the COMPANIES UNDER REORGANIZATION implicates an outlay of resources and hinders the liquidity of the OI GROUP, expressly agree with the amounts of their Class III Credits as recognized by the COMPANIES UNDER REORGANIZATION, including as listed in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, in the latter case when the Class III Credit becomes a Judicial Deposit Partner Creditor pursuant to **Clause 4.3.2.5.1**, and waive the right to offer, propose or pursue actions, proofs of credit, discrepancies, credit disputes, or any other measure (including appeals) aimed at increasing the amount of their respective Class III Credits as recognized by the COMPANIES UNDER REORGANIZATION, including as indicated in the List of Creditors of the Companies under Reorganization or in the Judicial Administrator's List of Creditors, in the latter case when the Class III Credit becomes a Judicial Deposit Partner Creditor pursuant to **Clause 4.3.2.5.1**, and that fall under the provisions of **Clause 4.3.2.5**, except holders of Class III Credits for Administrative Fines.

**“Judicial Reorganization”** means the process of judicial reorganization filed under No. 0203711-65.2016.8.19.0001 in progress before the Judicial Reorganization Court.

**“Labor Creditors”** means holders of Labor Credits.

**“Labor Credits”** means Reorganization Credits derived from labor legislation or resulting from on-the-job accidents, in accordance with art. 41, item I of the LFR.

**“Late Creditors”** means holders of Late Credits.

**“Late Credits”** means Reorganization Credits proven after publication of the Judicial Administrator’s List of Creditors in the official publication, as provided in art. 7, §2 of the LFR.

**“Law”** means any law, regulation, order, judgment, or decree issued by any Governmental Authority.

**“LFR”** means Law No. 11.101, dated February 9, 2005.

**“LIBOR”** means the 6-month London Interbank Offered Rate for US Dollars and Euros, published by Reuters (or another available commercial available source that provides these quotations).

**“List of Creditors of the Companies under Reorganization”** means the list of creditors presented by the COMPANIES UNDER REORGANIZATION.

**“Mediation”** means any procedure to be established pursuant to Law No. 13.140 of June 26, 2015.

**“Microenterprise and Small Business Creditors”** means holders of Microenterprise and Small Business Credits.

**“Microenterprise and Small Business Credits”** means the Reorganization Credits held by micro-enterprises or small businesses, defined pursuant to Complementary Law No. 123/2006, pursuant to art. 41, item IV of the LFR.

**“Microenterprise and Small Business Credits under Judicial Deposit”** means Microenterprise and Small Business Credits covered as set forth in **Clause 4.4.2**.

**“Microenterprise and Small Business Joint Petition”** means the joint petition to be presented under the terms of **Clause 4.4.2.4**, of form and content to be disclosed by the COMPANIES UNDER REORGANIZATION within up to 15 (fifteen) days prior to the date of the General Assembly of Creditors convened to deliberate on this Plan.

**“Microenterprise and Small Business Supplier Partner Creditors”** means Microenterprise and Small Business Creditors that, if requested by the OI GROUP, maintain the supply to the COMPANIES UNDER REORGANIZATION of goods and/or services, as applicable, without undue modification of the terms and conditions in place as of Petition Date as between such Microenterprise and Small Business Creditors and the COMPANIES UNDER REORGANIZATION.

**“National Broadband Plan”** means the Government initiative created by Decree No. 7.175 dated May 12, 2010, whose main objective is to mass distribute broadband Internet throughout the country, especially in technologically deprived areas.

**“New Funding Partner Creditors”** means holders of Class III Credits that grant new funds under the terms and conditions set out in **Clause 4.3.2.3**.

**“NYSE”** means the New York Stock Exchange.

**“OI”** means the OI S.A. – in judicial reorganization, a publicly held corporation, registered in the CNPJ/MF under No. 76.535.764/0001-43, with headquarters and main place of business at Rua do Lavradio No. 71, Centro, Rio de Janeiro – RJ, CEP 20230-070.

**“OI COOP”** means OI BRAZIL HOLDINGS COÖPERATIEF U.A. – in judicial reorganization, a private legal person organized under the laws of The Netherlands, registered with the CNPJ/MF under No. 16.770.090/0001-30, with headquarters in Amsterdam, Schiphol Boulevard 231, B tower, 5th floor, 1118 BH Schiphol, and main place of business in the city of Rio de Janeiro – RJ.

**“OI GROUP”** means OI, TELEMAR, OI MÓVEL, COPART 4, COPART 5, OI COOP, and PTIF.

**“OI MÓVEL”** means OI MÓVEL S.A. – in judicial reorganization (“OI MÓVEL”), a privately held corporation registered in the CNPJ/MF under No. 05.423.963/0001-11, with headquarters in

Setor Comercial Norte, Quadra 3, Bloco A, Edifício Estação Telefônica, térreo (part 2), Brasília – DF, in Setor Comercial Norte, Quadra 3, Bloco A, Edifício Estação Telefônica, térreo (part 2), CEP 70.713-900.

**“Option Form”** means the form to be sent by each Reorganization Creditor to the COMPANIES UNDER REORGANIZATION, with a copy sent to the Judicial Administrator, pursuant to the provisions of **Clause 4.5** of this Plan, of form and content to be disclosed by the COMPANIES UNDER REORGANIZATION within up to 15 (fifteen) days prior to the date of the General Assembly of Creditors convened to deliberate on this Plan.

**“Partner Creditors”** means Judicial Deposit Partner Creditors, Supplier Partner Creditors, Judicial Deposit Microenterprise and Small Business Creditors, and Microenterprise and Small Business Supplier Partner Creditors, including Creditors holding Credits not yet recognized that may become Judicial Deposit Partner Creditors or Judicial Deposit Microenterprise and Small Business Creditors pursuant to **Clauses 4.3.2.5.1** or **4.4.2.1**, respectively.

**“Person”** means any individual, firm, corporation, company, unincorporated association, partner, trust, or other person established by law or administrative decision that is not the subject of inquiry in the Judiciary.

**“Petition Date”** means June 20, 2016, as the filing date of the petition for judicial reorganization.

**“Plan Approval”** means approval of this Plan by the Reorganization Creditors in a General Assembly of Creditors, pursuant to art. 45 or 58, §1 of the LFR. For the purposes of this Plan, Plan Approval is considered to occur on the date of the General Assembly of Creditors that approves the Plan. In the event of approval in accordance with art. 58, §1 of the LFR, Plan Approval shall be considered to occur on the date of the judicial decision confirming the Judicial Reorganization.

**“Plan or PRJ”** means this judicial reorganization plan in its entirety, including all amendments, modifications, alterations, and additions, and including all attachments and documents mentioned in the clauses of this Plan.

**“Portugal Telecom”** means Portugal Telecom, the Portuguese telecommunications company.



**“Proceedings”** means any dispute in the judicial, administrative or arbitral sphere (at any stage, including implementation/compliance with judgment) underway at the Petition Date involving discussion related to any of Reorganization Credits before the Judicial Power or arbitral tribunal, as appropriate, including Labor Credits.

**“PTIF”** means PORTUGAL TELECOM INTERNATIONAL FINANCE B.V. – under judicial reorganization, a private legal person organized under the laws of The Netherlands, with headquarters in Amsterdam, Naritaweg 165, 1043 BW, and main place of business in the city of Rio de Janeiro – RJ.

**“real”** means the currency of the Federative Republic of Brazil.

**“Recognition of the Plan in the Jurisdiction of the Creditor”** means all and any decision or judicial order needed for this Plan to become effective in the jurisdiction applicable to the Creditor in hand.

**“Regions I, II and III”** means the regions into which Brazil is divided according to the General Plan of Grants for grants and authorizations for Switched Fixed-line Telephone Service, with Region I consisting of 16 states located in the North, Northeast and Southeast s of Brazil, Region II including the Federal District and nine states located in the North, Center-West and South, and Region III comprising the state of São Paulo.

**“Released Parties”** means the COMPANIES UNDER REORGANIZATION, their Affiliates, Controlled entities, subsidiaries, related companies, associated organizations, and other companies in the same group, and their respective shareholders, officers, directors, investors, employees, attorneys, advisors, agents, and representatives, including their predecessors and successors.

**“Reorganization Court”** means the 7th Business Court of the Judicial District of the Capital – RJ.

**“Reorganization Creditors”** means holders of Reorganization Credits.

**“Reorganization Credits”** means the credits and obligations subject to the effects of this Plan, whether matured or maturing, whose respective contracts, obligations and/or triggering events date or occurred prior to the Petition Date, regardless of whether or not they are listed in the

List of Creditors of the Companies under Reorganization or the Judicial Administrator's List of Creditors. Reorganization Credits includes all Credits referred to in this Plan, regardless of their nature, with the exception of Credits outside the Reorganization Proceedings.

**"Reports"** means the economic and financial reports and evaluation of the property and assets of the OI GROUP, prepared in accordance with art. 53, items II and III of the LFR.

**"Secured Creditors"** means holders of Secured Credits.

**"Secured Credits"** means the Reorganization Credits secured by pledges pursuant to art. 41, item II of the LFR.

**"Shareholders"** means the direct or indirect shareholders of OI, including individuals who are directly or indirectly controlling shareholders of OI and their successors of any kind.

**"Shareholders Agreements"** means any agreements between the Shareholders concerning the purchase and sale of shares of the COMPANIES UNDER REORGANIZATION, preferential rights to purchase them, exercise voting rights, or rights of control, which must be observed by the company when filed at its headquarters, under the terms of art. 118 of the Corporations Act.

**"Supplier Partner Creditors"** means Class III Creditors who maintain the supply, to the COMPANIES UNDER REORGANIZATION, of goods and/or services, as applicable, without undue modification of the terms and conditions in place as of Petition Date as between the respective Class III Creditors and the COMPANIES UNDER REORGANIZATION.

**"TELEMAR"** means TELEMAR NORTE LESTE S.A. – under judicial reorganization, a privately held corporation, enrolled in the CNPJ/MF under No. 33.000.118/0001-79, with headquarters address and main place of business at Rua do Lavradio nº 71, Centro, Rio de Janeiro – RJ, CEP 20230-070.

**"TR"** means *taxa referencial* or "reference rate," established by Law No. 8.177/91, as determined and published by the Central Bank of Brazil, whose product shall be added to the nominal amount of a Credit for purposes of calculating the cash value of the obligations provided for herein, which shall be due on the payment dates set forth herein. In the event of temporary unavailability of the TR, in its place the last published index number shall be used, calculated

pro rata by business days; however, no financial compensation shall be applied when the proper index number is disclosed. If the index number for a period exceeding five (5) Business Days after the expected date for disclosure is not calculated and/or disclosed, or in the event of its extinction or by statutory or judicial determination, the TR should be replaced by an alternate legally designated for that purpose.

“**UPI**” means isolated productive units (“*unidades productivas aisladas*”), which shall be sold in accordance with art. 60 of the LFR.

“**US Dollars**” or “**USD**” means the official currency of the United States of America.

**ANNEX 2.6**  
**REPORTS**

### **ANNEX 3.1.2**

#### **Assets**

Direct or indirect disposal of the following assets:

- Stake held in PT Participações SGPS, S.A. in telecommunications operators in Africa and in Asia;
- Datacenter operations;
- Fiber optic network in the state of São Paulo;
- Infrastructure items (including towers and rooftops);
- Brasil Telecom Call Center S.A.;
- Serede – Serviços de Rede S.A.;
- real estate; and/or
- Mobile telephone operations.

ANNEX 4.2.3

**General Conditions of Secured Credits  
Provisions Applicable to BNDES Contracts**

The terms and conditions of the Secured Credits will reflect: (i) the terms established in this Plan, and (ii) the “PROVISIONS APPLICABLE TO BNDES CONTRACTS,” insofar as they do not conflict with the provisions of this Plan.

1. In the event of default in the obligations assumed by the Debtor, the provision in articles 40 to 47 of the Provisions Applicable to BNDES Contracts will be applied.

No adverse material event/effect will represent a default event.

There will be no financial covenants.

#### **ANNEX 4.3.2.1.4**

### **General Conditions of Non-Convertible Credits**

#### **Debt in BRL**

The Debtor of Debt in BRL shall comply with the following obligations under penalty of debt acceleration:

- In the first 10 years of the Plan's implementation, it shall not use excess cash to pay dividends other than those that are mandatory, or make any other distribution or amortization of the Debtor's capital stock, as provided in the plan;
- It shall not engage in any business or business activity other than that reasonably related or accessory to the businesses in which the Debtor and/or any of its subsidiaries is(are) currently engaged;
- It shall not assign or otherwise transfer the rights and obligations derived from the Debts in BRL to companies outside the Oi Group;
- It shall not modify the corporate form of the Debtor except if pursuant to a Corporate Reorganization.

The Debt in BRL will be accelerated if the following conditions occur, in addition to other provisions of the Plan:

- Failure to pay the principal, interest, or other amounts due to the Creditors of Debt in BRL;
- The Debtor is declared bankrupt or under judicial reorganization or other associated events.

There shall be no financial covenants.

There shall be no adverse effect/material event that represents a default event.

#### **Debts in USD and Debts in EUR**

The Deeds of Issue shall contain the following obligations under the penalty of debt acceleration:

- In the first 10 years of the Plan's implementation, it shall not use excess cash to pay dividends other than those that are mandatory, or make any other distribution or amortization of the Issuer's capital stock, as provided in the plan;
- It shall not engage in any business or business activity other than that reasonably related or accessory to the businesses in which the Issuer and/or any of its subsidiaries is(are) currently engaged;
- It shall not assign or otherwise transfer the rights and obligations derived from the Deeds of Issue to companies outside the Oi Group; and
- It shall not modify the corporate form of the Issuer except if pursuant to a Corporate Reorganization.

The Deeds of Issue will provide that the debt will be accelerated if the following conditions occur, in addition to other provisions of the Plan:

- Failure to pay the principal, interest, or other amounts due to the Deeds of Issue;
- Breach of the obligations established in the Deeds of Issue; and
- Declaration of bankruptcy or entering into judicial reorganization or other related events; and unfeasibility and/or unenforceability of USD Bonds and EUR Bonds.

There shall be no financial covenants.

There shall be no adverse effect/material event that represents a default event.



**ANNEX 4.3.2.2.1(h)**

**General Conditions of Convertible Credits**

The Debtor of the Convertible Securities shall comply with the following obligations under penalty of debt acceleration:

- In the first 10 years of the Plan's enforcement, it shall not use excess cash to pay dividends other than those that are mandatory, or make any other distribution or amortization of the Debtor's capital stock, as provided in the plan;
- It shall not engage in any business or business activity other than that reasonably related or accessory to the businesses in which the Debtor and/or any of its subsidiaries is(are) currently engaged;
- It shall not assign or otherwise transfer the rights and obligations derived from these Convertible Securities to companies outside the Oi Group;
- It shall not modify the corporate form of the Debtor except if pursuant to a Corporate Reorganization.

The Convertible Securities will be accelerated if the following conditions occur, in addition to other provisions of the Plan:

- Failure to pay the principal, interest or other amounts due to the Creditors of Debt in BRL; and
- The Debtor is declared bankrupt or under judicial reorganization or other related events.

There shall be no financial covenants.

There shall be no adverse effect/material event that represents a default event.

#### ANNEX 4.3.2.3.2

##### **General Conditions of New Funds**

The Debtor of New Funds shall comply with the following obligations under penalty of debt acceleration:

- In the first 10 years of the Plan's enforcement, it shall not use excess cash to pay dividends other than those that are mandatory, or make any other distribution or amortization of the Debtor's capital stock, as provided in the plan;
- It shall not engage in any business or business activity other than that reasonably related or accessory to the businesses in which the Debtor and/or any of its subsidiaries is(are) currently engaged
- It shall not assign or otherwise transfer the rights and obligations derived from the New Funds to companies outside the Oi Group; and
- It shall not modify the corporate form of the Debtor except if pursuant to a Corporate Reorganization.

The New Funds will be accelerated if the following conditions occur, in addition to other provisions of the Plan:

- Failure to pay the principal, interests or other amounts due to the Creditors of Debt in BRL; and
- The Debtor is declared bankrupt or under judicial reorganization or other related events.

There shall be no financial covenants.

There shall be no adverse effect/material event that represents a default event.

#### ANNEX 4.3.2.4.2

##### **General Payment Conditions - General**

The Debtor of Credits – General Payment shall comply with the following obligations under penalty of debt acceleration:

- In the first 10 years of the Plan’s enforcement, it may not use excess cash to pay dividends other than those that are mandatory, or make any other distribution or amortization of the Debtor’s capital stock, as provided in the plan;
- It shall not engage in any business or business activity other than that reasonably related or accessory to the businesses in which the Debtor and/or any of its subsidiaries is(are) currently engaged;
- It shall not assign or otherwise transfer the rights and obligations derived from these Credits – General Payment to companies outside the Oi Group; and
- It shall not modify the classification of the Debtor except if pursuant to the Corporate Reorganization.

The Credits – General Payment will be accelerated if the following conditions occur, in addition to other provisions of the Plan:

- Failure to pay the principal, interests or other amounts due to the Creditors of Debt in BRL; and
- The Debtor is declared bankrupt or under judicial reorganization or other related events.

There shall be no financial covenants.

There shall be no adverse effect/material event that represents a default event.