Orascom TMT Investments S.à r.l.
Société à responsabilité limitée
Share Capital: EUR 375.337.525.-
R.C.S. Luxembourg: B 108.440 - VAT Number : LU24993725

December 16, 2016

Principal Executive Offices of Oi S.A.
Rua Humberto de Campos, 425
Leblon, Rio de Janeiro
Brazil
22430-190

To: José Mauro Mettrau Carneiro da Cunha, Chairman of the Board of Directors of Oi S.A. (together with its subsidiaries and affiliates, the "Company")
Marco Schroeder, Chief Executive Officer of Oi S.A.

Cc: Judicial Administrators:
PricewaterhouseCoopers Assessoria Empresarial Ltda.,
Escritório de Advocacia Arnoldo Wald

Agência Nacional de Telecomunicações - ANATEL
Juarez Quadros Nascimento, Chairman of the Board of Directors

Brock Edgar, FTI Consulting
Nick Angel, Stuart Swift, Milbank, Tweed, Hadley, & McCloy LLP
Marcelo Sampaio Góes Ricupero, Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados

Re: **Alternative Plan of Reorganization of the Company**

Dear Sirs,

Orascom TMT Investments S.à r.l. ("Proponent"), a company incorporated under the laws of Luxembourg, with its head office at 31-33 Avenue Pasteur L-2311, Luxembourg, in light of the applicable provisions set forth in Laws No. 11.101/05 ("LFR") and Law 6.404/76 ("Corporate Law"), hereby respectfully submits for the consideration of Oi S.A., Telemar Norte Leste S.A., Oi Móvel S.A., Copart 4 Participações S.A., Copart 5 Participações S.A., Portugal Telecom International Finance B.V. and Oi Brasil Holdings Cooperatief U.A. (jointly, the "Company" or "Debtors"), currently in judicial reorganization ("JR") pending before the 7th Lower Commercial Court of the City of Rio de Janeiro (the "Reorganization Court"), a proposal for an alternative plan of reorganization of the Debtors (the "Proposal" and the "Alternative Plan", respectively) outlined in the attached Term Sheet (the "TS – Alternative Plan" – Schedule A).[1]

The Proponent believes, based on lengthy and ongoing discussions with the Company's creditors, that the plan of reorganization submitted by the Company on September 5, 2016 (the "Original

[1] Terms and Definitions. Unless indicated otherwise, capitalized terms and definitions shall have the meaning ascribed to them in the attached TS – Alternative Plan and shall be used in either the singular or plural, feminine or the masculine forms, as appropriate, without losing the meaning assigned thereto.
[2] The Ad Hoc Group is represented by Moelis & Company, Cleary Gottlieb Steen & Hamilton and Pinheiro Neto Advogados.

Plan") will not be accepted by the Company's creditors. The Proponent believes that the Alternative Plan is a more viable, beneficial and implementable alternative to the Original Plan, and that it will both earn the support of the Company's creditors and successfully address the Company's operational and capital structure issues. Once adopted, the Proponent believes that it will position the Company to compete successfully in the Brazilian telecommunications market, enable the Company to provide customers with better service and products and maximize the recovery of all stakeholders. As you are aware, the Proponent has been working with, and the Proposal has the support of the members of the steering committee (the "Steering Committee") of the ad hoc group of bondholders (the "Ad Hoc Group")[2] and the committee of export credit agencies, facility agencies and banks represented by FTI Consulting (the "Supporting ECAs" and together with the Steering Committee, the "Supporting Parties")[3], which Supporting Parties collectively hold claims in excess of US$ 3.0 billion.

In addition, the Proponent has been and will continue to actively engage with the Ad Hoc Group, the Company's other key creditor constituencies, including its principal bank creditors and bondholders outside the Ad Hoc Group, and other key stakeholders such as ANATEL and the executive branch of the Brazilian government. The Proponent is confident that the Alternative Plan will swiftly be able to garner broad support from each of these key constituencies, including sufficient creditor support to ensure approval at a general meeting of the Company's creditors.

The Alternative Plan is based, *inter alia*, on (i) the business and operating plan developed by the Strategic Partner based solely on publicly available information as set forth on Schedule XIV of the TS – Alternative Plan (the "Business Plan"); and (ii) the level of the Company's indebtedness as set forth in the preliminary list of creditors presented by the Company in June 2016, except in respect of Anatel Claims. For the avoidance of doubt, the Business Plan and Alternative Plan are subject to, and may need to be adjusted in light of, the results of the confirmatory legal, business, accounting, operational, tax and financial due diligence the Proponent and the Supporting Parties will need to undertake.

The Alternative Plan contemplates a capital increase of the Company of an aggregate amount up to US$1.25 billion (the "New Money"), to be raised through a public offering (the "Public Offering") registered with the Brazilian Comissão de Valores Mobiliários ("CVM") and through the subscription of shares by the Strategic Partner as described in the TS – Alternative Plan. The proceeds of the Public Offering and subscription of shares by the Strategic Partner will be invested in the Company and used to sustain and grow the Company and provide better services to customers. The New Money Providers have already committed, pursuant and subject to customary equity commitment letters and the terms of the TS – Alternative Plan, to backstop an aggregate amount of US$1.00 billion of new equity capital (the "New Money Commitments") to support the growth of the Company, and have reserved up to an additional aggregate amount of US$250 million from other stakeholders that commit to pursuing the Alternative Plan, as further described in the TS – Alternative Plan.

The Alternative Plan also contemplates the execution by the Company of a Management Contract with the Strategic Partner to, *inter alia*, oversee strategic planning and management of the Company, formed by qualified professional management and board members. The Alternative Plan will include mechanisms to ensure that the Company adheres to the highest and best corporate governance practices and a new board of directors that will include independent and highly qualified individuals.

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[3] The Supporting ECAs are represented by FTI Consulting, Milbank, Tweed, Hadley & McCloy and Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados.

Support for the Proposal, New Money Commitments and the Alternative Plan by the Proponent, the Supporting Parties and the New Money Providers is subject to conditions precedent customary for transactions of this type, including those referred in the TS-Alternative Plan, comprising, without limitation, the following: (i) completion of legal, business, accounting, operational, tax and financial due diligence by the Proponent, the Supporting Parties and the New Money Providers and their advisors to confirm accuracy of the material assumptions of the Business Plan to their satisfaction, including the items listed on Schedule XVI of the TS – Alternative Plan (the "Key Diligence Items"); (ii) execution of definitive documentation for a Plan Support Agreement with the Company, the Alternative Plan, the Management Contract, changes to Company's organizational documents and any other relevant applicable documentation; in each case to be agreed in form and in substance satisfactory to the Proponent, the Supporting Parties and the New Money Providers (the "Final Documents"); and (iii) regulatory approvals and changes as described in the TS – Alternative Plan.

The Proponent believes the Proposal and the Alternative Plan present a unique opportunity to expeditiously resolve the Company's financial and operational issues and are in the best interest of the Company and its various stakeholders, and invite the Company to engage in discussions with the Proponent about the terms of the Proposal as soon as possible.

This Proposal shall remain valid and effective until January 31, 2017, at which time the Proponent may withdraw, extend or amend the Proposal.

Please direct all communications, correspondence or notices to Proponent relating to this Proposal to the following recipients:

Karim Nasr
knasr@dwellp.com
14 Berkeley Street
London W1J 8DX
United Kingdom

c.c.: Cleary Gottlieb Steen & Hamilton LLP
One Liberty Plaza
New York, NY 10006
Attention: Richard J. Cooper (rcooper@cgsh.com)
Francisco L. Cestero (fcestero@cgsh.com)

c.c. Pinheiro Neto Advogados
Rua Hungria, 1100
01455-906 - São Paulo – Brasil
Attention: Giuliano Colombo (gcolombo@pn.com.br)

c.c. Moelis & Company
Avenida Horácio Lafer, 160-8.andar
Itaim Bibi - CEP.:04538-080
São Paulo, Brazil
Attention: Erick Alberti (Erick.Alberti@moelis.com)
Otavio Guazzelli (Otavio.Guazzelli@moelis.com)

We look forward to hearing and working with the Company in connection with the Proposal.

Sincerely,

Orascom TMT Investments s.a.r.l
Name:
Position:

Wafaa Lotaief

Schedule A

Term Sheet - Alternative Plan

FINAL VERSION

Oi S.A.

Alternative Restructuring Plan

Term Sheet

*The following term sheet ("**Term Sheet**") summarizes the key terms of an alternative restructuring plan ("**Plan**") for Oi S.A.("**Oi**" or the "**Company**") and its subsidiaries, including Telemar Norte Leste S.A. ("**Telemar**"), Oi Móvel S.A. ("**Oi Móvel**"), Copart 4 Participações S.A. ("**Copart 4**"), Copart 5 Participações S.A. ("**Copart 5**"), Portugal Telecom International Finance B.V. ("**PTIF**") and Oi Brasil Holdings Cooperatief U.A. ("**Oi Netherlands**") (jointly, "**Oi Group**" or "**Debtors**"). The terms set out herein are preliminary and indicative of the proposal contemplated herein, for the purposes of promoting discussion of the structure and other terms applicable to the Plan, subject to applicable conditions precedent and required approvals, including by creditors of the Oi Group pursuant to applicable law. No party shall be so obligated unless and until (i) the Plan is submitted and approved pursuant to applicable law; (ii) all internal credit approvals for the transactions contemplated herein are sought and obtained, (iii) all definitive documentation is negotiated and executed, (iv) all internal compliance and 'KYC' due diligence requirements are satisfied and (v) all conditions precedent are satisfied or waived. The definitive documentation for the transactions contemplated herein may contain terms that vary from the terms described herein. In case of conflict between the terms of this Term Sheet and the final documentation, the final documentation shall prevail. This Term Sheet remains subject to, among other things, relevant confirmatory due diligence, including, without limitation, financial, legal,tax, market and technical due diligence.*

OVERVIEW	
Key Parties	▪ **Company** ▪ "**New Money Providers**": providers of up to US$[1.25] billion of new capital, include (i) Sawiris Group, including Orascom TMT Investments s.a.r.l. ("**Strategic Partner**") and (ii) certain investors, including Bondholders and affiliated entities ("**Financing Bondholders**"). ▪ "**Bondholders**": holders of the following series of notes issued by the Company and its affiliates: (i) the 9.750% Notes due 2016 issued by Oi, (ii) the 5.125% notes due 2017 issued by Oi and guaranteed by Telemar, (iii) the 9.500% notes due 2019 issued by Oi and guaranteed by Telemar, (iv) the 5.500% notes Due 2020 issued by Oi and guaranteed by Telemar (the holders of the 5.125% notes due 2017, the 9.500% notes due 2019, and the 5.500% notes due 2020, collectively, the "**Telemar Bondholders**", and the Telemar guarantee of such notes, the "**Telemar Guarantee**"), (v) the 5.625% notes due 2021 issued by Oi Netherlands and guaranteed by Oi, (vi) the 5.750% notes due 2022 issued by Oi Netherlands and guaranteed by Oi, (vii) the 6.250% notes due 2016 issued by PTIF and guaranteed by Oi, (viii) the 5.242% notes due 2017 issued by PTIF and guaranteed by Oi, (ix) the 4.375% notes due 2017 issued by PTIF and guaranteed by Oi, (x) the 5.875% notes due 2018 issued by PTIF and guaranteed by Oi, (xi) the 5.000% notes due 2019 issued by PTIF and guaranteed by Oi, (xii) the 4.625% notes due 2020 issued by PTIF and guaranteed by Oi, and (xiii) the 4.500% notes due 2025 issued by PTIF and guaranteed by Oi (collectively, the "**Bonds**"). ▪ "**SC**": the Bondholders that comprise the steering committee of the ad hoc group (the "**AHG**") of Bondholders of the Company, represented by Moelis & Company as financial advisor, Cleary Gottlieb Steen and Hamilton LLP as international

	counsel and Pinheiro Neto Advogados as Brazilian counsel. ▪ "**Banks**": (i) holders of unsecured bank debt, including Banco do Brasil ("**BB**"), Caixa Econômica Federal ("**Caixa**"), Banco Itaú ("**Itaú**"), and (ii) Banco Nacional de Desenvolvimento Econômico e Social ("**BNDES**"), as holder of secured bank debt. ▪ "**ECAs**": certain export credit agencies, facilities agents and banks, in each case which are creditors of the Company and its affiliates under certain credit facilities with one or more Debtors (including guaranties provided by one or more Debtors) and which are represented by FTI Consulting as financial advisor, Milbank Tweed Hadley & McCloy as international counsel and Mattos Filho, Veiga Filho, Marrey Jr e Quiroga Advogados as Brazilian counsel. ▪ "**L/C Providers**": certain financial institutions (including BRADESCO, Santander and HSBC) that have provided letters of credit and sureties to the Oi Group. ▪ "**Anatel**": Agência Nacional de Telecomunicações (National Telecommunications Agency). ▪ "**Plan Support Parties**": the parties to the Plan Support Agreement (as described below), which may include, without limitation, some or all of the Strategic Partner, the Banks, the ECAs, and members of the SC and/or the AHG.
General Principles and Assumptions	▪ Plan Support Parties to work together with the Company and file the Plan (as a more viable, beneficial and implementable alternative to the plan previously filed by the Company on September 5, 2016 ("**September 5 Plan**")), and obtain support for the Plan. ▪ Plan Support Parties to work cooperatively together to (i) seek to further develop the Business Plan, (ii) conduct due diligence and further analysis of the Company's contingencies, including tax, regulatory and commercial claims, and (iii) agree on necessary Regulatory Changes, all as described further below. ▪ Amounts in this Term Sheet, including with respect to New Money Commitments, were also calculated assuming an exchange ratio of US$/R$ 3.3892 and EUR/R$ of 3.606 (the "**Assumed Exchange Rate**")[1]. ▪ The Plan was construed on the basis of the preliminary list of creditors presented by the Company in June 2016. ▪ The Plan is based solely on publicly available information and should be adjusted as needed in light of confirmatory due diligence. ▪ The Plan will conform with all applicable requirements of Brazilian insolvency law, provided that treatment of the Debtors' debt described below is for illustrative purposes only. The effectiveness and implementation of the Plan will be conditioned on sufficient creditors electing to obtain the treatment described in this Term Sheet (as applicable) so as to conform with the assumptions set forth in the

[1] NTD: If there are material differences between the Assumed Exchange Rate and the actual exchange rate prior to the adoption of the Plan, its terms and conditions may need to be adjusted to address such changes.

	Business Plan. ▪ Plan Support Parties will work cooperatively and in consultation with other Key parties that have not yet signed the Plan Support Agreement but have indicated an intention to do so.
	CAPITAL STRUCTURE
New Money	▪ The Plan contemplates a capital increase of up to US$[1.25] billion ("**New Equity**"), raised through a public offering ("**Public Offering**") registered with the Brazilian SEC – Comissão de Valores Mobiliários ("**CVM**") (as described below). – New Money Providers have committed, pursuant to customary equity commitment letters, to backstop aggregate US$[1.00] billion of new equity capital ("**New Money Commitments**") to support the growth of the Company, allocated as follows: • Strategic Partner: US$[250 million] • Financing Bondholders: US$[750 million] – SC will make available additional US$[250 million] in commitments from other Bondholders that express an interest and sign equity commitment letters and other related agreements (including a Plan Support Agreement) by no later than [January 31, 2017] ("**Additional Commitments**"). ▪ The New Money Commitments are subject to conditions precedent customary for transactions of this type, including, without limitation, those listed under the *Conditions Precedent* section below, including completion of due diligence. ▪ In consideration of the commitments they are making as anchor investors in the Public Offering and the time and resources devoted to, and funds incurred in connection with, the implementation of the Plan, New Money Providers to be entitled to subscribe an allocation of the Public Offering as described below and a pro rata backstop fee payable by the Company equal to [7.5]% of the New Money Commitments ("**Backstop Commitment Fee**"). ▪ In consideration for the time and resources devoted to, and funds incurred in connection with, the implementation of the Plan the Strategic Partner shall be entitled to subscribe 100% of the Strategic Shares (as defined below). ▪ New Money Providers (other than Strategic Partner) to receive 100% of the new shares issued in the Institutional Tranche (as defined below) of the Public Offering, in their capacity as "anchor investors" (on a *pro rata* basis based on their respective share of New Money Commitments). ▪ The Strategic Partner and the other New Money Providers (directly or through affiliated entities) to become shareholders of a newly incorporated Brazilian vehicle ("**Sponsor Entity**") and to contribute to the Sponsor Entity either (1) cash related to New Money Commitments to fund the acquisition by Sponsor Entity of the New Equity (as defined below) in the Public Offering; or (2) the shares

	acquired by the New Money Providers through the Public Offering.
Public Offering	▪ As soon as practicable after the consummation of the restructuring of its pre-petition debt following approval and confirmation of the Plan, but no later than an agreed date ("**Outside Date**"), Company to launch a registered Public Offering of Oi shares for a capital increase of the New Equity. ▪ New Money Providers (other than Strategic Partner) will enter into backstop arrangement customary for offering of this type to provide a full backstop commitment of the New Equity up to the amount of their New Money Commitments at the time of the launch of the Public Offering (but not less than US$1 billion) and to act as the "anchor investors" for the Public Offering. ▪ Distribution plan of new shares issued through the Public Offering: – "**Priority Tranche**": new shares corresponding to [50]% of New Equity, reserved to existing shareholders at the time of the Public Offering on a pro rata basis (including Converted Bondholders (as defined below)). – "**Institutional Tranche**": new shares corresponding to [40]% of New Equity, reserved to the New Money Providers (other than Strategic Partner) as "anchor investors". – "**Retail Tranche**": new shares corresponding to [10]% of New Equity, reserved to retail investors.
Strategic Shares	▪ Upon conversion of the pre-petition Bonds into equity (as described below) and by operation of the Plan, the Strategic Partner shall receive from Bondholders certain rights to subscribe for shares of the Company with the terms set forth in Schedule I hereto ("**SP Subscription Rights**") ▪ Concurrently with the launch of Public Offering (but outside and separately from the Public Offering itself), Strategic Partner to exercise SP Subscription Rights and thus become the owner of shares of the company corresponding to the Strategic Partner's New Money Commitment of $[250 million] ("**Strategic Shares**").
Pro Forma Equity Ownership ***(post-Capital Increase)***[2]	▪ Strategic Partner: [10.6]% ▪ Priority Tranche: [21.2]% ▪ Institutional Tranche: [17.0]% ▪ Retail Tranche: [4.2]% ▪ Existing Shareholders (including Converted Bondholders): [42.0][3]% ▪ Treasury Shares: [5]%[4]

[2] NTD: Assumes a US$1.25 bn Public Offering, and that Financing Bondholders, in their capacity as such, only subscribe for the full amount of the Institutional Tranche.

[3] NTD: Assumes that the Telemar Warrants will not have been exercised yet. After exercise of the Telemar Warrants, the percentage of equity held by Existing Shareholders increases to [47]%.

New Financing by Banks / ECAs	▪ Banks to provide up to R$[2 billion] of new working capital L/C, L/G financing on market terms and conditions as determined and agreed through discussions between the Banks and the New Money Providers ("**Banks New WC Financing**"). ▪ Certain ECAs to provide new equipment financing in their respective jurisdictions in amounts and on terms consistent with the Business Plan and subject to customary terms and conditions to be agreed through discussions between the ECAs and the New Money Providers ("**ECAs New Equipment Financing**"). ▪ To the extent that the Banks and ECAs commit to provide the Banks New WC Financing and the ECAs New Equipment Financing, respectively, certain common terms will apply to such new financings, as described on Schedule II hereto ("**Banks/ECAs New Financing**").
Restructuring of Outstanding Pre-Petition Debt	
Secured Bank Debt	▪ Aggregate R$[3,327] million of Secured Bank Debt to be restructured on the terms set forth in Schedule III hereto ("**Restructured Secured Bank Debt**").
Unsecured Bank Debt	▪ Aggregate R$[7,933] million of Unsecured Bank Debt to be restructured on the terms set forth in Schedule IV hereto ("**Restructured Unsecured Bank Debt**"). ▪ Banks to also receive a beneficial interest in the Dutch Subs Trust (defined below) as described herein.
ECA Debt	▪ Aggregate R$ [5,465] million of ECA Debt to be restructured on the terms set forth in Schedule V hereto ("**Restructured ECA Debt**"). ▪ ECAs to also receive a beneficial interest in the Dutch Subs Trust as described herein.
Bond Debt	▪ R$ [5,800] million of Bond Debt exchanged into new bond debt to be issued by Oi and/or a newly incorporated offshore finance subsidiary with a guarantee from Oi, in the amount of US$ [•]/€ [•], respectively, with the terms set forth in Schedule VI hereto ("**Restructured Bond Debt**"), reflecting a principal haircut of [81.1]%. ▪ R$ [24,820] million of Bond Debt converted into equity of the Company (holders of such equity, the "**Converted Bondholders**"), representing [95][5]% of the equity of the Company pre-Public Offering. ▪ Bondholders shall also be entitled to receive the SP Subscription Rights and certain warrants with the terms set forth in Schedule VII hereto ("**SP Warrants**"), which SP Subscription Rights and SP Warrants shall be assigned by operation of the Plan to the Strategic Partner in its capacity as operator of the Company under the Management Contract, as described below.

[4] NTD: Assumes that the Telemar Warrants will not have been exercised yet. After exercise of the Telemar Warrants, the percentage of equity represented by treasury shares decreases to zero.

[5] NTD: Includes shares resulting from the exercise of the Telemar Warrants.

	▪ Bondholders to also receive a beneficial interest in the Dutch Subs Trust as described herein. ▪ Telemar Bondholders to receive certain warrants with the terms set forth in Schedule VIII hereto ("**Telemar Warrants**"), in consideration for the Telemar Bondholders' full release of the Telemar Guarantee.
Other Liabilities	▪ Aggregate R$20.1 billion of Anatel claims to be restructured on the terms set forth in Schedule IX hereto ("**Restructured Anatel Claims**"). ▪ Pre-Petition Claims owed by Oi Group to non-financial creditors to be paid on the terms set forth on Schedule X hereto ("**Non-Financial Claims**"). ▪ Other liabilities and costs from implementation of the restructuring not to exceed R$[●]. ▪ Aggregate amount of L/Cs and sureties to be rolled over and, to the extent that there are any drawn amounts thereunder, payment thereof shall be on terms and conditions, including principal grace period, satisfactory to the Strategic Partner. ▪ Post-petition ordinary course liabilities to be paid in amounts and on payment and other terms consistent with the Business Plan.
Debt Covenants	Restructured Unsecured Bank Debt, Restructured ECA Debt and Restructured Bond Debt to benefit on a *pari passu* basis from a set of covenants customary for transactions of this type as described on Schedule XI hereto ("**Common Covenant Package**").
Prepayment Terms	Banks / ECAs New Financing, Restructured Unsecured Bank Debt, Restructured ECA Debt and Restructured Bond Debt to benefit from prepayment terms set forth on Schedule XII hereto ("**Common Prepayment Terms**").
Dutch Financial Subsidiaries	As part of the Plan, prior to the conversion of Bond debt into equity of the Company, (i) shares of COOP and PTIF to be contributed to an Oi-creditor-controlled trust ("**Dutch Subs Trust**") and (ii) all of Oi treasury shares held by PTIF(or any other entity) to be cancelled or distributed to Oi.
Intercompany Claims	▪ Following the contribution of COOP and PTIF shares to the Dutch Subs Trust, as part of the Plan, all intercompany claims, including those from COOP and Oi Movel to Oi, shall be restructured to an interest-free subordinated bullet note due no early than [50] years after the Plan approval date. ▪ By operation of law, Oi to retain subrogation and contribution rights against issuers of Bonds arising from the payment and discharge of the guarantee previously provided by Oi in respect of the Bonds. ▪ Setoff rights arising from subrogation and contribution claims shall be expressly acknowledged in the Plan and approved by creditors and confirmed by the RJ court.
OTHER TERMS	

Regulatory Matters	As a condition to the consummation of the Plan and the launch of the Public Offering, certain pre-agreed changes to the Anatel regulation (as set forth in Schedule XIII hereto ("**Regulatory Changes**")) shall be enacted and not subject to judicial challenge.
Business Plan	Plan based on a business and operating plan developed by the Strategic Partner and consistent with the key terms set forth in Schedule XIV hereto ("**Business Plan**"), subject to confirmatory due diligence.
Management Contract	Strategic Partner to enter into a management contract with the Company, with the key terms set forth in Schedule XV hereto ("**Management Contract**").
Governance	Company's governance structure to be revised to require independence and transparency. Specific measures would include, without limitation, the following: ▪ Where appropriate, replacement of existing management and appointment of a new board with qualified professional management and board members, in each case selected with the assistance of Spencer Stuart, an internationally recognized executive search firm.[6] ▪ [9]-member board, of which [5] members nominated by Sponsor Entity and [4] independent members. ▪ Board members to serve for an initial term of at least [3] years, with board elections to occur every [3] years. ▪ Board super-majority vote required in connection with certain strategic matters, including: (i) merger, sale, transfer or other comparable corporate transaction or a series of transactions of Oi with a non-affiliated company; (ii) liquidation, reorganization or insolvency of Oi or affiliated entities; (iii) sale of all or substantially all of Oi's assets; (iv) related parties transactions; (v) material changes to the Management Contract; (vii) material financing transactions not contemplated by the Business Plan and subject to exceptions to be agreed; (viii) material acquisitions and (ix) material changes to the Business Plan. ▪ All independent board members to meet the *Novo Mercado* Listing Segment rules for director independence. ▪ Identification and recruitment of a CEO acceptable to the Plan Support Parties by no later than [●]. ▪ Board members to receive customary director compensation and to benefit from standard D&O insurance. ▪ Other governance principles to be determined to ensure the transformation of Oi into a modern telecommunications provider run by a world-class professional management team.

[6] To date, the SC has engaged the executive search firm Spencer Stuart to conduct a search for independent board members for Oi and it will provide assistance with the executive search as well.

Conditions Precedent	Conditions precedent to be agreed customary for transactions of this type, including, without limitation, the following: <u>Conditions Precedent to Plan Submission and Vote</u> ▪ Definitive documentation for Plan Support Agreement, Plan, Management Contract, changes to Company's organizational documents, any other relevant applicable documentation; in each case to be agreed in form and in substance satisfactory to each Plan Support Party, in consultation with other Key Parties. ▪ Aggregate pre-petition claims (other than Anatel Claims) not to materially exceed and/or differ from the RJ debtors' list of liabilities published in June 2016. ▪ Completion of confirmatory due diligence by the New Money Providers and their advisors to confirm accuracy of the material assumptions of the Business Plan and implementation of the Plan to their satisfaction, including the items listed on <u>Schedule XVI</u> hereto ("**Key Diligence Items**"). ▪ R$/US$ exchange rate at the time of submission of the Plan not to materially differ from the Assumed Exchange Rate. <u>Conditions Precedent to Plan Implementation</u> ▪ Creditor approval and court confirmation of the Plan pursuant to applicable law. ▪ No pending appeals, lawsuits or other proceedings filed against the Plan that could have a material adverse effect. ▪ Acceptable resolution of restructured Anatel Claims ▪ Satisfactory resolution of tax, corporate, regulatory and other implementation mechanics for the Plan. ▪ Regulatory approvals, including CADE (if applicable). ▪ Enactment of satisfactory Regulatory Changes (as described herein). ▪ Agreements in place regarding possible equipment and working capital financing to Oi on terms satisfactory to the Strategic Partner, so that the minimum cash on hand and working capital of the Company are consistent with the assumptions set forth in the Business Plan. ▪ Implementation of a cross-border insolvency protocol to resolve all relevant insolvency proceedings, including the Chapter 15 and Dutch proceedings. ▪ Post-petition claims to include only claims in the ordinary course and to be consistent with assumptions set forth in Business Plan. <u>Conditions Precedent to New Money Commitments and Public Offering</u> ▪ Satisfactory consummation of the restructuring, including the satisfaction or waiver of the conditions precedent set forth above under *Conditions Precedent to Plan*

	Submission and Vote and *Conditions Precedent to Plan Implementation*. ▪ Definitive documentation for Public Offering, Sponsor Entity, any other relevant applicable documentation; in each case to be agreed in form and in substance satisfactory to each Plan Support Party, in consultation with other Key Parties. ▪ Receipt of required approvals for Public Offering (including by Oi board and members of CVM), and no material lawsuits, proceedings, appeals or disputes pending against such approvals and the Public Offering. ▪ The Outside Date (as defined herein) has not occurred.
Plan Support Agreement	Agreement between the Plan Support Parties to take specific actions in support of the Plan as an alternative to the September 5 Plan ("**Plan Support Agreement**") entered into on or before December 16, 2016.

Schedules

I	SP Subscription Rights
II	Banks/ECAs New Financing
III	Restructured Secured Bank Debt
IV	Restructured Unsecured Bank Debt
V	Restructured ECA Debt
VI	Restructured Bond Debt
VII	SP Warrants
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IX	Restructured Anatel Claims
X	Non-Financial Claims
XI	Common Covenant Package
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XIII	Regulatory Changes
XIV	Business Plan
XV	Management Contract
XVI	Key Diligence Items

Schedule I

SP Subscription Rights

Issuer	Oi S.A.
Rights	SP Subscription Rights to purchase shares of the common stock of the Company.
Holders	Pursuant to the Plan, SP Subscription Rights to be issued to Bondholders, that in turn will mandatorily assign them to the Strategic Partner as part of the Plan.
Amount	Subject to anti-dilution provisions, the SP Subscription Rights shall evidence the right to purchase [●] shares of common stock of the Company[7].
Issue Date	Consummation of the Plan and conversion of the Bonds into Equity of the Company.
Expiration Date	[●] days after consummation of the Plan.
Exercise Price	$[●]/share, on a cash basis.[8]
Exercise Date	Public Offer launch date.
Transfer Restrictions	Once owned by the Strategic Partner, the SP Subscription Rights shall not be Transferred. "**Transfer**" means, with respect to any SP Subscription Rights, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition of such SP Subscription Rights, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily or by operation of law; *provided*, that the term "Transfer" does not include any transfer between affiliates of the Strategic Partner and does not prohibit a transfer to the Sponsor Entity of the Company's shares obtained by exercise of the SP Subscription Rights.
Governing Law and Dispute Resolution	[Brazilian law]

[7] NTD: shares corresponding to $250 million Strategic Partner New Money Commitment.

[8] NTD: price that gets to $250 million Strategic Partner New Money Commitment.

Schedule II

Banks/ECAs New Money Financing

Borrowers and Guarantors	To be determined
Facilities	New money financing to be provided by Banks / ECAs under facilities in form and on terms to be agreed ("**New Financing Facilities**")
Collateral	Collateral package to be determined.
Prepayment	New Financing Facilities to benefit from (i) prepayment terms set forth in *Common Prepayment Terms Schedule* and (ii) in the event of a sale of the collateral (if any), prepayment out of net cash proceeds thereof.
Other Terms	To be determined

Schedule III

Restructured Secured Bank Debt

Borrowers and Guarantors	Same as existing Secured Bank Debt
Principal Amount	R$[3,327] million, denominated and payable in R$
Term	[17] years
Amortization	▪ Years [1-5]: [grace period] ▪ Years [6-10]: [20]%, with straight line amortizations of [4]% per year ▪ Years [11-17]: [80]%, with straight line amortizations of [11.4285]% per year
Interest	Current blended rate (TBC).
Other Terms	Consistent with standard BNDES covenant package.

*Subject to adjustments based on potential Anatel, tax and other liabilities

Schedule IV

Restructured Unsecured Bank Debt

Brazilian Banks

Borrower	Oi
Principal Amount	R$[7.933] million, denominated and payable in R$
Term	[17] years
Amortization	▪ Years [1-5]: [grace period] ▪ Years [6-10]: [20]%, with straight line amortizations of [4]% per year ▪ Years [11-17]: [80]%, with straight line amortizations of [11.4285]% per year
Interest	▪ [65]% of CDI, *provided* that it shall be increased to [75]% of CDI for any Bank that provides new financing (see *Banks/ECAs New Financing* Schedule), for an amount ofat least [25]% of its existing credit exposure. ▪ [5]-year PIK interest
Ranking	On a *pari passu* basis with other unsecured debt
Other Terms	*See Common Covenant Package Schedule.* *See Common Prepayment Terms Schedule.* Other terms customary for transactions of this type to be agreed.

*Subject to adjustments based on potential Anatel, tax and other liabilities

Schedule V

Restructured ECA Debt

ECAs and CDB

Borrower and Guarantors	To be determined
Principal Amount	R$[5,465] [US$[1,612]] million, denominated and payable in US$.
Term	[17] years
Amortization	▪ Years [1-5]: [grace period] ▪ Years [6-10]: [20]%, with straight line amortizations of [4]% per year ▪ Years [11-17]: [80]%, with straight line amortizations of [11.4285]% per year
Interest	▪ Fixed interest [2.5]% ▪ [5]-year PIK interest
Tax	Customary tax withholding provisions to be agreed.
Ranking	On a *pari passu* basis with other unsecured debt
Other Terms	*See Common Covenant Package Schedule.* *See Common Prepayment Terms Schedule.* Other terms customary for transactions of this type to be agreed.

*Subject to adjustments based on potential Anatel, tax and other liabilities

Schedule VI

Restructured Bond Debt

Issuer	Oi and/or a newly incorporated offshore finance subsidiary with a guarantee from Oi
Principal Amount	R$[5,800] million equivalent to US$ [•][9] million based on the Assumed Exchange Rate.
Issuer	Entity/ies to be determined
Term	[7 & 10] years (2023 & 2026)
Amortization	Bullet at maturity
Interest	[8]%-[9]%
Conversion into Equity	R$[24,820] million of Bond Debt converted into equity of the Company, representing [95]% of the equity of the Company pre-Public Offering. *See also under "Converted Bondholders" above*
Tax	Customary tax withholding provisions to be agreed.
Ranking	On a *pari passu* basis with other unsecured debt
Other Terms	*See Common Covenant Package Schedule.* *See Common Prepayment Terms Schedule.* Other terms customary for transactions of this type to be agreed.

[9] NTD: To the extent required or desirable, some amount of Restructured Bond Debt can be issued in Euros.

Schedule VII

SP Warrants

Issuer	Oi S.A.
Issue	SP Warrants to purchase shares of the common stock of the Company.
Holders	Pursuant to the Plan, SP Warrants to be issued to Bondholders, that in turn will mandatorily assign them to the Strategic Partner.
Amount	Subject to anti-dilution provisions, the SP Warrants shall evidence the right to purchase that number of shares of common stock of the Company as follows: ▪ *Tranche A SP Warrants*: [●] ▪ *Tranche B SP Warrants*: [●].
Issue Date	Consummation of the Plan and conversion of the Bonds into Equity of the Company.
Expiration Date	The [5]-year anniversary of the Consummation of the Plan.
Exercise Price	▪ *Tranche A SP Warrants*: penny warrants ▪ *Tranche B SP Warrants*: $[●]/share
Performance-Based SP Warrants	SP Warrants will vest based on achievement of performance-based target, as follows: ▪ *Tranche A SP Warrants*: SP Warrants will vest ratably on each yearly Measurement Date (as defined below) starting on [December] [2018], upon achievement of Net Debt to Adjusted EBITDA levels to be agreed and based on audited year-end financials. "**Measurement Date**" means each [December 31] of [2018, 2019, 2020, 2021 and 2022]. If the performance targets are not met in one fiscal year, the SP Warrants that would have otherwise vested had the target been met will be forfeited. If fully earned, Tranche A SP Warrants represent [●]% of the Company's outstanding shares. ▪ *Tranche B SP Warrants*: SP Warrants will vest starting at the end of the [first] year after the Issue Date upon Oi's share price reaching a certain agreed level to be determined ("**Tranche B Vesting Date**") and will be exerciseable ratably during the five years following the Tranche B Vesting Date pursuant to an agreed vesting schedule to be determined. If fully earned, Tranche B SP Warrants represent [●]% of the Company's outstanding shares.

Acceleration Events	Upon occurrence of any of the following events, outstanding SP Warrants will immediately vest [at a discount to be agreed]: ▪ Management Contract is terminated by the Company without Cause. ▪ [*Other events to be determined*]
Forfeiture	If (i) the Management Contract is terminated by the Company for Cause and/or (ii) the Strategic Partner fails to achieve certain performance metrics to be determined, outstanding unvested SP Warrants will be forfeited.
Cause	"**Cause**" shall mean, (i) the Strategic Partner's willful misconduct or gross negligence which is injurious to the Company, any of its subsidiaries, or any of its affiliates (whether financially, reputationally or otherwise); (ii) the commission by the Strategic Partner of any felony or (iii) violating the restrictive covenants to which the Strategic Partner is subject.
Transfer Restrictions	Once owned by the Strategic Partner, the SP Warrants shall not be Transferred. "**Transfer**" means, with respect to any SP Warrants, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition of such SP Warrants, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily or by operation of law; *provided*, that the term "Transfer" does not include (i) any *bona fide* pledge in connection with specified financing transaction and (ii) any transfer between affiliates of the Strategic Partner.
Governing Law and Dispute Resolution	[Brazilian law]
Other Terms	Oi Board will have the flexibility to set new Tranche A SP Warrants performance targets consistent with the evolution of the Business Plan[, provided that such targets should not have adversely affect the value of the Tranche A SP Warrants.] [*Other terms to be determined*]

Schedule VIII

Telemar Warrants

Issuer	Oi S.A.
Issue	Telemar Warrants to purchase shares of the common stock of the Company, in consideration of the Telemar Bondholders' full release of the Telemar Guarantee.
Holders	Telemar Bondholders
Amount	Subject to anti-dilution provisions, the Telemar Warrants shall evidence the right to purchase a number of shares equivalent to 5% of the post-capital increase common stock of the Company (the "**T Warrants Shares**").
Issue Date	Consummation of the Plan and conversion of the Bonds into Equity of the Company. As of the Issue Date, the T Warrants Shares shall be issued and held by the Company as treasury shares. After the capital increase resulting from the Public Offering the T Warrants Shares will represent [5]% of the pro forma equity.
Expiration Date	The [5]-year anniversary of the Consummation of the Plan.
Exercise Price	Penny warrants
Exercise Date	Any time after [January 1, 2018], the Telemar Warrants may be exercised, in full or in part, at the option of each holder upon Oi's share price reaching a certain premium to the new money entry valuation to be determined.
Transfer Restrictions	None
Listing	To be determined
Governing Law and Dispute Resolution	[Brazilian law]

Schedule IX

Restructured Anatel Claims

Total Claims	R$20.01 billion
Up to R$ [5.6] billion related to tax claims	Treated as debt if and when the liability arises after the Company exhausts all available remedies, payable according to applicable legislation on terms no less favorable than as set forth in the Business Plan.
Remaining claims	Assumed to be eligible for conversion into CAPEX obligations over the following years consistent with the Business Plan and in compliance with applicable terms of conduct adjustment mechanism.

Schedule X

Non-Financial Claims

Labor Claims	▪ *General Labor Claims*: R$ 571 million paid in full over 2017 ▪ *Fundação Atlântico Claims*: R$ 534 million with 5 year PIK interest followed by 6 year linear amortization. Interest rate of INPC +5.5%
Small Company Claims	[R$ 184 million paid [in full over 2017], subject to confirmation of the Company's cash in hand, the amount of claims and other conditions precedent to support the Plan.
Strategic Suppliers	Capped at R$ 1.5 billion with linear amortization in 2017 and 2018
Other Unsecured Claims	R$ [2.68] billion paid in [7] years in US$ or R$ (as applicable) as follows: (i) [33]% of claims repaid in the first year and (ii) reminder of claims to be amortized at [11.11]% p.a. in the next [6] years, in each case subject to confirmation of the Company's cash in hand and the amount of claims and provided that if the payment occurs on or after the approval of the Plan, holders of these claims shall agree to vote in support of the Plan.

Schedule XI

Common Covenant Package

General	All incurrence covenants.
Dividend	No dividends until net financial debt / EBITDA below a threshold to be agreed. Thereafter, Company can pay dividends only out of the Company ECF Share (as defined below) and to the extent that the Creditors ECF Share (as defined below) has been paid (*See Common Prepayment Terms Schedule*).
Asset sales	Permitted as long as proceeds (i) reinvested in Company or (ii) used to prepay debt, *provided* that there shall be no sale of all or substantially all of assets of the Company without consent of a majority in amount of all unsecured financial creditors.
Negative Pledge	On all assets with customary exceptions (baskets to be agreed up to certain amount), other than the collateral securing the Banks/ECAs New Financing or any other new money financing.
Debt covenant	Debt incurrence covenants with baskets and exceptions to be agreed.

Schedule XII

Common Prepayment Terms[10]

Prepayment	Any Excess Cash to be allocated as follows: - [●]% to the Company ("**Company ECF Share**") - [●]% to certain creditors pursuant to a waterfall to be agreed ("**Creditors ECF Share**")
Excess Cash	Excess Cash to be defined above a minimum threshold to be determined based on the Business Plan and the operating requirements of the Company, to be measured on an annual or semi-annual basis based on audited financial statements.

[10] NTD: Subject to negotiation with ECAs

Schedule XIII

Regulatory Changes

1. Enactment of Bill of Law No. 3,453 introducing changes to the General Telecommunications Law and to other regulations, as approved by the Special Commission of National Development of the Senate on December 6, 2016.

2. Approval by Anatel of the conversion of Oi's landline concessions into private regime (authorizations), as provided in the National Telecommunications Law (as amended by the Bill of Law No. 3,453) and execution of the respective authorization agreement(s) on terms satisfactory to Sponsor Entity, including with respect to the following key issues:

   - maintenance of service levels and commercial offers in areas where competition level is low;
   - method and criteria for the calculation of the regime conversion price;
   - termination of Asset Reversibility and valuation of reversible assets for purposes of calculation of the regime's conversion price; and
   - terms and conditions of the investment obligations.

3. [Execution by Anatel of Conduct Adjustment Agreements ("TACs") with Oi, on terms satisfactory to Sponsor Entity, including with respect to the following key issues:

   - conversion of any credits related to PADOs involving reversible assets into investment obligations substantially on the same terms of the investment obligations established for the payment of the regime's conversion price;
   - consent to withdraw judicial deposits and other guarantees related to the claims covered by the TACs;
   - terms and conditions of the investment obligations; and
   - possibility to comply with obligations under the TAC using third party resources.]

4. Changes by ANATEL on spectrum regulation, on terms satisfactory to Sponsor Entity, including with respect to the following key issues:

   - conversion of spectrum renewals prices into investment obligations;
   - calculation of the spectrum renewal prices based only on the revenues arising from the radiofrequencies renewed;

5. Changes by ANATEL on quality consumer and competition regulations, on terms satisfactory to Sponsor Entity, to reflect that geographic areas are treated differently according to their specificities.

Schedule XIV

Business Plan

[See Attached]

Digital World Capital
Oi: Industrial Plan

December 2016

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SWOT

Strength

- 45Mn homes passed, 14Mn fixed line customers
- Sole provider of Telecom services in [20% of markets]
- Large, modernized IP backbone connecting regions
- Institutional support, Brazilian champion
- Large Enterprise customer base
- TV offering (IPTV, DTH) and content

Weaknesses

- Inadequate Capital Structure and Liquidity
- Poor, underinvested infrastructure, obsolete technologies
- Weight of Concession Regime Obligations
- Low-end positioning, lower GDP and pop. density markets
- Reliance on declining voice businesses (mobile & fixed)
- Poor positioning on growing services (mobile date, BB)
- Lack of managerial focus, misaligned interests
- Antiquated systems, processes, less qualified workforce

Opportunities

- Restructuring process to re-align capital structure
- Regulatory changes (Concession to Authorisation)
- Recovering Brazilian economy, early cycle business (prepaid)
- Easing competition, competitor parents under pressure
- Significant demand for Broadband, Mobile Data
- Emerging demand for Digital services (IoT, Fintech, etc.)
- Longer Term, Potential market consolidation.

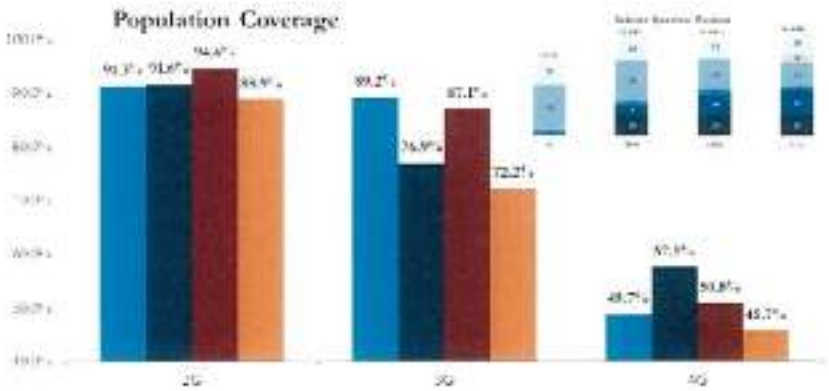
Threats

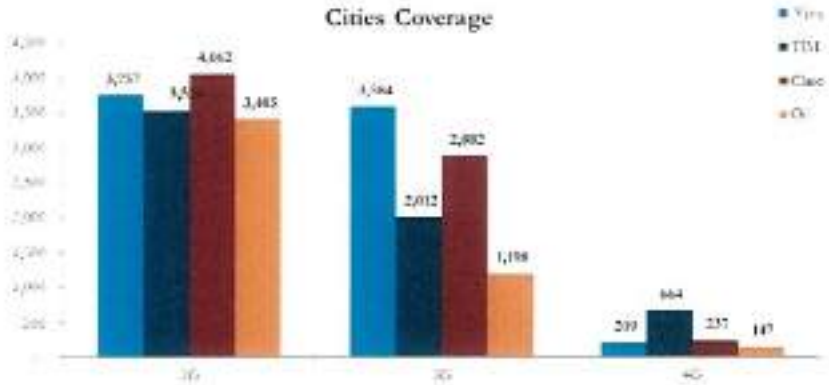
- Prolonged RJ process threatening Enterprise & SME market
- Better capitalized, well managed, strong competitors
- Resurgence of competitive intensity (prices, capex intensity)
- Entry of competition in B and C+ broadband markets
- Continuing cannibalization of voice revenues (OTT)
- Cost base inflation linked, vs constrained pricing power
- Known (and unknown) magnitude of contingent liabilities

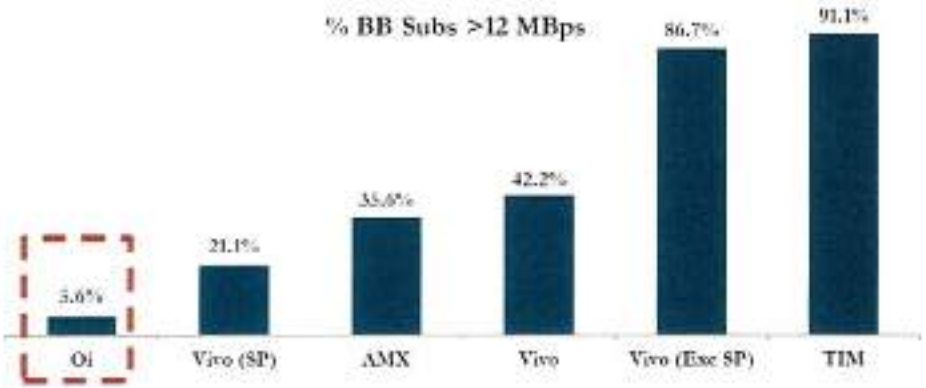
Network Lagging Behind

- Reduced mobile network footprint and QoS compared to competitors.
- Mobile network lagging behind in Spectrum position (esp. in lower bands)
- Fixed and Broadband plagued by poor quality of copper network, very long last mile, outdated/obsolete equipment
- Complex, redundant , obsolete IT systems, driving very high cost of ownership and inability to streamline processes
- Significant capex shortfall vs peers in 2011 – 2016, increased by higher concession obligations as % revenues, capitalization and compounded by Real devaluation and inflation – experts opinion estimate shortfall at **BRL 10-20bn**
- **BRL14bn catch-up capex required to reach level playing field with competition, elevate network performance**

Significant Underinvestment (BRL Mn)

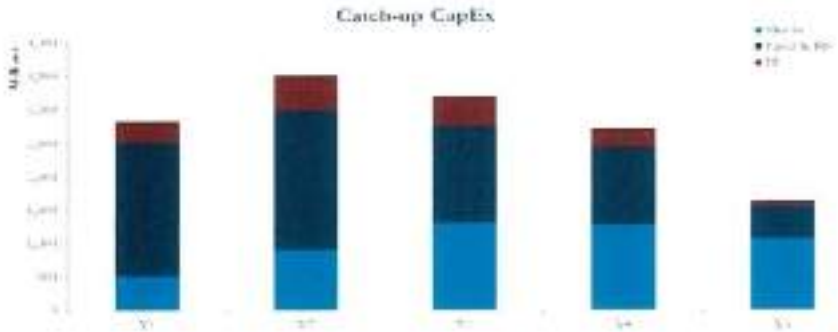


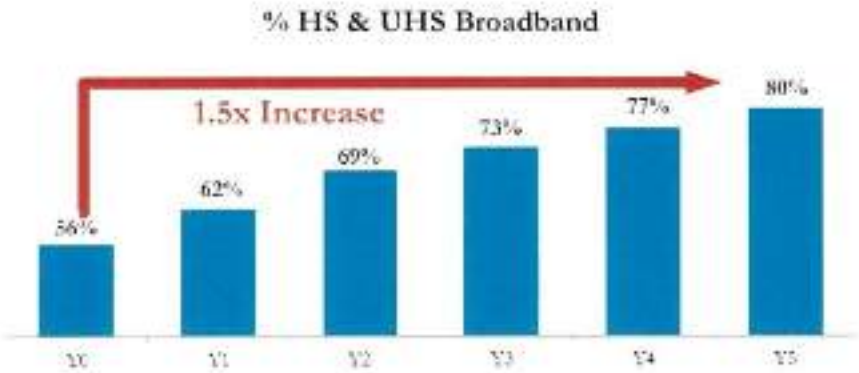




Requiring Substantial Network Investments

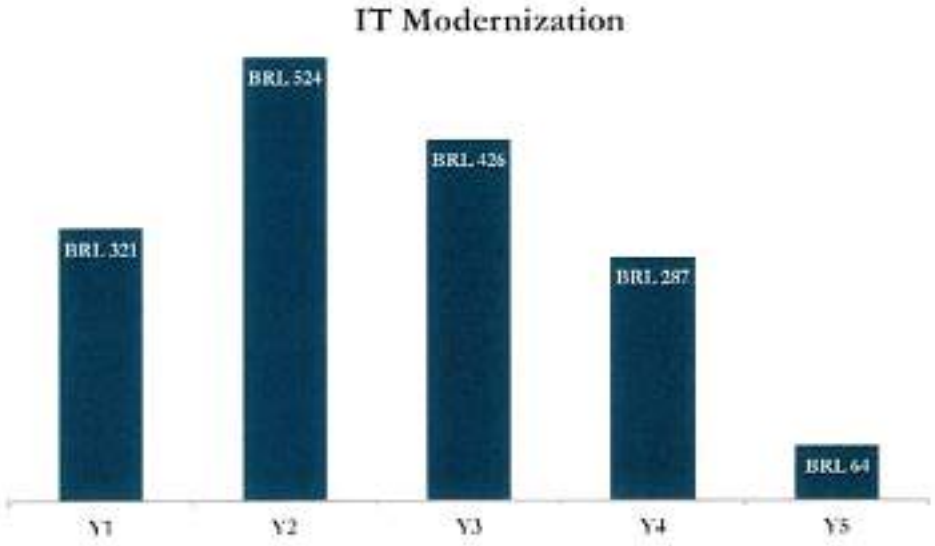
- Achieve mobile network parity with Vivo Y5
  - 3G/4G/Rural coverage licence requirements by Y5
  - Minimum investment in 2G
  - Enhanced footprint & QoS (Re-farming, Carriers, Sites densification, small cells solutions)
  - Professional Network Optimisation and CEM services
- Intensify last mile shortening and modernize ports to avail higher-speed broadband, target over 80% HSBB by Y4
- Investigate **short term intermediate partnerships solutions to bridge last mile** while deploying
- Modernize core network to future proof IMS
- Expand FTTc projects & deploy targeted FTTH/B to increase Enterprise and SME capabilities
- IT systems renovation through a full stack solution, coupled with IN swap to enable 2/3/4P products offering
- Acquire 20MHz in 700MHz band starting Y4
- Expand Metropolitan rings and continue investing on Backbone





and Complete IT Systems Overhaul

- Currently 36 disparate systems, completely inefficient IT stack, very high legacy costs (5,000 Accenture contractors)
- IT overhaul mission critical; required to streamline processes, improve Quality of Service, generate cost savings
- **Move from scattered multiple vendors / systems architecture to single stack future proof architecture**
- 20 to 36 month project, vendors to take substantial risk, required to cover migration and legacy slippage costs
- Tighter control of field force, better customer experience, shorter time to market, converged product offering
- Key to better yield management, Capex and Opex savings



	Mobile	Landline		Broadband		DTH	Fiber
CRM	Siebel 6.3	STC	SAC	STC	SAC	SINN	Siebel 8
Sales							
Order Mgmt				Velox	OMS		OM
Inventory	SISGEN			Granite	Objectel		Netwin
Activation	SIS Ativacio Movel	SIS Falhas	MASC	SIS Ativacao Fixa	ASAP Dados		SIS Ativacao Fixa
Work Force Mgmt		Click					
Billing	Arbor	SISRAF	SFA	SISRAF	SFA	SINN	Arbor
Receivables			SAG		SAG		
Collections	ICS		SCB		SCB		ICS

	Mobile	Landline	Broadband	DTH	Fiber
CRM	Unified Digital CRM				
Sales					
Order Mgmt					
Inventory	Unified Inventory System				
Activation	Unified Provisionning System				
Work Force Mgmt	Unified WFM				
Billing	Unified Billing				
Receivables					
Collections					

New Regulatory Framework

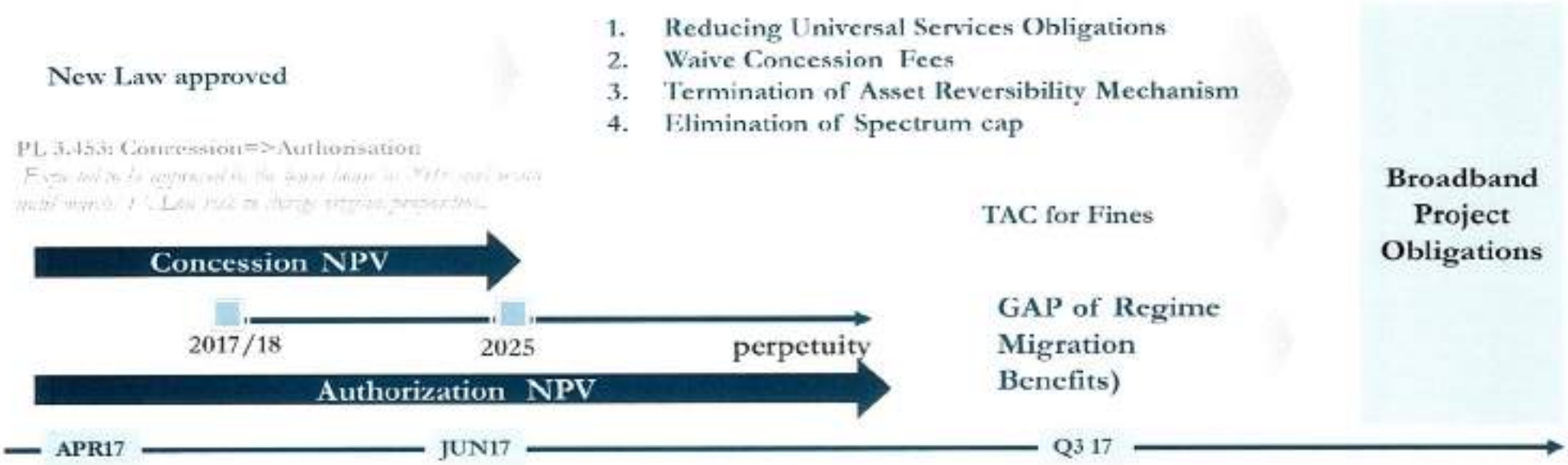
Current Regime and Legacy Liabilities

- Obligations to invest in legacy areas, SLAs conducive to claims, resulted in a legacy of up to R$21bn in fines. Legal uncertainties around ability to sell reversible assets

Conversion into Authorization regime

- New law should change universal services obligations, waive concession fees, terminate Asset Reversibility and eliminate Spectrum cap in exchange for BB deployment obligations
- **Without a new regime and resolution of legacy liabilities, business case may not be viable**
- Need to explore resolution mechanisms with Anatel

Change	Comments	Estimated Impact	BRL Mn
Reducing Fixed Universal Service Obligations	700k payphones, onerous, stringent SLA obligations (7 days resolution), disproportionate minimum fines	Opex: Payphones	200-250
		Opex: O&M SLAs	100-150
		Opex: Lower Fines	100-150
		Capex: Maintenance	150-200
Waiver of Concession Fees	2% of fixed voice revenues paid bi-annually	Opex: Taxes & Fees	150-200
Termination of Asset Reversibility	Ability to sell reversible assets in exchange for new capex obligations	Asset Sales	4,000-8,000
		Capex: Maintenance	50-100
Removal of Spectrum Caps	Ability to keep spectrum in case of consolidation	No Impact	-



Viable Solutions for Regulatory Liabilities

Project	Investments
Mobile Domain	
2G: Cover up to 4,105 municipalities and reach up to 90.5% population coverage 3G: Cover up to 3,793 municipalities and reach up to 89.6% population coverage 4G: Cover up to 1,127 municipalities and reach up to 76.3% population coverage Considerable improvement in quality & service KPIs* such as SMP4, 5, 6, 7, 8, 9, 10, and 11	BRL 10,711,160
Fixed Domain	
Reach an average BB speed that is >= 20 Mbps 80% of customer base connected by High-speed or Ultra High-speed links Considerable improvement in quality and service KPIs* suc as OKL/N/I, SCM4, 5, 6, 7,	BRL 14,350,000
Common Domain	
Extend mobile/BB coverage to 964 rural municipalities Complete IT systemes transformation to improve customer experience Considerable improvement in customer, billing related KPIs*(SMP1-3, SMP12, SCM1-3, SCM11-14, OKC, REL, RED, RAI, DCE, ARI, END)	BRL 3,717,000
TOTAL Major Projects	BRL 28,778,160
TOTAL CapEx Y0 to Y5	BRL 36,500,000
Potential TAC qualified projects up to	BRL 27,532,160

Approach focused on viable Business Plan

- Approach focuses solely on economic viability of liabilities within business plan, given multiple constraints (new money IRR, capex requirements, minimum cash, banks, bonds)
- Ability to repay ~BRL 6bn depending on terms, propose to convert balance (~BRL 15bn) of liabilities into TAC projects

Plan identifies BRL 27bn in potential TAC projects

- Includes up to BRL 10bn of additional investments with negative NPV within the broadband domain
- Addresses all Anatel root cause (QoS, Universal services, interruptions, fiscalization and consumer law)
- Addresses all 3G and 4G license requirements (number of municipalities, quality of service), and rural broadband coverage obligations (964 municipalities)
- Proposal based on thorough analysis of public information, will need to be validated with company at the right time

Open to consider appropriate guarantee mechanisms

- Liability could remain contingent, only reduced as each investment milestones and commitment is achieved
- Additional comfort provided by restructuring plan with significant new money investment, reduced liabilities, debt service consistent with investment requirements

Pragmatic and Phased Commercial Strategy

Short Term: Y1 & 2

- Qualify, segment footprint based on economic potential, current competitive position, network status (Zones),
- Adapt strategies to each zone to optimize and prioritize limited resources while network overhaul still in early stage
- Tightly manage Time to Market and resources to stop the bleeding while investment is deployed to prepare for growth
  - Develop real partnerships (suppliers, distributors) to shorten service delivery lead-time on both core technical and commercial fronts (successful precedents at Wind)
  - Grow new quick wins revenue streams (revenue-sharing)
  - Aggressively secure business segment by exposing new financial stability post RJ(30% of revenues at risk)
  - Revisit offer profitability per line of business & adjust
  - Restore trust: re-align promises and expectations with capabilities, re-base commercial stakeholders incentives (internal and external) on delivering on expectations
- Prepare next phase (revamping commercial systems, external contractor relationships, distribution strategy)

Later: Network is Competitive

- Revisit zones and gear growth and capex vs results
- Tighten the ARPU and market share gap vs market
  - Innovate with new partnerships and services aimed at monetizing the growing data demand
  - Develop integrated technology agnostic, offering with bundle sharing, convergent 2P, 3P and 4P where possible
  - Consolidate transition from 'cheap' to value for money
- Develop and consolidate new business opportunities
  - Capitalize on modernized network footprint to grow/consolidate market presence
  - Capitalize on growing success of independent ISP to make wholesale business a core constituent,
  - Turn company's turmoil to Oi's advantage: Stimulate national pride and focus on its Brazilian identity
  - Introduce new brands (corporate segments, star products) to invigorate image and disrupt competition
  - Digitize customer interfacing for improved experience and cost efficiency

Adapted Market by Market

Zone 1 - Maintain: Low potential, strong market presence, no immediate competition. Low priority capex, maintain offer

Zone 2 - Pre-empt: Average potential, strong market presence, competitive threat. Invest and "occupy" with segmented offer

Zone 3 - Push/Compete: High potential with fair market presence. Catch-up with competition's network to secure share of the revenues and create conditions for growth

Zone 4 - Selectively push: High potential but weak market presence. Catch-up on network quality, compete on selected niches (Enterprise)

Zone 5 - Status-quo: No immediate business potential no matter the presence level. No investment, or exclusively financed by the Universal Service fund (if re-directed to Broadband and if available)

	Mobile					BB, Voice, TV				
	1	2	3	4	5	1	2	3	4	5
Pop. (m)	54.7	29.9	37.1	65.7	14.9	36.7	85.3	32.5	44	3.8
Households (m)	16.3	8.9	11.1	19.6	4.4	11	25.5	9.7	13.1	1.1
Pop %	27%	15%	18%	32%	7%	18%	42%	16%	22%	2%
GDP %	13%	12%	25%	44%	6%	9%	38%	19%	32%	1%
Number of states	10	2	4	4	7	8	12	5	1	1
Area (Mkm^2)	3.0	0.7	0.7	0.6	3.6	3.2	2.9	0.6	0.2	1.6
Pop. Density (h/km^2)	18	44	55	111	4	11	29	55	177	2
GDP/ capita (BRL)	10,827	17,421	29,031	29,672	16,947	10,631	19,662	26,206	32,021	16,874
Total Subs (M)	59	35	52	89	17	2	10	5	10	0.26
% of SME	14%	13%	21%	47%	5%	9%	38%	21%	31%	1%
Oi Market share	28%	27%	17%	11%	1%	54%	4%	28%	1%	17%

Reclaim Value Share in Mobile

Mobile Market Assumptions

- Market penetration continues to decline as multiple SIMs impact fades (MTR cuts, Data & OTT growth)
- Pre-paid to post-paid migration accelerates, lower churn, more stable market, in-bundle revenues should reach > 90%
- Data consumption should increase 10-15x over ten years, data revenue increase to ~75% of mobile revenues by 2026

Mobile Strategy

- Significant Capex surge= (spectrum, coverage, densification) to close quality gap, reach perceived quality parity by Y3
- Push pre-paid to post-paid migration by expanding payment methods, become primary SIM and expand share of wallet
- Price at mid-end range above avg. ARPU with generous volumes, create positive migration with data demand growth
- Close ARPU gap, reach 80% of market ARPU by 2026
- Avail ad-hoc add-ons (low price, low validity), bundled offering (accessory voice, all net, high volumes), data sharing
- Develop partnerships (incl. OTTs instead of fighting them), capitalize on billing relationship to push additional services (DOB, financial services, etc.)
- Seek (i) positive impact on ARPU (ii) increased stickiness, (iii) marginal market share gains (2-3% by 2026)
- **Refrain from aggressive price competition, continuously improve all elements of perceived quality, migrate from "Cheap & Poor" to "Value & Smart"**

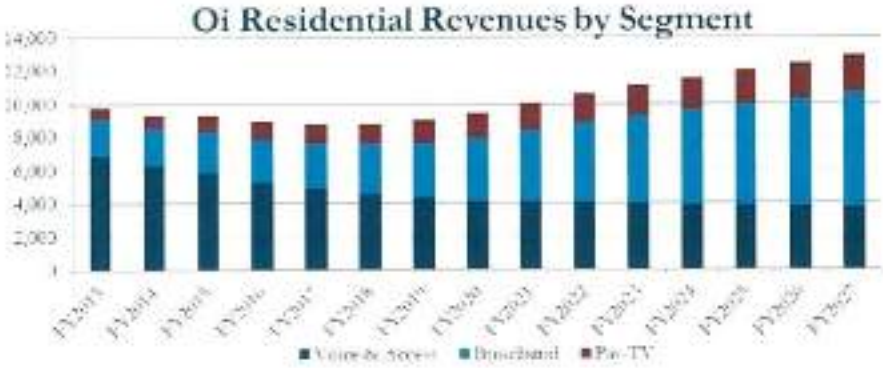
Push Broadband as a Vector of Growth

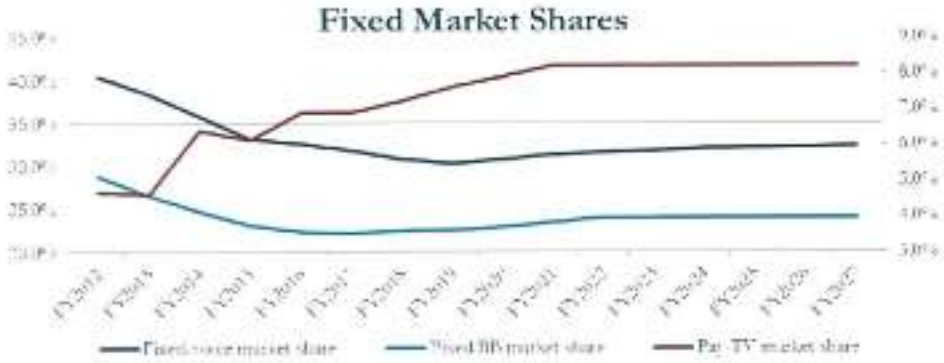
Residential Market Assumptions

- **Fixed voice** usage continues steep decline. Fixed penetration stabilizes as fixed becomes primarily an access bundle
- **Broadband** penetration reaches 60%, BB ARPU increases by 74% by 2026, driven by deployment of increased speeds
- **Pay-Tv** penetration increase from relatively low levels, driven by increasing prevalence of convergent bundles

Residential Strategy

- **High-speed broadband rollout with aggressive last-mile shortening** based on 'zone' basis to reverse subs downward trend (-3.2% in 2015 to an avg. 4.5% 2018 onwards)
- Leverage fixed-access footprint to upsell faster broadband, use convergent bundles to cross-sell TV and mobile
- **Regionalize pricing** depending on market position (Oi sole provider c.2,500 cities) to improve ARPRGU & cash flow
- Develop **QoS based offering** to cope with network capabilities by area, offer upgrades along network progress.
- Generalize **flat voice bundles,** secures low-end customers (stabilizes short term trends), convert to BB mid term
- Develop **IoT partnerships** with solution and devices providers; home security, automation to improve ARPRGU
- Significant growth opportunity in Pay-TV, high-speed broadband rollout enables expanded push into IPTV while strong DTH position remains an asset in such large country





Secure Enterprise Position

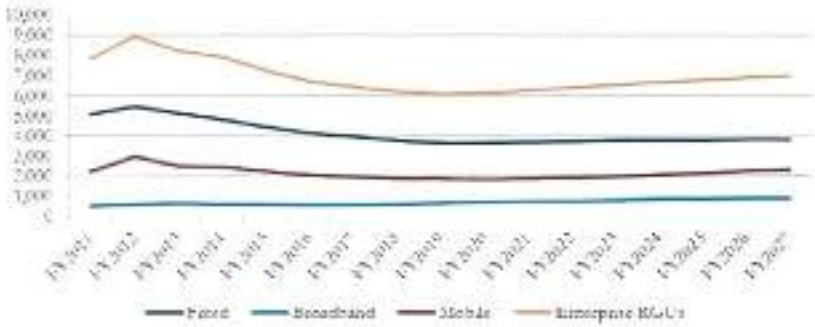
Enterprise Market Assumptions

- Enterprise to remain a vector of growth, linked not only to GDP but also driven by global ICT outsourcing trend
- Growing demand for new technologies and solutions (cloud, security, fleet management, IoT)

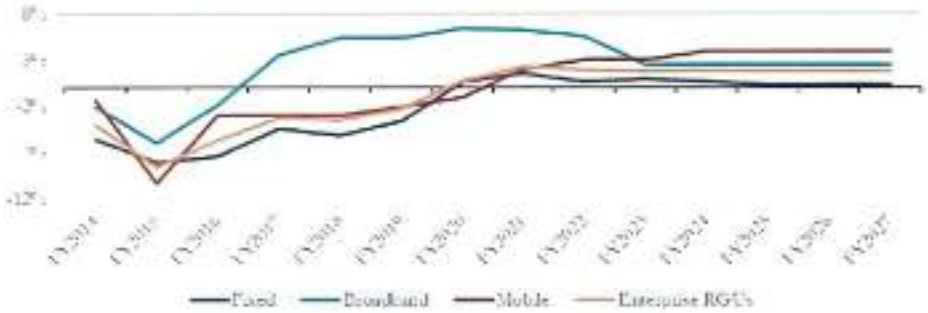
Enterprise Strategy

- Refresh relationship, communication channels with existing base; **restore trust,** explore dedicated branding (keep the customer)
- Intensify **FTTB** where relevant (business clusters) to secure base
- Enhance (systems, training are key) customer support capabilities to meet Enterprise / SME needs (high-end, personalized)
- Develop partnerships with major IT providers (revenue share models) to enhance ICT solutions offering, develop internal capabilities over medium / long term (improve margins)
- Short term, leverage extensive fixed presence to convert SOHO/SMEs base to BB, medium term upsell ICT solutions
- Offer **tailored solutions** and tariffs whenever possible to **mitigate frontal competition**
- Remain **simple on mobile offering** while providing to the basic needs: Closed VPN, flat rate bundles, data sharing, fleet management and messaging solutions
- Focus on solving regulatory hindrances (SMP) to **develop wholesale business** (DSP, lease network capacity) - Oi best positioned to own this **segment**
- Develop **IoT** solutions (automotive, appliances, security, utilities) in partnership with manufacturers and distributors

Enterprise RGUs



Entreprise RGUs - YoY Growth



Enterprise Revenues & ARP/RGU

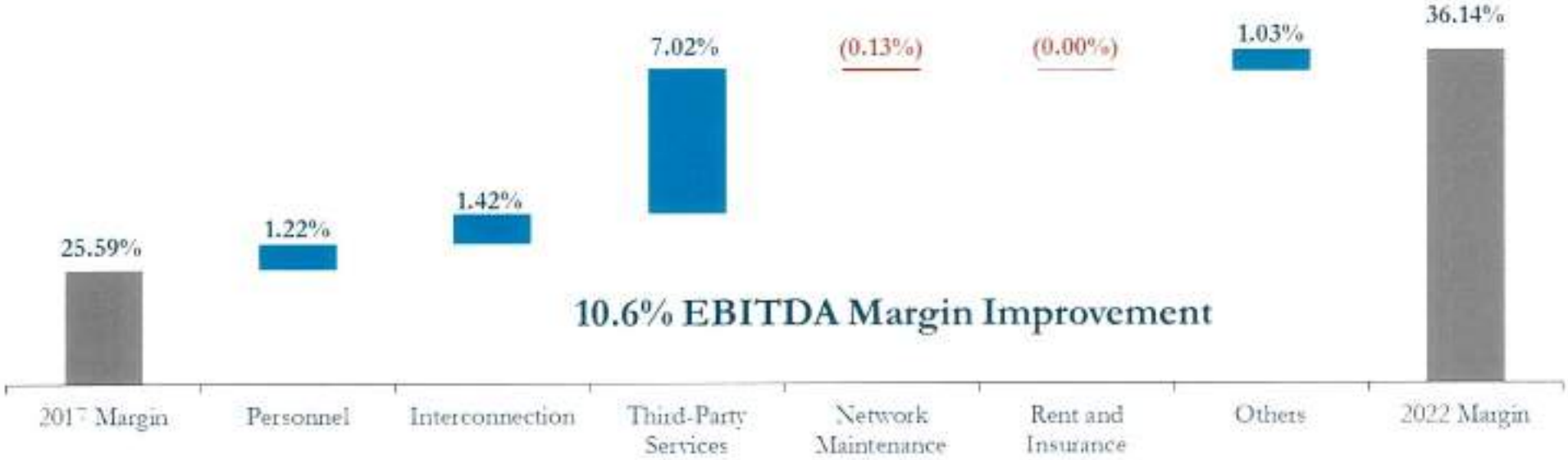
Streamline Operations to Unlock Profitability

Short Term: Y1 & Y2

- Day one significant inflow of seasoned management, most of which have worked together in similar situations
- Turnaround not relying on significant quick wins, however immediate actions to capture remaining low hanging fruits
- Seed cultural change with external talent, identify, promote new generation from within for second and third line
- Priority on management, IT systems, processes overhaul, essential to enhance command and control structure
- Aggressively capitalize on regained financial strength, significant capex plan to promote risk-sharing initiatives with key suppliers (cover swap costs, legacy systems maintenance)

Longer Term:

- Drive lower total cost of ownership through strategic network investments (shortening, fibre capillarity, spectrum)
- Re-align all objectives and incentives towards value creation (profitability, balance sheet KPIs, ROI metrics)
- Capitalize on better network, streamlined systems, processes to significantly enhance QoS to organically reduces cost (less incidents = less calls, truck rolls, lower churn = lower SACs)
- Review, re-tender all 3rd Party Contractor relationship, focus on partners which can be integrated within quality chain and will aggressively share QoS and profitability objectives



Asset Sales & M&A

Short – Medium Term focus on Asset Sales

- Business Plan considers BRL6.9Bn asset sales over 2017-2021
- Assumptions on identified assets, conservative valuations
  - US$900m for Africatel, believe deal currently on the table, however consideration mainly in local currency is inacceptable
  - No value ascribed to other African assets, but could raise up to US$100-150 million, however no clear buyers for these assets
  - BRL2.75bn in real estate, including liquid premium assets
  - As the company downsizes, more properties could be sold, portfolio worth up to BRL8bn according to Valor
  - BRL1.25bn in towers, data centres, dark fibre and call centres
  - Business Plan makes provisions for replacement value Opex

Strategic M&A: Pragmatic but Realistic View

- TIT, TEF, AMX balance sheets nowhere near capable to sustain acquisition of Oi (leverages of 3.1x, 3.4 and 2.4x),
- Happy to see Oi reel under RJ process, fit their strategic deleveraging objectives, allowed to take "foot of the gas", reducing competitive tension and capex intensity
- Other interlopers unlikely to be interested until Oi restructured, de-risked substantially, AT&T busy with TWX
- Longer term, business plan conducive of strategic opportunities. A stronger, restructured, converging Oi raises strategic implications for TIM (no presence in Broadband)
- Pragmatic approach toward accretive M&A at the right time

Assets	Comments	BRL Mn
Africa / Asia Operations	75% stake in Africatel, operating in Angola, Cabo Verde, Namibia, Sao Tome, East Timor, attained preliminary deal with Helios to move forward, believe deal on the table to dispose at equivalent to US$900 but including US$600 in dificult to transfer local currency. No value ascribed to other assets.	2,800 - 3,200
Real Estate	7,664 properties, E&Y estimated market value at BRL8bn, forced liquidation at BRL3.1bn. Sellable assets worth ~BRL3bn, 1/3rd in urban centers with high liquidity, remaining in smaller cities, harder to sell. Ability to sell subject to regulatory changes.	2,500 - 3,000
Data Centers	5 Data centers, ~7,000 raised area, utilisation of 69%. Company offered minority stake previously but limited interest. Believe received several offers for 100% sales of BRL500-700Mn.	500 - 700
SP Dark Fiber	~9,000km dark fiber, still gray area whether asset allocated to Mobile network or reversible. Possible transaction with Globenet?	500 - 600
Towers	Already sold 11,195 towers, still has 500 towers in portfolio, estimated valuation of BRL300Mn	250 - 350
Call Center	Owns BTTC, operates in five locations, 15k employees operating call center service. Difficult to sell if company wants to pursue in-sourcing strategy	75 - 100

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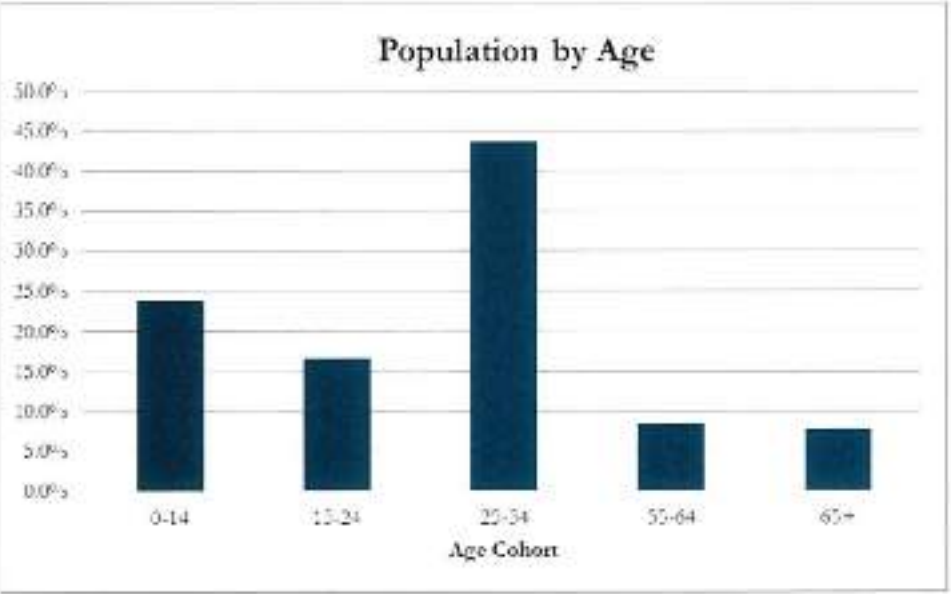
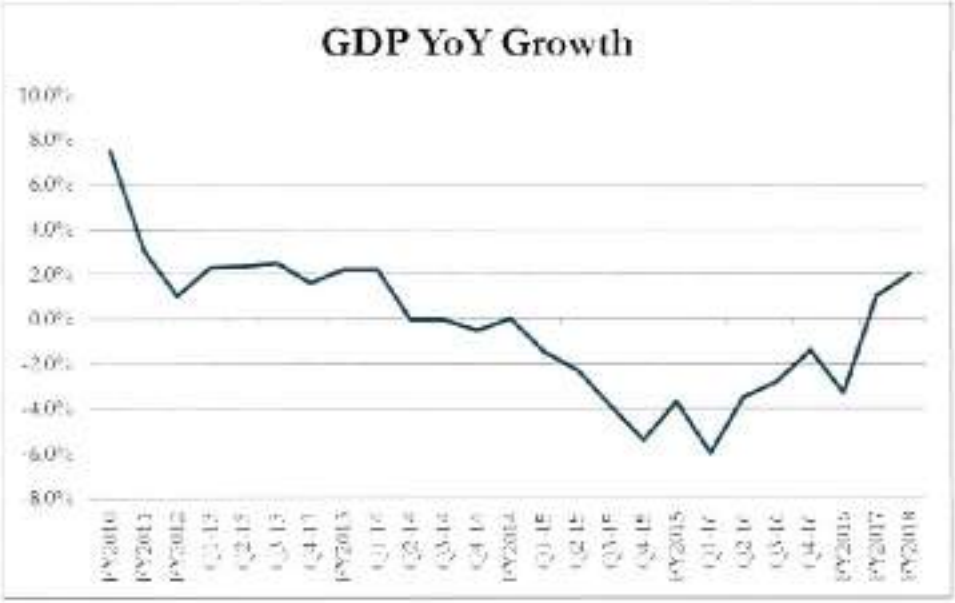
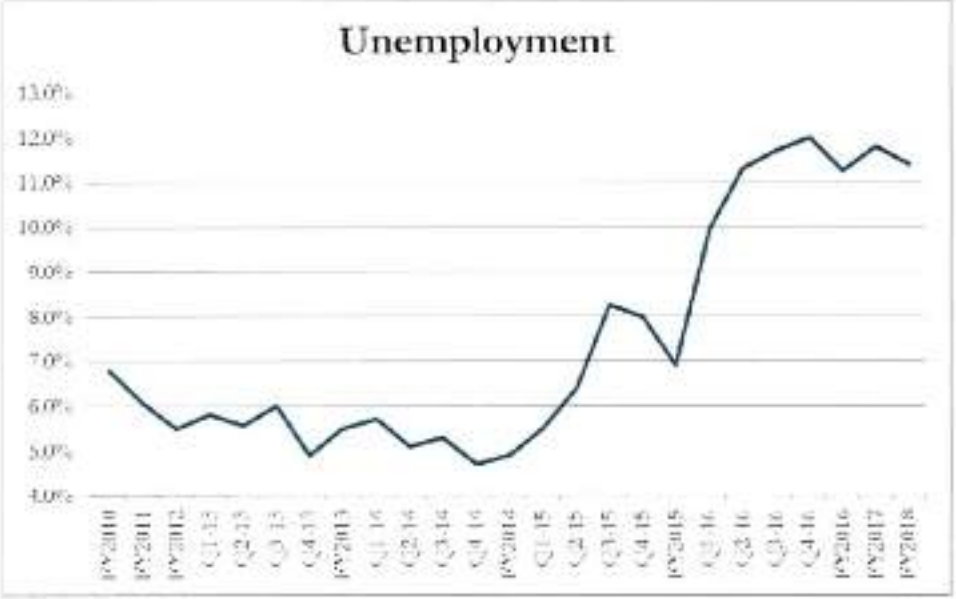
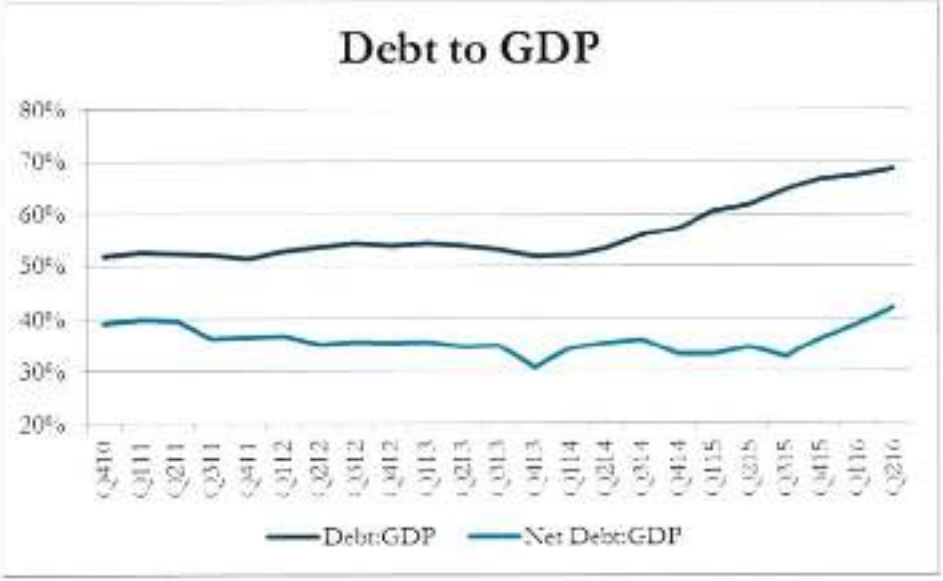
The Brazilian Macro-Economic Context

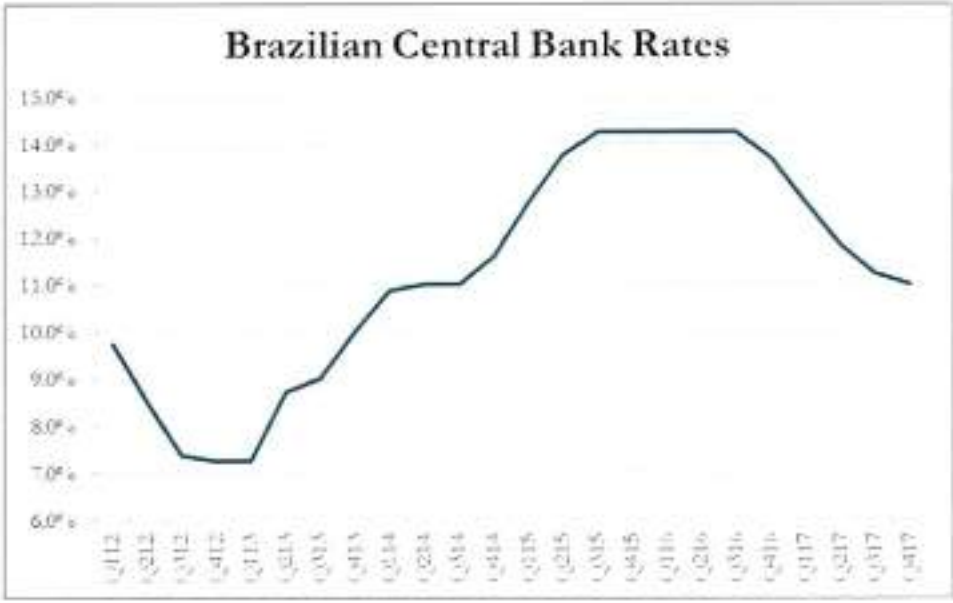


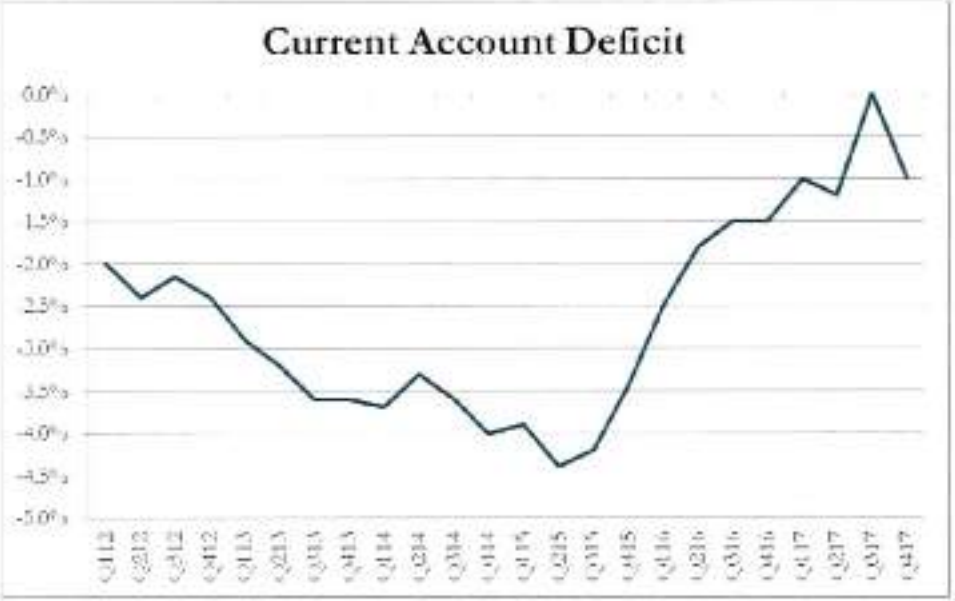




The Brazilian Macro-Economic Context (Cont'd)







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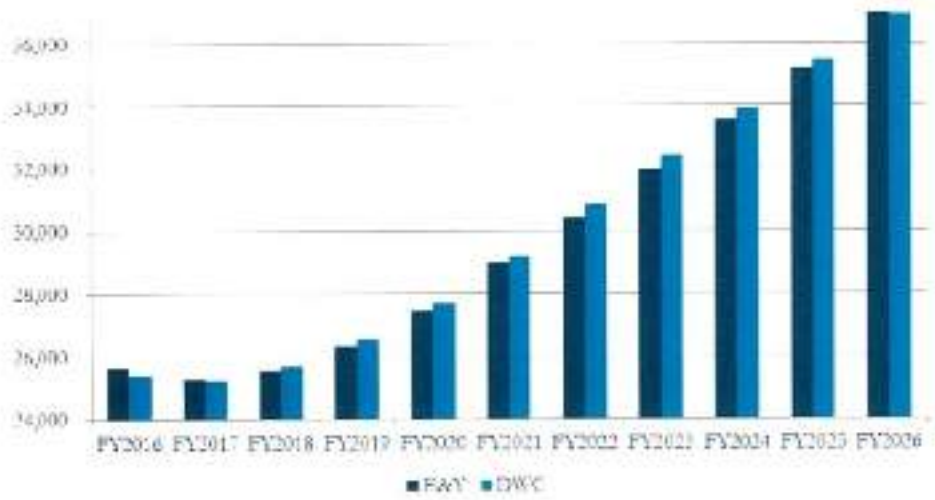
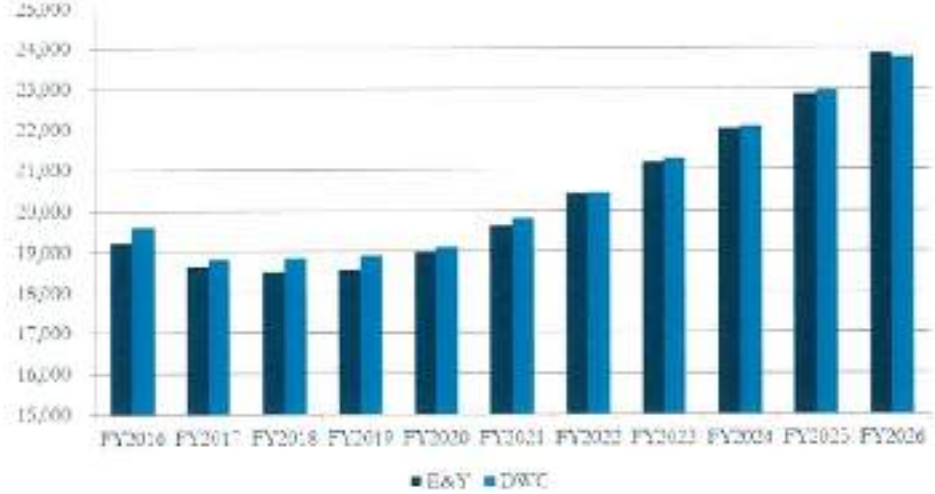
Benchmarking with Company RJ Plan

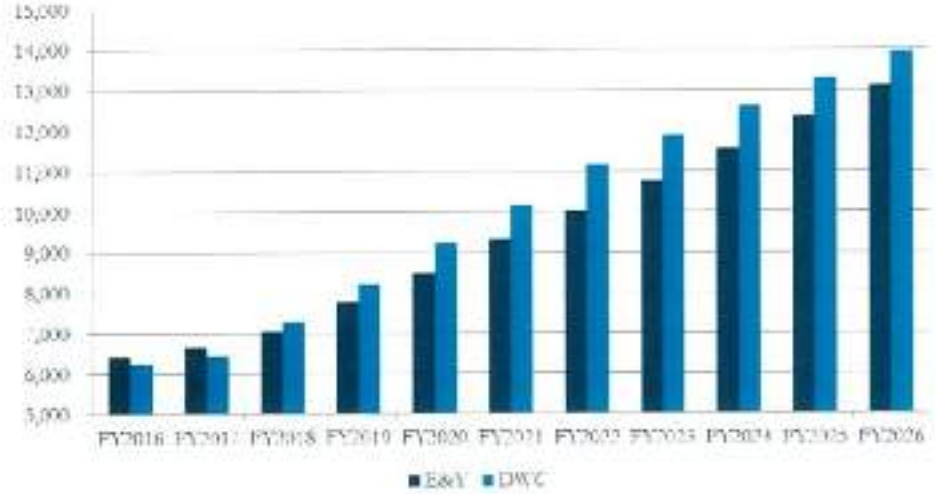
Revenue (BRL)



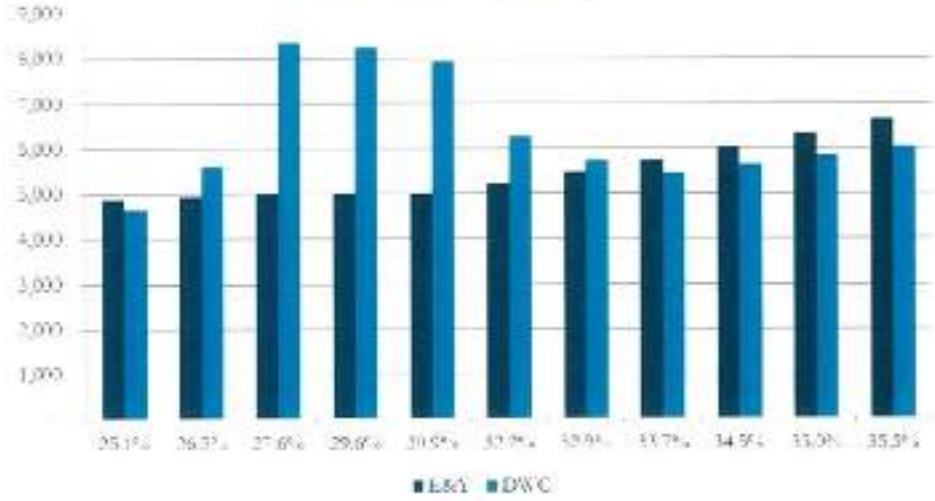
OPEX (BRL)



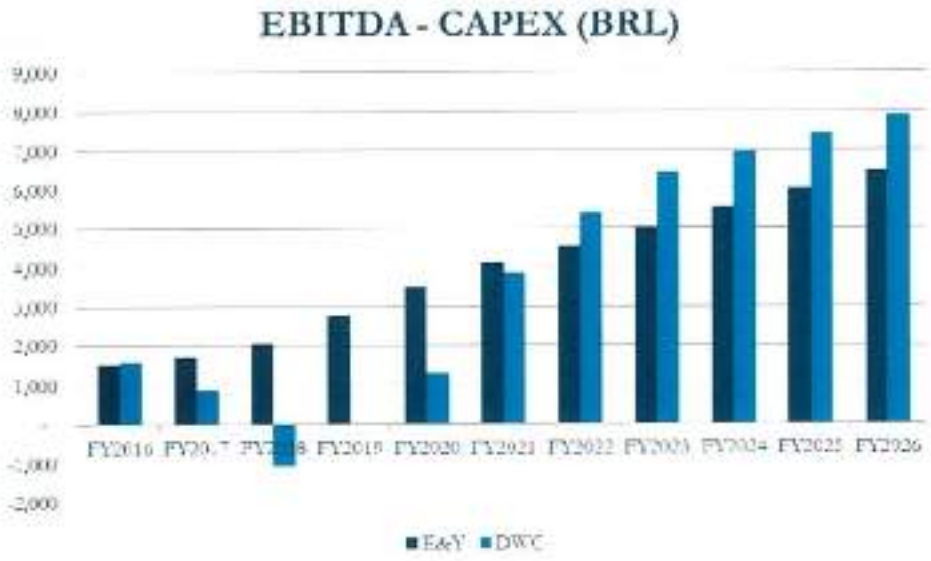
EBITDA (BRL)

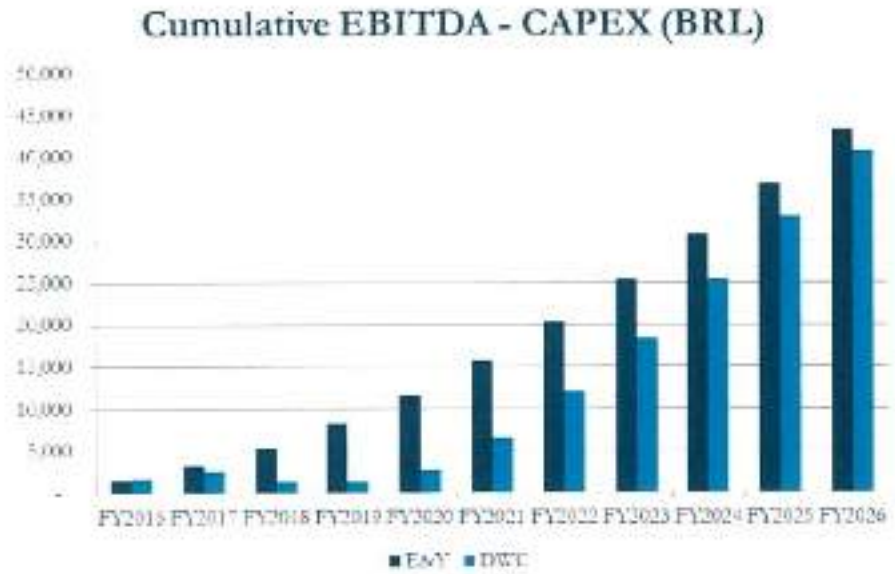


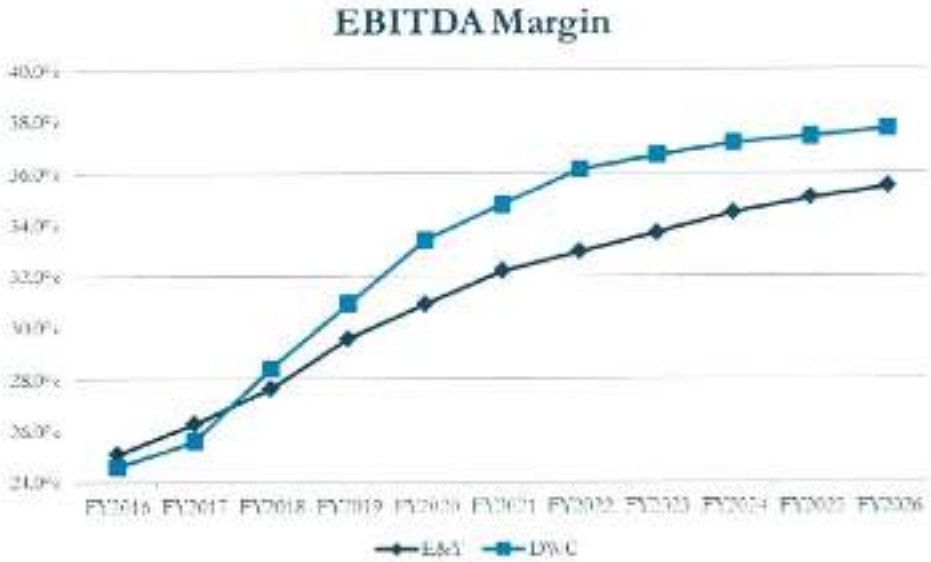
CAPEX (BRL)



Benchmarking with Company RJ Plan







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Major Technology Projects (1/10)

2G Mobile access network modernization project;

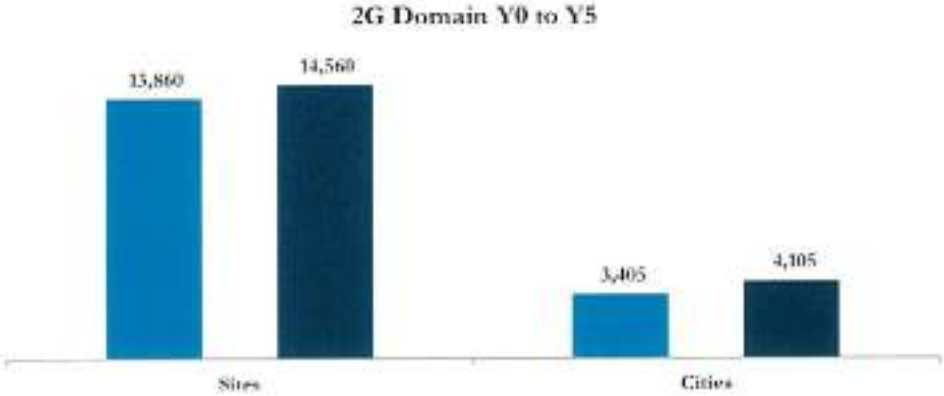
Target:

- Enhance QoS
- Enhance indoor coverage
- Increase 2G population coverage from 88.9% to 90.5%
- Increase number of municipalities covered from **3,405 to 4,105** by covering all municipalities > 6K inhabitants

Scope:

- Additional **700** new sites in **700** municipalities currently with no 2G coverage
- Modernization of existing 2G sites to state of the are single RAN technology
- Modernize all **320** legacy BSCs to new high-capacity BSCs with the latest software release allowing advanced features

Project Overview	
Investment	BRL 731 Mn
TAC	YES
KPIs	SMP4 to SMP11



Major Technology Projects (2/10)

3G Mobile access network modernization project;

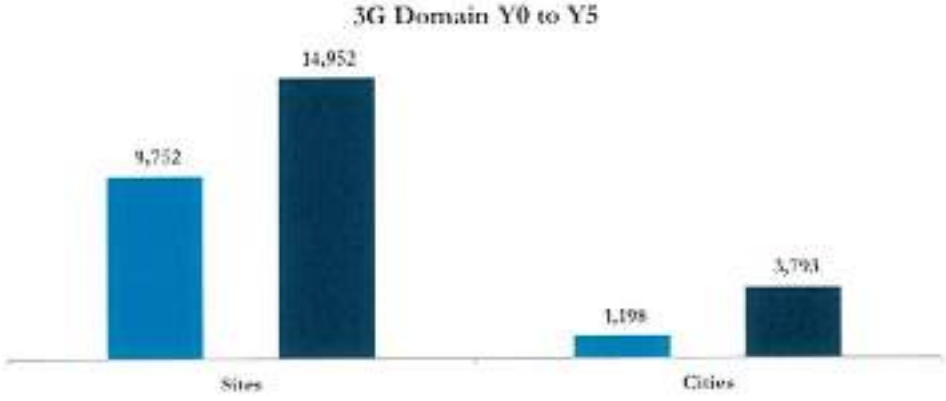
Target:

- Enhance existing QoS
- Cater for increase in mobile data usage
- Cater for pushing more voice traffic to be carried over 3G rather than 2G
- Cater for organic increase in customer base
- Increase 3G population coverage from **72.2% to 89.6.5%**
- Increase number of municipalities covered from **1,198 to 3,793** by covering all municipalities > 30K inhabitants + 60% of municipalities < 30K inhabitants

Scope:

- Additional **5,000 carriers** in existing **1,198** municipalities
- Additional **2,500 site** in existing **1,198** municipalities
- Additional **3,000** small cells to improve indoor network and quality in existing municipalities
- Additional **2,700** sites in **2,595 municipalities** currently with 2G coverage only
- Modernize **100** existing RNCs to new high-capacity RNCs with the latest software release allowing advanced features

Project Overview	
Investment	**BRL 2.1 Bn**
TAC	YES
KPIs	SMP4 to SMP11



Major Technology Projects (3/10)

4G Mobile access network modernization project;

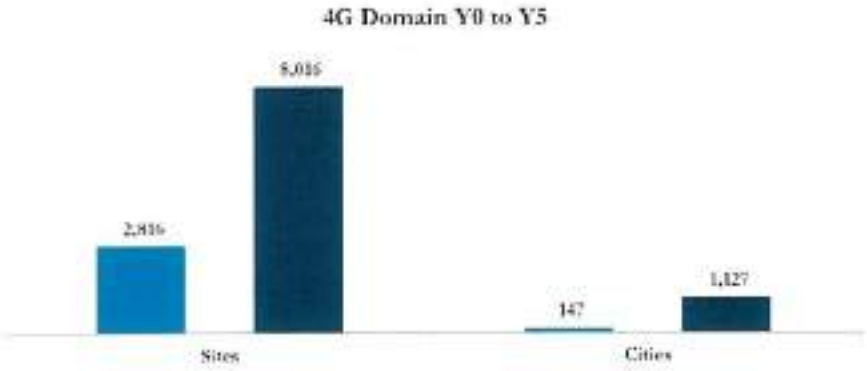
Target:

- Enhance existing QoS
- Cater for increase in customer base and usage
- Increase 4G population coverage from **45.7% to 76.3%**
- Increase number of municipalities covered from **147 to 1,127** by covering all municipalities > 30K inhabitants

Scope:

- Additional **2,500** site in existing **147** municipalities
- Additional **2,700** sites in 980 municipalities currently with no 4G

Project Overview	
Investment	**BRL 1.13 Bn**
TAC	YES
KPIs	SMP4 to SMP11



1800MHz Spectrum re-farming;

Target:

- Increase 4G population coverage from **45.7% to 76.3%**
- Increase 4G network capacity

Scope:

- Re-farming of up to **12,000** sites to 4G in 1800Mhz band in existing municipalities to improve network capacity for broadband services

Investment	**BRL 2.6 Bn**
TAC	YES
KPIs	SMP4 to SMP11

Major Technology Projects (4/10)

Mobile Core modernization/expansion project:

Target:

- Expand and modernize the mobile core network to support the surge in traffic as well as provide latest features

Scope:

- Modernization & Expansion of CS core network to support voice, data and signalling traffic growth
- Modernization & Expansion of PS core network to support voice, data and signalling traffic growth

Project Overview	
Investment	BRL 1.12 Bn
TAC	YES
KPIs	SMP4, SMP5, SMP7 to SMP9

Mobile backhaul network modernization project;

Target:

- Increase mobile backhauling network capacity
- Modernize legacy equipment

Scope:

- Upgrade/modernize up to **20,000** MW links to latest high-capacity IP links

Project Overview	
Investment	BRL 1.9 Bn
TAC	YES
KPIs	SMP4 to SMP11

Major Technology Projects (5/10)

Rural Coverage project;

Target:

- Comply with obligations of connecting rural areas and schools with broadband in municipalities in accordance with 4G spectrum auction

Scope:

- Cover **964** municipalities in the states of GO, MT, MS, RS and DF as per 4G spectrum license requirements

Project Overview	
Investment	**BRL 791 Mn**
TAC	TBD
KPIs	

Deployment project;

Target:

- Sites build-out to accommodate 2/3/4G network expansion

Scope:

- Building up to **2,000** new sites
- CW enhancement for existing sites

Project Overview	
Investment	**BRL 1.12 Bn**
TAC	YES
KPIs	SMP4 to SMP11

Network Optimisation project;

Target:

- Enhance end-to-end customer perceived quality

Scope:

- Implementation of mobile network optimisation services to verify and enhance the network quality

Project Overview	
Investment	**BRL 336 Bn**
TAC	YES
KPIs	SMP4 to SMP11

Major Technology Projects (6/10)

Customer Experience Management project;

Target:

- Implement a set processes, systems, applications and methods that ensure end-to-end visibility of operator's network quality and customer's experience

  over time, across all moments of interaction and through all customers' touch points
- Real time customer's experience by individual, group or region across all moments of interaction.
- Identify insights and deliver appropriate actions in real time or near real time to address negative experiences through predefined policies and/or automated/manual intervention.
- Auto detection of device and service provisioning issues and rectification/escalation.
- Correlate subscriber experience with network and service quality

Project Overview	
Investment	**BRL 455 Mn**
TAC	TBD
KPIs	

Benefits:

- Proactive and faster problem resolution
- Prioritized decision making
- Facilitate outstanding service experience
- Influence churn reduction and sales increase

Scope:

- **100%** of customer base

Major Technology Projects (7/10)

Fixed broadband project;

Target:

- Increase the **average BB speed to >= 20 Mbps**

Scope:

- Introduce ultra BB, distributed architecture technology
- Upgrade up to **4.5 mil** accesses to VDSL/2, and GPON
- Implement FTTH/B in selected areas (~ **0.5 mil** accesses)
- FTTC: Deploy fibre as close to the user, shorten copper loops to increase speeds
- Modernize all existing legacy IP/ATM DSLAM (~ **0.9 mil** accesses)

Project Overview	
Investment	BRL 4.7 Bn
TAC	YES, Partially Additiona Investment
KPIs	SCM4 to SCM11

PSTN Core modernization project (IMS);

Target:

- Modernize the legacy PSTN core network to the latest state-of-art IMS based architecture
- Prepare for the next phase of full core network unification

Scope:

- Introduce IMS based architecture
- Swap traditional voice modules to latest distributed architecture (MSAN or else)

Project Overview	
Investment	BRL 3.8 Bn
TAC	YES
KPIs	OKC, OKL, OKL, OKI

Major Technology Projects (8/10)

Fixed transport network project;

Target:

- To modernize/expand the backbone & metropolitan networks to accommodate traffic growth and reach.
- To expand the IP/MPLS core and peripheral transport network to accommodate traffic growth

Scope:

- Modernize/upgrade up to **30,000** DSLAM interfaces
- Expand the national and metropolitan transport network to support Mobile and Broadband traffic growth, increase reach and resilience.
- Modernize/Upgrade IP Core & EDGE routers

Project Overview	
Investment	**BRL 5.8 Bn**
TAC	YES, Partially Additiona Investment
KPIs	SMP4 to SMP11, and SCM4 to SCM11

IN modernization project;

Target:

- Swap the existing prepaid CS and the associated supporting systems with a fully

  functional state-of-the art online charging system

Scope:

- New Charging System for **50 mil** customers

Project Overview	
Investment	**BRL 455 Mn**
TAC	YES
KPIs	SMP1 to SMP4, DCE

Major Technology Projects (9/10)

IT Architecture & system revamp project;

Target:

- Deploying a complete IT systems full stack solution
- Phased implementation approach, seamless integration, full vendor responsibility.
- Unify and improve CRM solution to assure compliance with ANATEL KPI's
- Enhance time to answer, time to neutralization, and time to resolution.
- Improve contestation and payback process as well as guarantee principles of claiming
- Improve billing system capabilities and bill process time, and bill accuracy
- Enhance real-time billing capabilities and customer alert
- Unify IT systems that support business operation
- Improve work force management model in order to enhance company's field services (installation, repair, deactivation, reactivation...etc.)

Project Overview	
Investment	BRL 1.68 Bn
TAC	YES
KPIs	SMP1-3, SMP12, SCM1-3, SCM11 to SCM14 OKC, REL, RED, RAI, DCE, REA, END, ARI

Scope:

- Order Management System
- Workforce Management System
- Sales Force Management System
- Billing & Charging System
- Inventory System
- Receivables System
- Activation System
- Collection System

Major Technology Projects (10/10)

Projects requiring further analysis…

Fiscalization process optimisation

- To optimize the company's organization and internal processes to timely comply with customers' and ANATEL's requirements

Service Interruption process Optimisation

- To optimize the company's internal alerting and notification processes (scheduled and non-scheduled service interruptions) to timely notify the end users, ANATEL and other stake holders and comply with ANATEL KPIs

Public Phones

- Upgrade and maintain the public phone network in accordance to possible new regulation

KPIs definitions ....

KPI	Definition
SMP1	Complaints rate
SMP2	Complaints rate in Anatel
SMP3	Calls Completed For Call Centers Rate
SMP4	Originated calls completed rate
SMP5	Traffic Channel Allocation Rate
SMP6	Text Messages (SMS) Delivery Rate
SMP7	Drop Call Rate
SMP8	Data Session Connect Rate
SMP9	Data Session Drop Rate
SMP10	Instant Transmission Rate in the Data Connection
SMP11	Average Transmission Rate for download and upload.
SMP12	Service for Operator / Clerk in Self-Service Systems Rate
SMP13	Response Subscriber rate
SMP14	Personal in Person Service rate
SCM1	Complaint Rate
SCM2	Complaints rate in Anatel
SCM3	Complaints reopened rate in Provider
SCM4	Contracted Instant Speed Guarantee
SCM5	Contracted Average speed guarantee
SCM6	Bidirectional latency

KPI	Definition
SCM7	Latency variation
SCM8	Packet Loss Rate
SCM9	Availability rate
SCM10	Call Rate by Clerk in Self-Service Systems
SCM11	Service Setup Rate
SCM12	Repair Request rate
SCM13	Repair time rate
SCM14	Response Subscriber rate
OKC	Calls to The Answering Center Completion rate
OKL	Local Calls Completion Rate
OKN	Originated LDN Calls Completion Rate
OKI	LDI Terminated Calls Completion Rate
REL	Local Call Complaints Rate
RED	Long Distance Call Complaint Rate
RAI	Number of Single Access Repair Requests
DCE	Number of Billing Documents Error Complain
REA	Complaints Rate in Anatel
END	Address Service Change Requests Rate
ARI	Individual Access Repair Service Request
TEP	TEP/TUP repair request number

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Sawiris Group of Companies

Onsi Sawiris

The patriarch of the family, Onsi Sawiris, founded Orascom in 1950. Ever since, the family activities have grown and diversified to become a global conglomerate with activities spanning all continents and competing with world class names. Combined, the Orascom companies are Egypt's largest private sector employer.

Onsi Sawiris' three sons, Naguib, Samih and Nassef, run separate operating companies within the Orascom empire.

Nassef Sawiris

Orascom Construction is a global engineering and construction contractor primarily focused on infrastructure, industrial and high-end commercial projects in the Middle East, North Africa, the United States, and the Pacific Rim for public and private clients. OC also develops and invests in infrastructure opportunities.

Orascom Construction employs approximately 53,000 people in over 20 countries and is dually listed on NASDAQ Dubai and the Egyptian Stock Exchange.

Samih Sawiris

Orascom Development is a leading developer of fully integrated destinations, including hotels, private villas and apartments, leisure facilities such as golf courses, marinas and supporting infrastructure.

Orascom Development operates a total of 33 hotels with 7,815 rooms and controls a land bank of approximately 100.2 million m2. It has a dual listing on the SIX Swiss Exchange and the Egyptian Stock Exchange.

Naguib Sawiris

Naguib Sawiris

Naguib Onsi Sawiris holds a diploma of Mechanical Engineering with a Masters in Technical Administration from the Swiss Federal Institute of Technology in Zurich.

He started his career at an early age and now he is the Executive Chairman and CEO of Orascom Telecom Media and Technology Holding, the Chairman of Orascom TMT Investments S.à r.l., Founder of Orascom Telecom Holding S.A.E and the Chairman of La Mancha resources Inc.

Since joining Orascom, the family business, in 1979, Naguib Sawiris has continuously contributed to the growth and diversification of the company into what it is today – one of Egypt's largest and most diversified conglomerates and the country's largest private sector employer. Mr. Sawiris established and built the railway, information technology, and telecommunications sectors of Orascom. The success of these ventures as well as the other sectors of the company led to the management's decision to split Orascom into separate operating companies in the late 90s: Orascom Telecom Holding (OTH).

As the Founder of Orascom Telecom Holding, Mr. Sawiris has dynamically led the growth of the company, to be the leading regional Telecom player and among the best regarded Emerging Markets players in the world, culminating in the much publicized merger deal between Wind Telecom, the mother company of Orascom Telecom Holding and VimpelCom Ltd in April 2011. At the time, the merger created the world's sixth largest mobile telecommunications provider by number of subscribers with operations in 20 countries. As part of the merger transaction, Orascom Telecom's non-GSM operations and Egyptian-based telecom assets were spun off into Orascom Telecom Media and Technology Holding of which Mr. Sawiris is currently Executive Chairman and CEO.

In 2012, Mr. Sawiris has led the acquisition of La Mancha Resources Inc. through a tender offer which resulted in acquiring 100% of the company's shares. La Mancha Resources Inc. is an international gold producer based in Canada with operations, development projects and exploration activities in Africa and Australia. In August 2012, Mr. Sawiris was appointed as La Mancha's Chairman of the Board.

Mr. Sawiris is also the recipient of numerous honorary degrees, industry awards and civic honors, including the Honor of Commander of the "Legion d'Honneur" (the highest award given by the French Republic for outstanding services rendered to France). In July 2011, Mr. Sawiris was awarded the Honor of Commander of the Order of the "Stella della Solidarietà Italiana" (Star of Italian Solidarity) for his outstanding contribution to the Italian economy through the investments he led in Italy. In 2006, the prestigious "Sitara-e-Quaid-e-Azam" award was conferred upon him by General Pervez Musharref for services rendered to the people of Pakistan in the field of telecommunication, investments and social sector work.

1 As of December 2010, including Orascom Telecom and Wind Telecomunicazioni (source: Wind Telecom). 2 As of closing date April 15th 2011.

Group companies

Telecoms, Media & Technology

euronews

ORASCOM TMT I - S.a.r.l.

italiaonline •

ORASCOM TMT SAE •

intl CASCADE

WIS TELECOM

DADA • DOMAINS & ADVERTISING

SUPERNAP INTERNATIONAL

Hedge Funds

WCS WORLD CAPITAL SERVICES

Egypt

النيل للسكر
Nile Sugar

DALYDRESS

Real Estate

PURE GRENADA

Ayia Napa Marina

PYRAMID HILLS

Mining and Resources

la mancha

TEXEGY

ENDEAVOUR MINING •

Evolution MINING •

• listed companies

Orascom TMT Investments

OTMTI was established in 2005 as part of the Group's global expansion strategy.

It is an investor and strategic shareholder in telecommunication and technology companies since. Today, OTMTI owns a number of leading companies in that field spanning Europe, Asia, North Africa and the United States. The portfolio companies cover telecom infrastructure, cloud computing, digital content and services, technology development and hosting; including OTMT, Supernap, Italia Online, DADA, IntY Cascade, WIS, and Joyent.

The new Italiaonline was formed by the merger of Italiaonline S.p.A. into SEAT Pagine Gialle S.p.A., effective from 11 June 2016.

Its strategic objective is to consolidate its leadership in the digital advertising market for large accounts and local marketing services, with the mission to digitize SMEs: Italy's true economic backbone.

Italiaonline is the first national web company: it has 18.6 million unique monthly users and 10.4 million email accounts, with a 64% market reach and 4.8 billion impressions per month, and is ranked number three in the Italian web market after Google and Facebook. Its widespread sales network and its ability to create customised online visibility projects for large accounts allow Italiaonline to serve 300 thousand clients including large, small and medium-sized companies.

Orascom Telecom Media and Technology (OTMT) was established in 2011, out of the split of Orascom Telecom Holding's assets between OTMTI and Vimpelcom

It historically held investments in the telecom, media and technology, and cable businesses. As the industry matured and with a growing focus on Egypt, OTMT recently, adopted a new direction to diversify its portfolio from telecom and technology to financial services, renewable energy, transportation and logistics.

The Sawiris family acquired 53% of Euronews in September 2015 envisioning a huge potential for growth and transformation as it enters the digital age.

Euronews is simply put, the most watched news channel in all of Europe, and one of the leading channels worldwide, reaching 420 million households across 158 countries in 13 languages.

Although some may rest on their laurels, Euronews knows the vast potential it possesses with expansion looking likely in the future

Mining and Resources

La Mancha is the private natural resource investment vehicle of the Sawiris Family, which specializes in creating leading regional players with an entrepreneurial hands-on industrial approach.

La Mancha has become a leading private gold mining investor through its recent strategic alliances with Evolution Mining (ASX:EVN) and Endeavour Mining (TSX:EDV).

The Sawiris Family privatized La Mancha in 2012, as its first investment in the mining industry and to serve as a platform for future growth in the natural resource sector.

30% holding in **Endeavour Mining**

Endeavour Mining (TSX:EDV) is an intermediate West African gold producer focused on delivering growth. Endeavour Mining owns five gold mines located in Mali, Ghana, Burkina Faso, and Côte d'Ivoire. Production FY2015 is expected to rise to 560-590koz. Endeavour Mining's upcoming Houdé project in Burkina Faso and Ity CIL projects in Côte d'Ivoire are expecting to increase its production to nearly 800kozpa.

La Mancha has two seats on Endeavour's board and has also agreed to a 2-year equity lock-up, testifying to its commitment as a supportive, long-term strategic partner.

For more information, please visit www.endeavourmining.com

31% holding in **Evolution Mining**

Evolution Mining (ASX: EVN) is a leading, growth-focused, Australian gold mining company.

It owns and operates seven gold mines located in Queensland, New South Wales and Western Australia. Production FY2016 is expected to rise to 730-810koz.

La Mancha has two seats on Evolution's board and has also agreed to a 2-year equity lock-up, testifying to its commitment as a supportive, long-term strategic partner.

For more information, please visit www.evolutionmining.com.au

Texegy LLC, located in Corpus Christi, Texas, is an oil and gas reserves acquisition and development company focusing on the acquisition, and subsequent development of long life proved oil and gas reserves in mature fields.

Texegy relies on its management's extensive expertise in operations, acquisitions, and land management to provide attractive long term returns to its shareholders and partners by improving operational inefficiencies of acquired oil and gas properties. A key component of Texegy's strategy will be to liquidate acquired oil and gas reserves in a timely manner to maximize profits.

Real Estate

GEMINI REAL ESTATE

Geminin Real Estate invests in a number of high-end Real Estate Projects in different parts around the world, including Europe, Egypt, Kazakhstan and Grenada.

With a skilled eye for scarcity, uniqueness and value preservation, Gemini Real Estate only invests with developers who deliver quality putting their client's interests at the heart of their decisions, setting the bar higher and higher with every new investment. Some of Gemini Real Estate's projects include:

Ayia Napa Marina

The exclusive integrated development promises to launch a new era in modern beachfront living and transform Cyprus into a new luxury destination in the Mediterranean basin.

The €220 Million mixed-use residential and commercial project is scheduled to be completed in 2021 and will boast 190 spacious and deluxe apartments in two iconic, twisting towers rising high above the marina in a magnificent design, and 29 luxury villas most of them with walk-out access to private berths.

The highlight of the development is the 600-berth full-service marina which can accommodate yachts of up to 60m in length and offers world-class yachting facilities and a dry stack storage facility for boats up to 10m in length.

PYRAMID HILLS

With its breathtaking view of the great pyramids, Pyramid Hills is a high-end residential compound launched in 2007.

Great attention for privacy, comfort and uniqueness were given to the houses there. Pyramid Hills compound has it all, 24 hours' maintenance and security services, in addition to recreational amenities including tennis courts, bicycle lanes, coffee shops and restaurants.

Pure Grenada

Gemini Real Estate is managing the development of a 7-star hotel and residential complex in Grenada. The sun kissed island of Grenada has been blessed with many riches over the years, but one thing that has always been missing is a hotel promising the luxury of luxuries.

The Spice Isle has always been able to offer a truly original and memorable experience, but Silver Sands aims to extend an eye into the world of the elite. Silver Sands is focused on building quality while preserving the natural habitat that envelops the island.

A $70 million investment is expected to yield a modern hotel with 44 rooms and suites flanked by 9 luxury villas expected to open in 2017.

Egypt

The Nile Sugar Company was established in 2007 and remains the only privately owned sugar factory in Egypt.

Accessibility to high quality sugar is a necessity for many companies in Egypt.

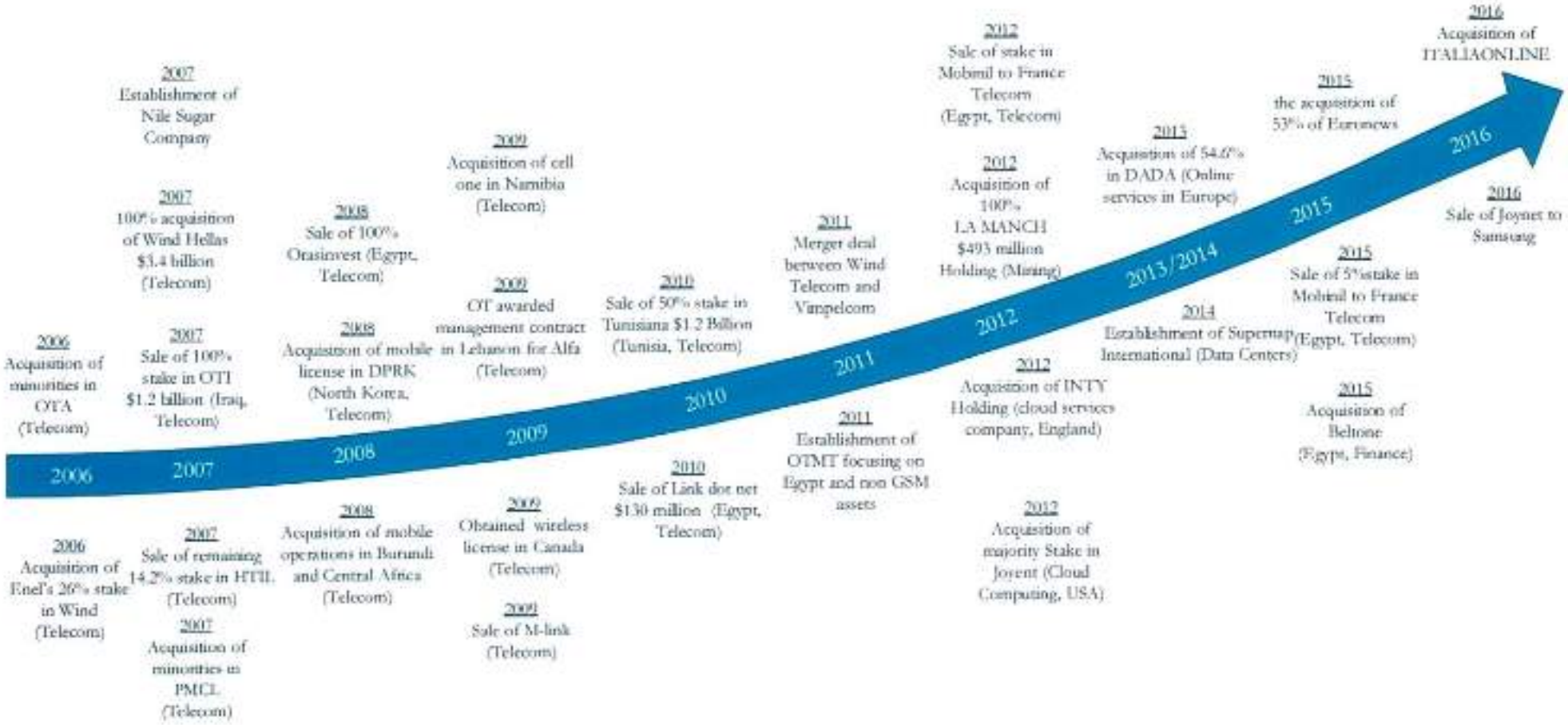
The Nile Sugar Company aimed to cut through the market by producing affordable quality sugar for both national and multinational brands, such as Coca-Cola, Heinz, Hero and Nestle.

It has become a beacon for the local area, helping support many families and businesses while helping end a reliance on imported sugar. Most of all, the Nile Sugar Company has proven that the sweetest investments are those that remain close to home.

DalyDress is a name synonymous with the Egyptian high street. With 26 stores spread across the vast expanse of Egypt, its fashion can be seen walking down most streets contained within the country.

Gemini Holding entered DalyDress in 2005 as investors committed to growing the already established brand beyond Egyptian borders. Expansions are planned within the Middle East and North Africa hoping to bring the much-loved fashion brand to the rest of the continent.

SAWIRIS INVESTMENTS TIMELINE (2006-2016)



SAWIRIS INVESTMENTS TIMELINE (1998-2007)

Appendix

A. Economic Projections

B. Benchmarking with Company RJ Plan

C. Technology Projects

D. The Sawiris Group

E. Project Team Biographies

Project Team

Karim-Michel Nasr – Digital World Capital – CEO
22 years experience in Telecom, Media and Technology

Karim is the CEO, and founding partner of Digital World Capital LLP, an alternative asset management firm specializing in Telecom and Media investments across the capital structure.

Prior to Digital World Capital, Karim was in charge of Corporate Finance for Wind Telecom and Orascom Telecom and a member of the group's Executive and Investment Committees. Karim and his team led over 225 financing and investment projects in the telecom sector, closing US$68 billion in debt and equity financings, US$67 billion in M&A transactions and actively managing up to US$30 billion of liabilities. Karim joined the group in 2000, first serving within the business development group of Orascom Telecom; where he participated to the acquisition of greenfield licenses, and the successful operational launch of 6 wireless operators. As part of his role, Karim was also involved in formulating the group's overall strategy. Karim served on the boards of Wind Telecom (Italy), Wind Telecomunicazioni (Italy), Wind Hellas (Greece), Telecel Globe (Sub Saharan Africa), as well as on the board of most of Wind Telecom's holding and financing subsidiaries.

Previously, he was CEO of Anzima s.a.l., a Lebanese IT consulting and software firm. He started his career in 1994 at An-Nahar s.a.l., a Lebanese media group. Karim holds a Masters in Management from the University of Paris IX Dauphine with a major in Finance. He is fluent in English, Arabic and French.

Michel Hubert - World Capital Services – CEO
18 years experience in Telecom, Media and Technology

Michel is the CEO of World Capital Services, the operational platform of Digital World Capital. In addition to his role as CEO, Michel particularly focuses on the expansion and growth of the firm.

Prior to World Capital Services, Michel was the CFO of Orascom TMT Investments, a Luxembourg-based holding company controlled by the Sawiris family with investments in the fields of telecommunications and technology.

Michel originally joined the Orascom Telecom and Wind Telecom group's Corporate Finance division in 2006, and led in a number of financing and M&A projects in both emerging and developed markets. As part of his role, Michel was instrumental in developing and maintaining strong relationships with the main Export Credit Agencies and Project Finance lenders.

Michel started his career in 1993 with Banque Indosuez (subsequently acquired by Credit Agricole) where he worked in capital markets for 5 years. He then moved to Project Finance with a specific focus on telecommunications.

Michel holds a Masters in Engineering from the ENSAM. He is fluent in English and French.

Project Team – Cont'd

John O'Mara, 36, Telecom Analyst – Digital World Capital LLP

6 years experience in Telecom, Media and Technology

John is an Investment Analyst at Digital World Capital LLP focusing on the European and Latin America Telecom sectors.

John joined DWC in January 2015 from New Street Research, a TMT focused sell-side equity and credit research boutique. Between 2011 and 2014, John was primarily responsible for covering the European telecoms sector, supporting the team with company and industry research, financial modelling, and the development of quantitative valuation tools and databases. He has also worked on coverage of the broader global TMT sector, including the EM telecom and internet sectors.

John graduated in 2010 from HEC Paris with an MBA in Finance. Prior to studying for his MBA he worked in the infrastructure sector, where he specialised in the development of financial models for infrastructure projects, as well as working in the operational research/modelling team at UK infrastructure operator Network Rail. John speaks good French and intermediate Spanish and Portuguese.

Evan Pearce, 42, DWC

Evan joined DWC in August to focus on Project Caju.

Prior to joining DWC, Evan was head of the European credit business at Pine River Capital.

Evan has over 20 years of experience investing in levered and distressed companies. He was a Partner and Head of Credit at Edoma Partners form 2010 until 2012 and was a portfolio manager and then ran the European credit business for Citadel Investment Group from 2005 to 2009.

Evan began his career in the Goldman Sachs Equities Division serving first as trader in the Equity Derivatives Group and then as Vice President in Equites Arbitrage focusing on investments in levered and distressed companies.

Evan holds a Master's in Applied Mathematics and an AB in Economics from Harvard University.

Project Team – Cont'd

Tarek Aboualam, 45, Glint Consulting - Managing Partner

22 years experience in Telecom, Media and Technology

As Managing Partner, Tarek leverages on his expertise to offer Management Consulting services that aim to build successful companies and maximize their value.

Prior to Glint, Tarek has been the CEO of Mobiserve Group Operating in 8 countries in MENA. In 2012, Tarek led the turnaround of Egypt's incumbent operator Telecom Egypt (TE) in a challenging environment acting as TE's CEO & Managing Director after serving as the Senior VP for International & Wholesale.

In 2008 Tarek joined Orascom Telecom as the Fixed & Broadband Development Director. Between 2005 and 2008, Tarek actively contributed to the turnaround of the Italian operator Wind acting as the Planning and Business Intelligence Director of its Fixed Business Unit.

Before 2005, Tarek started his career by co-founding & managing 2 of the first ISPs in Egypt (TE Data & Soficom).

Tarek served as Chairman and board member on the boards of several Telecom and Technology companies including: Telecom Egypt, Vodafone Egypt, Mobiserve, TE Data, Xceed, Soficom, Glint Consulting, Tellas, Tirocon and TED-Jordan.

Tarek holds a bachelor degree in Telecommunications engineering from Alexandria University

Assaad Kairouz, 48, OTMT-Alfa, CCO

22 years experience in Telecommunications

Assaad has accumulated 22 years of international experience in the Telco industry (mobile telephony, internet and associated activities). He developed in-depth operational expertise covering start-ups, management and turnaround of established operations, and built a corporate expertise with a comprehensive business development and M&A track record.

After working 8 years with France Telecom on several greenfield start-ups and transformation of established operations, Assaad joined the Orascom Telecom Group early 2002 in capacity of Chief Commercial and Operations Officer of Telecel International, the group's sub-Saharan arm, reforming and turning around successfully 15 operating companies across Africa thru a restructuring of a consolidated net debt of several hundreds of MUSD, a number of M&A transactions and an operational transformation of the assets. He also served on the board of several of Telecel's ooperating companies.

During the following 7 years, he led and participated in various business development and M&A projects and was in parallel, appointed CEO of DMSL, an Orascom start-up engaged in data management services, launching its first operation in Algeria.

In 2010, he chose to return home, going back to operations, as Chief Commercial Officer of Alfa, a mobile network operator in Lebanon managed by Orascom Telecom Media & Technology.

Project Team – Cont'd

Hany Bedair, 43, TechnoServe, Managing Director
22 years experience in Telecom, Media and Technology

Hany is the Managing Director of TechnoServe, a company established is 2014 with primary focus on Telecom sector management consultancy services.

During the period 2011-2014, Hany has served as the group CTO of Global (Orascom) Telecom Holding, a VimpelCom ltd. company headquartered in Cairo Egypt and managing mobile operations in Africa, Middle East, Asia, and Canada, with over 100mil subscribers.

Between 2006 and 2011, Hany has served in various management positions at Orascom Telecom including Regional Director for MEA region, and Technical Operations and Program Management Director.

Prior to joining the holding, Hany has taken several operational roles and participated to launch mobile services in Syria, Chad, Congo, Algeria, Tunisia, and Iraq

Hany has started his telecom career at Alcatel in 1997.

Hany holds an MBA from the Maastricht School of Management with a major in Banking & Finance; and also has a B.Sc. in Electronics and Communications Engineering.

Hany's mother tongue is Arabic, he speaks English fluently and French to a conversational level

Alexandra Leclerc, WCS Chief Legal Officer

Alexandra has oversight of all legal activities for WCS.

Alexandra was a Senior Corporate Legal Counsel at Eaton Towers Limited, a leading telecom towers company in Africa.

From 2008 to 2014, she was a transactional and advisory M&A in-house lawyer at Lazard, based in Paris and in London, where she was directly involved in numerous corporate finance transactions with emphasis on tender offers and stock exchange regulation.

Alexandra was admitted to the Paris Bar in 2008. She holds a Master of Business Law from Université Paris Dauphine and she graduated from Sciences Po Paris in 2005. She also holds a Bachelor Degree in French literature

Schedule XV

Management Contract

Term	5 years
Non-Compete	Services provider cannot render consulting services to any competitor of the Company in Brazil that is not controlled by an affiliate of the services provider
Exclusivity	During the term of the contract, the Company cannot retain the services of another service provider for the same services
Scope of Services	▪ Oversee strategic planning and management ▪ Make recommendations as to development and implementation of policies related to client relationships ▪ Make recommendations on strategic business decisions ▪ Assist with the development and establishment of new business relationships ▪ Make recommendations as to development and implementation of policies related to main suppliers ▪ Prepare annual budgets and revised business plans ▪ Gather, develop and analyze relevant market information ▪ Assist with the development and implementation of sales policies ▪ Assist with general business development and M&A ▪ Assist with corporate finance strategy and negotiation of financings with lenders
Compensation to Strategic Partner[11]	▪ See *SP Warrants Schedule* ▪ Reimbursement of out of pocket costs and expenses
Insurance	Strategic Partner to benefit from D&O insurance typical for situations of this type.
Confidentiality	Compliance with disclosure rules applicable to related party transactions entered into by listed companies in Brazil
Termination	▪ Terminable by the Company for Cause (as defined in SP Warrants

[11] Management team and executives to be separately compensated by the Company.

	Schedule) ▪ Terminable by the Strategic Partner under limited circumstances to be determined

Schedule XVI

Key Diligence Items

- Tax liabilities
- Contingent liabilities
- Working capital needs (including with respect to the use of L/Cs and L/Gs)
- Judicial deposits
- Reports from counsel on administrative and judicial claims
- Regulatory claims
- 5-year capex plan
- Budget for 2016-2017
- Reversible assets and impact of regulatory changes
- Key operating metrics
- Accounting treatment of restructured debt and other liabilities

Creditor Terms

	SUMMARY OF ECONOMIC TERMS
SECURED BANKS (BNDES)	▪ **Interest Rate:** Current blended rate ▪ **Interest PIK:** No ▪ **Maturity:** 17 years ▪ **Amortization:** – Years 1-5: grace period – Years 6-10: 20%, with straight line amortizations of 4% per year – Years 11-17: 80%, with straight line amortizations of 11.43% per year
ECAs	▪ **Interest Rate:** 2.5% Fixed ▪ **Interest PIK:** 5 years ▪ **Maturity:** 17 years ▪ **Amortization:** – Years 1-5: grace period – Years 6-10: 20%, with straight line amortizations of 4% per year – Years 11-17: 80%, with straight line amortizations of 11.43% per year ▪ **Common Covenant Package** (see page 13) ▪ **Common Prepayment Terms** (see page 13)
LOCAL BANKS	▪ **Interest Rate:** 65% of CDI, provided that it shall be increased to 75% of CDI for any Bank that provides new financing for an amount of at least 25% of its existing credit exposure ▪ **Interest PIK:** 5 years ▪ **Maturity:** 17 years ▪ **Amortization:** – Years 1-5: grace period – Years 6-10: 20%, with straight line amortizations of 4% per year – Years 11-17: 80%, with straight line amortizations of 11.43% per year ▪ **Common Covenant Package** (see page 13) ▪ **Common Prepayment Terms** (see page 13)

Creditor Terms (Cont'd)

	SUMMARY OF ECONOMIC TERMS
BONDS	▪ **Interest Rate:** 8.0%-9.0% ▪ **Interest PIK:** No ▪ **Principal Amount:** BRL5.8 billion (to be denominated in USD/EUR) ▪ **Maturity:** 7 & 10 years (2023 & 2026) ▪ **Amortization:** bullet at maturity (50% in 2023 & 50% in 2026) ▪ **Common Covenant Package** (see page 13) ▪ **Common Prepayment Terms** (see page 13) ▪ **Conversion into Equity:** 95% of the equity of the Company pre-Public Offering
BANKS/ECAS NEW MONEY FINANCING	▪ New money financing to be provided by Banks / ECAs under facilities in form and on terms to be agreed ▪ Guarantees from Telemar and/or a pledge of assets to be agreed (to the extent that new money financing is not otherwise secured by new money equipment) ▪ New Financing Facilities to benefit from (i) prepayment terms set forth in Common Prepayment Terms and (ii) in the event of a sale of the collateral (if any), prepayment out of net cash proceeds thereof
NON-FINANCIAL CLAIMS	▪ **Labor Claims** — General Labor Claims: R$ 571 million paid in full over 2017 — Fundação Atlântico Claims: R$ 534 million with 5 year PIK interest followed by 6 year linear amortization. Interest rate of INPC +5.5% ▪ **Strategic Suppliers:** Capped at R$ 1.5 billion with linear amortization in 2017 and 2018 ▪ **Other Unsecured Claims:** R$ 2.9 billion paid in 7 years in US$ or R$ (as applicable) as follows: i. 33% of claims repaid in the first year ii. Remainder of claims amortized at 11.11% p.a. in the next 6 years with interest rate equivalent to TR

Creditor Terms (Cont'd)

	SUMMARY OF ECONOMIC TERMS
COMMON COVENANT PACKAGE	▪ General: All incurrence covenants ▪ Dividend: No dividends until net financial debt / EBITDA below a comfortable threshold ▪ Asset sales: Permitted as long as proceeds (i) reinvested in Company or (ii) used to prepay debt, provided that there shall be no sale of all or substantially all of assets of the Company without consent of a majority in amount of all unsecured financial creditors ▪ Negative pledge: On all assets with customary exceptions, other than the collateral securing the Banks/ECAs New Financing or any other new money financing ▪ Debt covenant: Debt incurrence covenants with baskets and exceptions
COMMON PREPAYMENT TERMS	▪ Any Excess Cash to be allocated to the Company and certain creditors pursuant to a specified waterfall ▪ Excess Cash to be defined above a minimum threshold to be determined based on the Business Plan and the operating requirements of the Company, to be measured on an annual or semi-annual basis based on audited financial statements
DUTCH FINANCIAL SUBSIDIARIES AND INTERCOMPANY CLAIMS	▪ Prior to the conversion of Bond debt into equity of the Company, shares of COOP and PTIF to be contributed to a trust, and beneficial interests of the trust shall be distributed to creditors
LETTERS OF CREDIT	▪ Undrawn existing Letter of Credits to be renewed by the providers, and drawn amounts to be repaid, in each case over an agreed period of time