

10 April 2018

DE BRAUW
BLACKSTONE
WESTBROEK

DRAFT COMPOSITION PLAN

(ONTWERPAKKOORD)

proposed in accordance with article 138 of the Dutch Bankruptcy Act by

Portugal Telecom International Finance B.V.

em recuperação judicial (subject to Brazilian in-court restructuring proceedings)

a private limited liability company incorporated in the Netherlands,
with Trade Register number 34108060

to

the Plan Creditors

This Plan becomes effective on the Effective Date.

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1 DEFINITIONS AND INTERPRETATION

In this Plan, unless the context otherwise requires, the provisions in Schedule 1 (*Definitions and interpretation*) apply throughout.

2 EXPLANATORY STATEMENT

2.1 PTIF

2.1.1 PTIF is one of two Dutch-incorporated financing companies of its Brazilian parent company Oi S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings) ("Oi"). It is, together with Oi Coop and Oi's operating affiliated companies, including Oi Móvel S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings) and Telemar Norte Leste S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings), which are incorporated in Brazil, part of the Oi Group (together: the "**Oi Group**"). The other Dutch-incorporated financing company of the Oi Group is Oi Coop. A corporate structure chart of the Oi Group is attached as Schedule 2 (*Corporate chart of the Oi Group*).

2.1.2 The business of PTIF consists of: (i) issuing and servicing debt in the international capital markets, primarily in the form of listed notes, and (ii) on-lending the proceeds from the notes to other members of the Oi Group, mainly through the Oi Coop Loan. In the period from 2005 to 2013, PTIF issued Notes, under its Euro Medium Term Note Programme, for an original amount totalling EUR 4.4 billion. The Notes are unsecured, but benefit from a guarantee from Oi. The Notes are the most important liabilities of PTIF, and the Oi Coop Loan is its most significant asset. An overview of the creditors list of PTIF is attached as Schedule 3 (*Creditors list of PTIF*).

2.1.3 PTIF has no operations other than what is described above under Clause 2.1.2. Consequently, PTIF does not generate any income of its own and is entirely dependent on the activities of the other (operating) entities of the Oi Group for compliance with its financial obligations. The (financial) results of those activities of the other (operating) entities of the Oi Group determine whether PTIF can perform its obligations under the Notes.

2.1.4 On 20 June 2016, when (certain entities within) the Oi Group filed a petition for the commencement of the RJ Proceedings, PTIF had outstanding Notes in an aggregate nominal amount of EUR 3.9 billion. PTIF has on-lent the proceeds of the Notes to Oi Coop in accordance with the terms of the Oi Coop Loan. On 20 June 2016, an amount of approximately EUR 3.81 billion was outstanding under the Oi Coop Loan.

2.1.5 On 3 October 2016 PTIF filed for suspension of payments (and simultaneously filed a composition plan) in the Netherlands, which was granted on the same day by the District Court of Amsterdam. The District Court of Amsterdam, subsequently, appointed the PTIF Bankruptcy Trustee as the administrator of PTIF. On 110 April 2017, the Court of Appeal Amsterdam converted the suspension of payments of PTIF into a bankruptcy. As a result of the bankruptcy, the abovementioned composition plan ceased to exist.

2.2 The Oi Group and its operations

2.2.1 The Oi Group is one of the world's largest integrated telecommunications service providers with the vast majority of its operations, management, principal executive officers, customers, assets and subsidiaries all located in Brazil. Oi's shares are listed on the Sao Paulo Mercantile and Stock Exchange, and in ADR (American Depositary Receipt) form on the New York Stock Exchange.

2.2.2 The Oi Group's Brazilian operations are heavily regulated under concessions and authorizations granted by Brazil's national telecommunications agency, ANATEL (Agência Nacional de Telecomunicações).

2.2.3 The Oi Group's services are vital to every aspect of telecommunications in Brazil today. This includes the operation of backbone telecommunications infrastructure (optic fibre links) and internet services. Throughout the country, the Oi Group provides fixed-line and mobile services, network usage, television, payment and data transmission services (including broadband access, Pay-TV, internet and other telecommunications services) for residential customers, corporate customers of various sizes, governmental agencies, banks and in public areas to the community at large. A selection of key facts underscoring the Oi Group's importance include:

- (a) it operates approximately two million Wi-Fi hotspots in Brazil, which includes public places such as airports and shopping malls;
- (b) it provides broadband internet to more than 51,000 Brazilian state schools, and serves as the telecom provider to Brazil's postal services, banks and airports in remote locations, which would otherwise be without these services;
- (c) its mobile network extends to cover residential and/or employment locations for almost 93.0% of the Brazilian population;
- (d) it is one of the largest Brazilian conglomerates in the segment of mobile telephony, with a domestic market share of 17.4% in this sector;

- (e) it operates systems for electronic voting in certain Brazilian states and municipalities, making the democratic process in those areas dependent on the functioning of those systems;
- (f) it operates the telecommunications system for Brazil's permanent Comandante Ferraz Antarctic Station at the South Pole; and
- (g) it renders telephone and data communication services on an exclusive basis to 100% of the Brazilian army basis located along Brazil's dryland borders.

2.2.4 In addition to the above, Oi has a significant social presence in Brazil. This is reflected in the following figures and activities, as the Oi Group:

- (a) has paid (between 2013 and 2016) approximately BRL 34 billion to the public treasure in taxes;
- (b) currently, has approximately 131,000 direct and indirect employees in Brazil;
- (c) is engaged in social projects and initiatives, such as "*Oi Futuro*", a social responsibility institute created in 2001, which includes projects in the segments of education, sustainability, sports and culture; and
- (d) is actively engaged in Brazilian public policy, such as direct involvement in Brazil's National Broadband Plan and Broadband in Schools.

2.2.5 In short, the Oi Group is one of the largest corporate conglomerates in Brazil and is present in all 5,570 Brazilian cities, servicing more than 63 million clients. Within this context, Oi's uplift and recovery are, therefore, crucial to Brazil.

2.2.6 As of 31 March 2016, Oi publicly disclosed that the Oi Group held assets in the amount of USD 24.6 billion, and more than 90% of these assets are held in Brazil.

2.3 Background

Brazilian RJ Proceedings

2.3.1 On 20 June 2016 (the "**RJ Petition Date**"), Oi and certain other entities of the Oi Group, including PTIF (the "**RJ Debtors**"), jointly filed a petition for the commencement of Brazilian judicial restructuring proceedings (*recuperação judicial*) (the "**RJ Proceedings**") with the 7th Corporate Court of Rio de Janeiro, Brazil (the "**Brazilian Court**"). On 29 June 2016, the Brazilian Court granted opening of the RJ Proceedings for all applicants, including PTIF (the "**Acceptance Order**") Schedule 4 (*Certified translation of the Acceptance Order*).

2.3.2 The main objective of the RJ Proceedings is the preservation of the Oi Group entities subject to the RJ Proceedings, including PTIF, as a going concern. Oi and the Oi Group have continued, and will continue, operations throughout the duration of the RJ Proceedings and the existing management will continue to make the group's key business decisions. All claims and enforcement actions (save for some exceptions) against the entities under the RJ Proceedings were – in accordance with Brazilian law – stayed for an initial period of 180 business days from the issuance of the Acceptance Order, which has been renewed by the Brazilian Court at the request of the Oi Group, including PTIF, on 4 May 2017 to extend the RJ Proceedings by another 180 business days or until the approval of the RJ Plan by the General Meeting (the "**RJ Stay Period**"). This request was granted on 15 May 2017. The RJ Stay Period ended with the approval of the RJ Plan (as described below).

RJ Plan

2.3.3 As part of the RJ Proceedings, the Oi Group filed a joint restructuring plan (as set out in Schedule 5 (*The RJ Plan dated 20 December 2017*), the "**RJ Plan**"), i.e., a plan which consolidated the assets and liabilities of the RJ Debtors for purposes of restructuring debt subject to the RJ Proceedings. The RJ Plan was required under Brazilian law to be submitted to the Brazilian Court ultimately by the 60th business day after publication of the issuance of the Acceptance Order. On 5 September 2016, the Oi Group submitted the RJ Plan to the Brazilian Court. Amended versions of the RJ Plan were submitted on 11 October 2017, 27 November 2017 and 12 December 2017. Creditors of the entities subject to the RJ Proceedings had a right to challenge the RJ Plan. If oppositions to the RJ Plan were filed with the Brazilian Court, Brazilian law provides that a creditor's meeting shall be convened to discuss and vote on the RJ Plan. Objections to the plan were filed and accordingly the Brazilian Court set dates for the creditors' meeting on 19 and 20 December 2017 (the "**General Meeting**"), and a second date on 2 February 2018 (if necessary). In the General Meeting, the Oi Group and the creditors of the entities subject to the RJ Proceedings agreed on the terms to be included in the RJ Plan, after which an amended version was presented to the creditors for voting.

2.3.4 Under Brazilian law, for purposes of voting on a debtor's restructuring plan, claims are divided into four classes:

- (a) labor-related claims ("**Class I**");
- (b) secured claims ("**Class II**");
- (c) unsecured claims, statutory or generally privileged claims, and subordinated claims ("**Class III**"); and

(d) claims held by "small companies" ("**Class IV**").

2.3.5 In the RJ Proceedings, creditors voted, first, on the substantive consolidation of the assets and liabilities of the RJ Debtors and then, second, on the RJ Plan itself. The first vote – on the substantive consolidation of the assets and liabilities of the RJ Debtors – was approved by holders of claims against the RJ Debtors, as illustrated by the following table:

RJ Debtor	Approval (by value of claims)
Oi	99,5%
Móvel	96,90%
Telemar	99,88%
Coop	97,98%
PTIF	99,89%
Copart 4	100%
Copart 5	100%

2.3.6 Under Brazilian law, the proposal for a restructuring plan needs to be approved by the required majority of each class of claims, more specifically, in respect of Classes II and III, by a majority of: (i) more than 50% of the number of creditors in such class present and voting at the General Meeting; and (ii) creditors holding more than 50% in face value of the total allowed claims in such class held by creditors present and voting at the General Meeting.

2.3.7 With the second vote, the creditors voted on a consolidated basis on the RJ Plan. The RJ Plan was voted and approved jointly by the creditors within their respective classes in accordance with Brazilian Bankruptcy Law. The RJ Plan was approved by each class of creditors, as illustrated by the following table:

Creditor classes	Approval (percentage by number of claims)	Approval (percentage by value of claims)
Class I	100%	100%
Class II	100%	100%
Class III	99,56%	72,17%
Class IV	99,8%	99,74%

2.3.8 On 8 January 2018, the Brazilian Court issued an order ratifying and confirming the RJ Plan (the "**Plan Confirmation Order**"), but striking through two provisions from the RJ Plan, which the Brazilian Court ruled were not permitted under Brazilian law (as set out in in [Schedule 6](#) (*Homologation decision of the Brazilian Court dated 8 January 2018*)). Subsequently, on 5 February 2018, the Plan Confirmation Order was published in the Official Court Gazette.

- 2.3.9 Under Brazilian law, a creditor may, within 5 business days of the Plan Confirmation Order, file a motion for clarification. Furthermore, creditors may, within 15 business days of the decision of the motion for clarification, file new motions for clarification or an interlocutory appeal to be considered by the State Court of Appeals and appeals to the Superior Courts. As of this date, 14 motions for clarification and 14 interlocutory appeals have been filed against the Confirmation Order. To date, the Brazilian Court has not attributed suspensive effect to any of the aforementioned appeals.
- 2.3.10 PTIF's ability to repay its debts depends entirely on Oi Group's continuity, business and revenue. In addition, the majority of PTIF's debt is guaranteed by Oi. Hence, PTIF's financial and economic situation is in essence dependent on that of the Oi Group as a whole. This is also why PTIF is subject to the RJ Proceedings, so that a consistent and comprehensive restructuring of the Oi Group's finances can be achieved, including the finances of PTIF. However, the RJ Proceedings and the RJ Plan have not yet been recognized in the Netherlands. Therefore, for the protection of the RJ Proceedings, and in order to assure that the (contents of the) RJ Plan, to the extent it regards PTIF, will in effect be (automatically) recognized and bind PTIF's creditors in relation to, among others, assets and liabilities of PTIF in the Netherlands (and in other European member states that do not recognise the RJ Proceedings and the RJ Plan), PTIF has submitted this Plan in the Dutch bankruptcy proceedings.
- 2.3.11 As follows from the above, a restructuring of the Oi Group's finances via the RJ Proceedings and the RJ Plan is required to ensure that PTIF is able to repay its debts. As set out in Clauses 2.3.3 through 2.3.9, the RJ Plan has been approved by the requisite majority of the creditors. In order to ensure the proper implementation of the RJ Plan in the Netherlands (and in other European member states that do not recognize the RJ Proceedings and the RJ Plan) for PTIF, this Plan – which mirrors and is consistent in all material respects with the RJ Plan – will need to be offered to the creditors of PTIF and put to the vote at the verification meeting (*verificatievergadering*).

Feasibility of the Plan

- 2.3.12 The feasibility of this Plan is guaranteed. The creditors of Other Unsecured Non-Preferred Claims will be paid in full as soon as practicable after the Effective Date (see Clause 3.3). As regards the Main Creditors, PTIF expects that the adoption of both this Plan and the RJ Plan will allow the Oi Group to continue as a going concern and, as such, to continue to generate revenues, which can be applied to meet the Oi Group's debt obligations, including both PTIF's own obligations going forward (if any), and the debt obligations of other Oi Group entities towards the Main Creditors (as they will be, after implementation of this Plan). PTIF believes, and has submitted a liquidation analysis to illustrate, that the Main Creditors of

PTIF will receive a better recovery (or at a minimum a substantially similar recovery), if the Plan is adopted, than they would receive in case of a liquidation of PTIF's assets (see Schedule 7 (Liquidation analysis prepared by Ernst & Young dated 23 March 2018)). Accordingly, the Plan provides that the Main Creditors will receive their consideration in accordance with the RJ Plan (as described in more detail in Clauses 3.2.8 through 3.2.11).

- 2.3.13 Given that the RJ Plan has been approved at the General Meeting and confirmed by the Brazilian Court, it is currently not expected that the RJ Proceedings will fail. However, should this occur, this will be a Termination Event under this Plan, and Clauses 3.2.12 through 3.2.15 of this Plan will apply. PTIF shall be bound by this Plan to ensure that in such event all its assets will be liquidated in the interest and for the sole benefit of the Main Creditors and that the proceeds thereof will be distributed to them.

2.4 Purpose of the Plan

- 2.4.1 This Plan is addressed to, and only binds, the Plan Creditors.
- 2.4.2 The purpose of this Plan and the RJ Plan is to provide PTIF and the Oi Group with the ability to avoid a liquidation scenario in the Netherlands, Brazil or any other relevant jurisdiction and to continue as a going concern and pay their debts (in accordance with this Plan and the RJ Plan).

3 GENERAL TERMS

3.1 Plan mirrors RJ Plan

- 3.1.1 As the RJ Plan has been approved by the creditors and confirmed by the Brazilian Court, PTIF hereby offers its Main Creditors exactly that what is provided for in the RJ Plan to the PTIF creditors under the same terms and conditions as set out in the RJ Plan (as modified and confirmed from time to time by the Brazilian Court). Reference is made to Schedule 5 (The RJ Plan dated 20 December 2017) for a complete overview of the terms of the RJ Plan and to Schedule 8 (Summary of the RJ Plan) for a summary of the terms of the RJ Plan.
- 3.1.2 The consideration to the Main Creditors under this Plan will be made in accordance with the RJ Plan (i.e., there will be no "separate" consideration under this Plan in addition to what is made available under the RJ Plan and, hence, no double counting). The performance of the obligations of PTIF under the Plan will accordingly be fully satisfied by performance of the RJ Plan.
- 3.1.3 Pursuant to Clause 11.1.1.1 of the RJ Plan, save as for the Current Litigants, the creditors of PTIF who voted in favour of the RJ Plan have expressly undertaken,

among others, that they approve any other composition plan in any other jurisdiction, including this Plan.

3.2 Treatment of Main Creditors Indebtedness

3.2.1 The terms of this Clause 3.2 shall apply solely to the Main Creditors Indebtedness and the Main Creditors. All Main Creditors Indebtedness is amended by this Plan as set out in this Clause 3.2 as from the Effective Date, and the terms and conditions thereof shall be construed in accordance with this Plan (the "**Main Creditors Indebtedness Amendment**").

Standstill

3.2.2 During the Standstill Period, no Main Creditor shall be entitled to and no Main Creditor shall:

- (a) take any step, initiate any proceedings, make any claims or vote in favour of any resolution to accelerate, demand repayment or redemption of, or compensation for, or enforce in any way any Indebtedness or other claim related to it;
- (b) take any action or exercise any rights, remedies, powers or discretions, or vote in favour of any resolution to do so under or pursuant to the Notes or the Main Creditors Documentation in connection with any of the items referred to under (a) above;
- (c) take any steps to enforce or make any demand under any guarantee or any right of recourse held by it pursuant to the Main Creditors Documentation;
- (d) save as for the actions taken in Brazil in accordance with their rights under the RJ Plan and the RJ Proceedings, submit a petition for, or vote in favour of any resolution for, or take any other step towards the opening of any bankruptcy proceedings (or other liquidation, insolvency or analogous proceedings) with respect to PTIF in any jurisdiction; and
- (e) save as provided for in this Plan, seek to improve its position (in a manner likely to be detrimental to any other Main Creditor) against PTIF or any member of the Oi Group, or any assets of PTIF or the Oi Group, in any jurisdiction,

(together the "**Standstill**").

3.2.3 No Main Creditors Indebtedness shall be due and payable until the first day after the Standstill Period, regardless of whether it may be or become due and payable at any earlier time in accordance with its terms.

- 3.2.4 During the Standstill Period, no amount of Main Creditors Indebtedness shall increase or accrue on any account, whether due interest, default interest or otherwise under the Main Creditors Documentation, any law or otherwise.
- 3.2.5 During the Standstill Period, PTIF shall refrain from any actions that would adversely affect the position of the Main Creditors. Specifically, PTIF will not perform any acts, which are expected to adversely affect the assets of PTIF, and PTIF will refrain from entering into any obligations that are not considered in the interest of, and for the purpose of, the restructuring of PTIF in accordance with this Plan and the RJ Proceedings. Subject to Clause 3.3, PTIF will refrain from disposing or encumbering its assets during the Standstill Period, except for (i) payments regarding costs for the implementation of the Plan and the RJ Plan and (ii) disposals and encumbrances necessary for the implementation of the Plan and the RJ Plan. For the avoidance of doubt, actions taken in relation to the completion and implementation of the RJ Plan in any jurisdiction, shall not be considered a breach of this provision.
- 3.2.6 Notwithstanding this Clause 3.2:
- (a) all Main Creditors Indebtedness shall continue on the same terms and conditions as applicable to it as at the Effective Date under the Main Creditors Documentation, applicable law and otherwise; and
 - (b) any default or event of default outstanding under the Main Creditors Documentation, applicable law or otherwise shall remain outstanding during the Standstill Period, unless such default or event of default is remedied or waived by the applicable Main Creditor in accordance with the Main Creditors Documentation.
- 3.2.7 The Standstill shall terminate automatically on the Standstill Termination Date.

Consideration: PTIF Undertakings

- 3.2.8 As consideration for the Main Creditors Indebtedness Amendment and the Standstill, in order to provide the Main Creditors with a recognized and enforceable claim in this respect under Dutch law and in the Netherlands, PTIF hereby undertakes to each Main Creditor as PTIF's own and separate obligation upon RJ Plan Confirmation, to:
- (a) provide, in accordance with and subject to the terms of the RJ Plan, to each Main Creditor such consideration as that Main Creditor is entitled to receive from PTIF pursuant to the terms of the RJ Plan; and/or, as the case may be,

- (b) perform all such acts and do all such other things as PTIF is obliged to in accordance with and subject to the terms of the RJ Plan,

(together, the "**Plan Consideration**").

- 3.2.9 The Plan Consideration will be distributed in accordance with the RJ Plan. Accordingly, the obligations of PTIF under the Plan, including the Plan Consideration, will be fully satisfied by performance of the RJ Plan in accordance with Clauses 3.2.8 through 3.2.11. For the avoidance of doubt, the Plan Creditors are only entitled to receive consideration once (i.e., the consideration received under the RJ Plan is the Plan Consideration owed to the Main Creditors under this Plan).
- 3.2.10 Upon full performance of the Plan Consideration in accordance with Clauses 3.2.8 through 3.2.11, all Main Creditors Indebtedness shall be treated in accordance with the RJ Plan (be it in any way waived, released, assigned, transferred or amended, or otherwise treated, in each case in part or in full). Each Main Creditor shall perform all such (legal and other) acts and do all such things as may be required or desirable (in the sole discretion of PTIF) in connection with such treatment.
- 3.2.11 Notwithstanding Clause 3.2.10, PTIF shall be entitled to, as an authorised representative of each Main Creditor, and each Main Creditor hereby authorises PTIF and grants PTIF as of the Effective Date an unconditional, irrevocable power of attorney to on its behalf, perform any and all such (legal and other) acts, including acts of disposition, and do all such things in respect of the Notes and the Main Creditors Indebtedness as may be required or desirable (in the sole discretion of PTIF) to effect and make fully effective the RJ Plan and the Plan.

Consideration in case of Termination Event

- 3.2.12 Upon the occurrence of a Termination Event, PTIF is obliged under this Plan towards each Main Creditor, as PTIF's own and separate obligations, to take and cooperate with all necessary steps to:
 - (a) monetize or have monetized (*te gelde maken*) as soon as possible, with a view to maximizing proceeds, all assets of PTIF; and
 - (b) distribute or have distributed the net proceeds thereof on a pro rata basis to each Main Creditor in accordance with the amount of Main Creditors Indebtedness held by that Main Creditor and in accordance with the ranking of each Main Creditor's individual claim ("**Distribution**").
- 3.2.13 To the extent such is considered necessary or desirable to achieve the Distribution in accordance with Clause 3.2.12, PTIF is obliged under this Plan to

implement a structure for the sole benefit of the Main Creditors (in such manner that the execution of the Plan in accordance with Clause 3.2.12 is safeguarded in accordance with Dutch law). Such structure, by way of example, may include (i) the transfer of assets and/or liabilities to an entity controlled by and acting in the sole interest of the Main Creditors or (ii) the appointment of an exclusively authorized independent liquidator to perform the obligations of PTIF hereunder.

3.2.14 As further consideration for the Distribution, the Main Creditors shall, automatically and immediately upon receipt of the Distribution, irrevocably discharge, waive, release, assign, transfer, amend, or otherwise treat any remaining Main Creditors Indebtedness in such way that PTIF shall have no further (debt or other) obligations in connection therewith ("**Final Discharge**").

3.2.15 Subject to the occurrence of a Termination Event, each Main Creditor hereby grants PTIF an unconditional, irrevocable power of attorney to, on its behalf, perform any and all such (legal and other) acts, including acts of disposition, and do all such things in respect of the Main Creditors Indebtedness and their claims in connection therewith against PTIF as may be required or desirable (in the sole discretion of PTIF) to effectuate the Final Discharge.

3.3 Treatment of Other Unsecured Non-preferred Claims

3.3.1 The Other Unsecured Non-preferred Claims represent de minimis trade claims that are largely owed to essential service providers of PTIF and originate from after the RJ Petition Date (and are not included as part of the RJ Plan). The services provided by those firms were required and will be required going forward, *inter alia*, for PTIF's successful participation in (to the extent still applicable at the Effective Date) the RJ Proceedings and for implementation and performance of this Plan and the RJ Plan by PTIF. A failure to pay such Other Unsecured Non-preferred Claims may result in such services being withdrawn. In view of the total amount of claims owed by PTIF to the Plan Creditors in relation to the total amount of Other Unsecured Non-preferred Claims, it is clear that paying such Other Unsecured Non-preferred Claims in full will only affect the recovery of the Main Creditors very slightly, whereas not paying them could be seriously detrimental, if not fatal, to the successful execution and performance of the Plan by PTIF.

3.3.2 Accordingly, PTIF will pay the Other Unsecured Non-preferred Claims in full as soon as practicable after the Effective Date.

3.4 Effective Date

This Plan will be effective as of the Effective Date.

3.5 Waiver of claims

Notwithstanding the similar provisions under the RJ Plan, which remain entirely valid and applicable, each Plan Creditor hereby irrevocably and unconditionally releases and discharges, to the extent permitted by law, the Released Parties from any and all present, future, prospective or contingent liability or claims under any applicable law or regulation in the Netherlands or in any other jurisdiction, other than with respect to claims or demands regarding which the grounds are fraud or malice or other ground for which a release is not permitted by Dutch law and other than (for the avoidance of doubt) liability of PTIF, which is Main Creditors Indebtedness or Other Unsecured Non-preferred Claims and other than (for the avoidance of doubt) any liability of Oi towards the Main Creditors under contractual guarantee arrangements, to the extent that such liability in the case of RJ Plan Confirmation is also not released or waived pursuant to the RJ Plan. For the avoidance of doubt, the release set forth in this Clause 3.5 includes any claims creditors may have in connection with the Oi Coop Loan.

3.6 Modification of the Plan

After the Effective Date, PTIF may only slightly amend or modify this Plan, or remedy any omission or inconsistency in this Plan, if that is necessary to carry out the purpose and intent of this Plan, provided that any such amendment, modification or remedy does not materially alter this Plan. PTIF will publish any proposed amendment, modification or remedy 15 business days prior to its effect on the RJ Website.

3.7 Receipt of consideration

3.7.1 Each Plan Creditor shall be irrevocably bound by the terms and conditions of this Plan, regardless of (i) any of the terms and conditions of this Plan being illegal, invalid or unenforceable in any respect under Dutch insolvency law or any rules of insolvency law of any jurisdiction, and (ii) whether or not such Plan Creditor has filed a claim in the bankruptcy of PTIF or voted in favour or against this Plan.

3.7.2 Clause 3.7.1 does not apply in case the following occurs:

- (a) this Plan is dissolved on the basis of article 165 DBA; or
- (b) the decision of the court to reject homologation of this Plan becomes final and irrevocable.

3.8 Miscellaneous

3.8.1 Each Plan Creditor shall provide all cooperation and take all such further actions as may be required to give effect to, execute and implement this Plan and the debt adjustment and other transactions contemplated by it.

3.8.2 The Plan will not be binding and will not create any rights or obligations, and no rights can be derived or inferred from this Plan, before the Effective Date.

3.8.3 Any notice or request made to PTIF in connection with this Plan must be made in writing and made by courier or certified mail to:

Portugal Telecom International Finance B.V. *em recuperação judicial*
Attn. Mr. C.A.M.P.d.A. Brandão
Naritaweg 165
1043 BW AMSTERDAM
E-mail: carlos.brandao@oi.net.br

in each case with copy to:

De Brauw Blackstone Westbroek N.V.
Attn. Messrs. R.D. Vriesendorp & O. Salah
P.O. Box 75084
1070 AB AMSTERDAM
E-mail: reinout.vriesendorp@debrauw.com & omar.salah@debrauw.com

3.8.4 This Plan and any non-contractual obligation arising out of or in connection with it shall be governed by and construed exclusively in accordance with the laws of the Netherlands. All disputes arising out of or in connection with this Plan, including disputes concerning its existence, its validity and any non-contractual obligation, will be exclusively resolved by the courts of Amsterdam, the Netherlands.

Schedule 1 Definitions and interpretation

1 DEFINITIONS

1.1 Any capitalised term, including those used in the introduction and the explanatory statement of this Plan, has the meaning as defined in this Schedule 1 (*Definitions and interpretation*).

1.2 Each defined term in the table below shall have the meaning as set out opposite to it.

Acceptance Order	is defined in Clause 2.3.1
Brazilian Court	is defined in Clause 2.3.1
Current Litigants	is defined in Exhibit 1.1 (<i>Definitions</i>) of <u>Schedule 5</u> (<i>The RJ Plan dated 20 December 2017</i>)
DBA	means the Dutch Bankruptcy Act (<i>Failissementswet</i>)
Distribution	is defined in Clause 3.2.12
Effective Date	means the date on which the court decision confirming (<i>homologatie</i>) this Plan has become final (<i>in kracht van gewijsde</i>) in accordance with article 161 DBA
Eighth Supplemental Trust Deed	means that certain Eighth Supplemental Trust Deed dated 19 March 2014, further modifying and restating the provisions of the trust deed dated 17 December 1998, relating to a EUR 7,500,000,000 EMTN Programme, concluded between PTIF, Portugal Telecom SGPS S.A., PT Comunicações S.A., PT Portugal SGPS S.A., Oi and Citicorp Trustee Company Limited
EMTN Notes Series 1	means the notes issued by PTIF on 24 March 2005 for the aggregate nominal amount of EUR 500,000,000, with coupon rate 4.375% and maturity date 24 March 2017 under and pursuant to, among other things, the Eighth Supplemental Trust Deed and the Final Terms dated 23 March 2005

EMTN Notes Series 2	means the notes issued by PTIF on 16 June 2005 for the aggregate nominal amount of EUR 500,000,000, with coupon rate 4.5% and maturity date 16 June 2025 under and pursuant to, among other things, the Eighth Supplemental Trust Deed and Final Terms dated 15 June 2005
EMTN Notes Series 3	means the notes issued by PTIF on 2 November 2009 for the aggregate nominal amount of EUR 750,000,000, with coupon rate 5.00% and maturity date 4 November 2019 under and pursuant to, among other things, the Eighth Supplemental Trust Deed and the Final Terms dated 29 October 2009
EMTN Notes Series 4	means the notes issued by PTIF on 17 October 2012 for the aggregate nominal amount of EUR 750,000,000, with coupon rate 5.875% and maturity date 17 April 2018 under and pursuant to, among other things, the Eighth Supplemental Trust Deed and the Final Terms dated 15 October 2012
EMTN Notes Series 5	means the notes issued by PTIF on 10 May 2013 for the aggregate nominal amount of EUR 1,000,000,000, with coupon rate 4.625% and maturity date 8 May 2020 under and pursuant to, among other things, the Eighth Supplemental Trust Deed and the Final Terms dated 8 May 2013
Final Discharge	is defined in Clause 3.2.14
Final Terms	means each of: <ul style="list-style-type: none">(A) the Pricing Supplement issued by PTIF dated 23 March 2005;(B) the Pricing Supplement issued by PTIF dated 15 June 2005;(C) the Final Terms issued by PTIF dated 29 October 2009;

- (D) the Final Terms issued by PTIF dated 15 October 2012;
- (E) the Final Terms issued by PTIF dated 8 May 2013;
- (F) the Final Terms relating to the Retail Notes originally issued by Portugal Telecom SGPS S.A. dated 13 July 2012; and
- (G) the Final Terms relating to the Fixed Rate Notes issued by PTIF dated 28 July 2009

Fixed Rate Notes

means the unsecured fixed rate notes issued by PTIF on 30 July 2009 for the aggregate nominal amount of EUR 250,000,000, with coupon rate 5.242% and maturity date 6 November 2017 under and pursuant to, among other things, the Final Terms dated 28 July 2009

General Meeting

is defined in Clause 2.3.3

Indebtedness

means any present, future or contingent indebtedness (whether being principal, premium, interest (including default interest) or other amounts) of PTIF of any kind, including for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed, whether by way of public offer, private placing, acquisition consideration or otherwise, and whether issued for cash or in whole or in part for a consideration other than cash

Interbolsa Instrument

means that certain Interbolsa Instrument dated 26 May 2015, relating to a EUR 7,500,000,000 EMTN Programme, given by PTIF in favour of the holders of the Retail Notes

Main Creditors	means (i) in respect of the Notes, Citicorp Trustee Company Limited, in its capacity as trustee, or the Noteholders, as the case may be; and (ii) creditors of the Pre-RJ Unsecured Non-Preferred Claims
Main Creditors Documentation	means the Notes Documentation as well as any documentation relating to Pre-RJ Unsecured Non-Preferred Claims
Main Creditors Indebtedness	means Indebtedness under or pursuant to any of the Notes and the Notes Documentation and the Pre-RJ Unsecured Non-Preferred Claims
Main Creditors Indebtedness Amendment	is defined in Clause 3.2.1
Ninth Supplemental Trust Deed	means that certain Ninth Supplemental Trust Deed dated 26 May 2015, further modifying and restating the provisions of the trust deed dated 17 December 1998, relating to a EUR 7,500,000,000 EMTN Programme, between PTIF, PT Portugal SGPS S.A., Oi and Citicorp Trustee Company Limited
Noteholder	means any holder of any Notes Indebtedness
Notes	means the EMTN Notes Series 1, the EMTN Notes Series 2, the EMTN Notes Series 3, the EMTN Notes Series 4, the EMTN Notes Series 5, the Fixed Rate Notes and the Retail Notes, or the relevant one of them, as the context requires
Notes Documentation	means the Eighth Supplemental Trust Deed, the Ninth Supplemental Trust Deed, the Interbolsa Instrument, any Final Terms and any Prospectus
Notes Indebtedness	means Indebtedness under or pursuant to any of the Notes and the Notes Documentation
Oi	is defined in Clause 2.1.1
Oi Coop	means Oi Brasil Holdings Coöperatief U.A. <i>em recuperação judicial</i> (subject to Brazilian in-court restructuring proceedings)

Oi Coop Loan	means the credit agreement between Oi Coop and PTIF dated 2 June 2015 (as amended from time to time)
Oi Group	is defined in Clause 2.1.1
Other Unsecured Non-Preferred Claims	means all Indebtedness of PTIF which originates from after the RJ Petition Date other than the Main Creditors Indebtedness
Plan	means this draft composition plan (<i>ontwerpakkoord</i>) and its Schedules
Plan Confirmation Order	is defined in Clause 2.3.9
Plan Consideration	is defined in Clause 3.2.8
Plan Creditors	means all Main Creditors and all creditors of Other Unsecured Non-Preferred Claims, or the relevant one of them, as the context requires
Pre-RJ Unsecured Non-Preferred Claims	means all Indebtedness of PTIF that existed at the RJ Petition Date other than the (i) Notes Indebtedness, (ii) Indebtedness that according to the RJ Proceedings is not subjected to the RJ Proceedings and (iii) Indebtedness that is to be paid during the RJ Proceedings outside the scope of the RJ Plan, to the extent that it is allowed and accepted according to the RJ Proceedings, with reasonable grounds, in order to ensure PTIF's ability to approve the Plan and cooperate with the RJ Plan Confirmation
Prospectus	means any (base) prospectus referred to in any Final Terms, including any offering circular
PTIF	means Portugal Telecom International Finance B.V. <i>em recuperação judicial</i> (subject to Brazilian in-court restructuring proceedings)
PTIF Bankruptcy Trustee	means the bankruptcy trustee (<i>curator</i>) of PTIF, Mr J.L.M. Groenewegen, appointed by the Court of Appeal of Amsterdam, or any successor(s) from time to time

Released Parties

means PTIF and all other companies of the Oi Group in any capacity, the current, former and future directors and officers of any entity in the Oi Group, all direct and indirect shareholders of the Oi Group, the PTIF Bankruptcy Trustee, the firm of the PTIF Bankruptcy Trustee as well as their respective current, former and future directors or principles, partners, officers, employees, agents, counsels, representatives or anyone else acting on their behalf, as well as any advisor, lawyer, accountant, valuation expert, agent or person engaged or hired by any of the aforementioned entities or persons and regardless of whether such engagement has been terminated, is ongoing or shall be entered into, and their respective affiliates, and all advisors, officers, employees retained by such entities or persons

Retail Notes

means the notes originally issued by Portugal Telecom SGPS S.A. on 26 July 2012 for the aggregate nominal amount of EUR 400,000,000, with coupon rate 6.25% and maturity date 26 July 2016, for which PTIF was substituted in lieu of PT Portugal SGPS S.A. (who had previously substituted Portugal Telecom SGPS S.A. as issuer) as issuer under and pursuant to, among other things, the Ninth Supplemental Trust Deed and the Final Terms dated 13 July 2012

RJ Debtors

means Oi, PTIF, Oi Coop, Móvel S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings), Telemar Norte Leste S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings), Copart 4 Participações S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings), and Copart 5 Participações S.A. *em recuperação judicial* (subject to Brazilian in-court restructuring proceedings)

RJ Petition Date	is defined in Clause 2.3.1
RJ Plan	is defined in Clause 2.3.3
RJ Plan Confirmation	means adoption of the RJ Plan (including through approval or cram down of the creditors of the RJ Proceedings) and ratification by the Brazilian Court
RJ Proceedings	is defined in Clause 2.3.1
RJ Stay Period	is defined in Clause 2.3.2
RJ Website	means www.recjud.com.br
Standstill	is defined in Clause 3.2.2
Standstill Period	means the period commencing on the Effective Date and ending on the Standstill Termination Date
Standstill Termination Date	means the date on which a Termination Event occurs
Termination Event	means the day on which, with respect to PTIF, the RJ Proceedings are irrevocably terminated and (to the extent applicable) converted into Brazilian bankruptcy proceedings (<i>falência</i>) by the Brazilian Court
Wholesale Notes	means the EMTN Notes Series 1, the EMTN Notes Series 2, the EMTN Notes Series 3, the EMTN Notes Series 4, the EMTN Notes Series 5 and the Fixed Rate Notes.

2 INTERPRETATION

2.1 Schedules

The Schedules form a binding and integral part of this Plan and any reference to this Plan shall include a reference to the Schedules.

2.2 References to persons

References to a person include any individual, company or partnership, whether or not having separate legal personality and wherever domiciled, incorporated or registered.

2.3 Headings and references to Clauses, Schedules and Paragraphs

2.3.1 Headings have been inserted for convenience of reference only and do not affect the interpretation of any of the provisions of this Plan.

2.3.2 A reference in this Plan to:

- (a) a Clause or Schedule is to the relevant Clause of or Schedule to this Plan; and
- (b) a Paragraph is to the relevant Paragraph of the relevant Clause or Schedule.

2.4 Information

References to books, records or other information include books, records or other information stored in any form including paper, magnetic media, films, microfilms, electronic storage devices and any other data carriers.

2.5 Amounts

A reference in this Plan to an amount shall be deemed to be followed by the phrase "as at the date of this Plan", unless another indication of time appears.

2.6 Other references

2.6.1 Whenever used in this Plan, the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation".

2.6.2 Whenever used in this Plan, the words "as of" shall be deemed to include the day or moment in time specified thereafter.

2.6.3 Any reference in this Plan to any gender shall include all genders, and words importing the singular shall include the plural and vice versa.

10 April 2018

Schedule 2 Corporate chart of the Oi Group

10 April 2018

Schedule 3 Creditors list of PTIF

10 April 2018

Schedule 4 Certified translation of the Acceptance Order

10 April 2018

Schedule 5 The RJ Plan dated 20 December 2017

10 April 2018

Schedule 6 Homologation decision of the Brazilian Court dated 8
January 2018

10 April 2018

Schedule 7 Liquidation analysis prepared by Ernst & Young dated
23 March 2018

10 April 2018

Schedule 8 Summary of the RJ Plan