

ANNEX E

The RJ Plan dated 20 December 2017

As part of the the jointly administered judicial reorganization (*recuperação judicial* or “**RJ**”) proceeding (the “**Brazilian RJ Proceeding**”), Oi and the RJ Debtors¹ (the “**Oi Group**”) were required to prepare and submit a restructuring plan to their creditors (the “**RJ Plan**”) which was subsequently approved at a general creditors meeting (the “**GCM**”) held on 19 and 20 December 2017 and confirmed by the Brazilian Court on 8 January 2018. The RJ Plan became effective according to its terms as of 5 February 2018 following its publication in the Brazilian Court Gazette (the “**Confirmation Date**”). The RJ Plan covers all of Oi Group’s outstanding debt subject to it and details the recoveries for each category of creditors.

The summary of key terms of the RJ Plan set forth below is qualified in its entirety by reference to the full text of the original Portuguese version of the RJ Plan and the Exhibits attached thereto, as well as the full English translation thereof. Additionally, further details describing certain key terms and provisions of the RJ Plan are included in RJ Information and Election Solicitation Statement dated 6 February 2018 (the “**Election Statement**”), and such details are incorporated herein by reference.

¹ Oi S.A. (*in judicial reorganization*) (“**Oi**”) (5.764), Telemar Norte Leste S.A. (*in judicial reorganization*) (“**Telemar**”) (0.118), Oi Brasil Holdings Cooperatief U.A. (*in judicial reorganization*) (“**Coop**”) (8518), and Oi Móvel S.A. (*in judicial reorganization*) (“**Móvel**”) (3.963), three affiliates of Oi—Portugal Telecom International Finance B.V. (*in judicial reorganization*) (“**PTIF**”), Copart 4 Participações S.A. (*in judicial reorganization*) (“**Copart 4**”), and Copart 5 Participações S.A. (*in judicial reorganization*) (“**Copart 5**”) (the “**RJ Debtors**”).

a. Restructuring of Non-Bondholder Credits²

(i) *Labor Credits*

Labor creditors (Class I),³ which consists of employees of the Oi Group, will receive a 100% recovery to be paid in five equal and successive monthly installments beginning 180 days after the Confirmation Date. RJ Plan § 4.1.

(ii) *Secured Credits*

Secured creditors (Class II) will receive a 100% recovery to be paid in 108 monthly and successive installments beginning 72 months after the Confirmation Date. RJ Plan § 4.2.

(iii) *Unsecured Credits (Other than Bondholder Credits)*

Unsecured creditors who are not bondholders are classified in the RJ Plan as holding (a) Class IV pre-petition credits held by small businesses (the “**ME/EPP Credits**”)⁴ or Class III Credits (such holders, “**General Unsecured Creditors**”⁵); (b) Regulatory Agencies’ Prepetition Credits (including those of ANATEL); (c) strategic supplier claims, or (d) General Unsecured Creditors whose credits are secured by court deposits (the “**Unsecured Creditors Court Deposits**”). Depending on their respective classification under the RJ Plan, unsecured creditors can choose among different payment options.

The RJ Plan treats the unsecured creditors (not including bondholders) as follows:

i. General Unsecured Creditors

General Unsecured Creditors have the option of recovering their credits under a linear payment option or under one of two different restructuring options. Under the linear payment

² “**Credits**” indicates a claim held by a creditor pursuant to the RJ Plan. “Credits” and “claims” are interchangeable for purposes of this Motion.

³ *Fundação Atlântico de Seguridade Social*, a labor creditor, will receive a 100% recovery, but will be paid on a different payment schedule.

⁴ ME/EPP credits are defined in accordance with Brazilian law.

⁵ General Unsecured Creditors comprises all Class III creditors except for regulatory agencies, strategic suppliers and the bondholders.

option, General Unsecured Creditors with credits equal to or less than BRL \$1,000 can opt to receive 100% recovery of their respective credits in a single installment. Unsecured Creditors with claims greater than BRL \$1,000 may opt to accept BRL \$1,000 as full payment of their unsecured credit. Otherwise, all General Unsecured Creditors, regardless of their claim amount, may opt to have their credits restructured according to Restructuring Option I or Restructuring Option II (as described below). Such creditors have 20 days from the Confirmation Date to select which payment option they prefer on a website made available by Oi or to inform their payment option by mail to Oi's P.O. box No. 532, CEP 20.010-974, Rio de Janeiro-RJ, in case the creditor is unable to or cannot choose the payment option of its respective credits by means of the website made available by Oi. If they fail to select an option, they will receive payment as provided for in the Default Recovery. RJ Plan §§ 4.5

Under Restructuring Option I, General Unsecured Creditors will recover their claims through payments made over time. Restructuring Option I contains a cap which, if reached, will distribute a *pro rata* share to those creditors electing this recovery. The total amount allocable under this option is limited to (a) BRL \$10 billion for credits originally denominated in BRL, and (b) USD \$1.15 billion for credits originally denominated in USD. If this limit is reached, any remaining balances of the Unsecured Creditors electing this recovery will be automatically diverted for payment pursuant to the Default Recovery. Payments will begin 60 months after the Confirmation Date, in 24 semi-annual and successive installments.⁶ RJ Plan §§ 4.3.1.2.

Under Restructuring Option II, General Unsecured Creditors will recover their claims through payments made over time. Restructuring Option II contains a cap which, if reached, will distribute a *pro rata* share to those creditors electing this recovery. The total amount allocable under this option is limited to USD \$850 million. If this limit is reached, any remaining balances

⁶ Claims originally denominated in Brazilian Reais will accrue interest at an annual rate of 80% of the CDI (the average rate at which the Brazilian banks are willing to borrow/lend to each other for one day, similar to the federal funds rate) , and claims originally denominated in USD will accrue interest at 1.75% per year.

of the Unsecured Creditors electing this recovery will be automatically allocated to be paid pursuant to the Default Recovery. Principal payments will begin 60 months following the Confirmation Date, in 24 semi-annual and successive installments.⁷ RJ Plan §§ 4.3.1.3.

ii. Regulatory Agencies' Prepetition Credits

The Liquidated Regulatory Agencies' Prepetition Credits, including those of ANATEL shall be novated by operation of the RJ Plan and settled in 240 monthly installments. The following discounts shall be applicable to the Liquidated Regulatory Agencies' Prepetition Credits: (i) fifty percent (50%) of accrued interest; and (ii) twenty-five percent (25%) of late payment fees. RJ Plan §§ 4.3.4.

iii. Strategic Suppliers

Strategic Supplier Creditors will recover their claims up to BRL \$150,000, with payment made in a single installment. A Strategic Supplier Creditor is entitled to a 90% recovery for any outstanding balance above BRL \$150,000, to be paid in 4 equal and successive annual installments, plus interest, as provided for in the RJ Plan § 4.3.5.

iv. Unsecured Creditors Court Deposits

Unsecured Creditors Court Deposits will recover their claims by withdrawal of the amount of the relevant Court Deposits and any outstanding balance will be paid pursuant to the Default Recovery. Unsecured Creditors Court Deposits holding ME/EPP Credits will recover 100% of their claims and the payment of the claims of the other Unsecured Creditors Court Deposits shall be made pursuant to the following discount percentages: (i) 0,0% up to BRL 1,000; (ii) 15,0% from BRL 1,000.01 to BRL 5,000; (iii) 20,0% from BRL 5,000.01 to BRL

⁷ Interest will accrue at 1.25% per year, with 10% of the interest accrued for the first 5 years paid biannually, and the remainder of the interest accrued paid 60 months after the Confirmation Date. From the 66th month onwards, interest will be paid together with principal.

10,000; (iv) 30,0% from BRL 10,000.01 to BRL 150,000; and (v) 50,0% from BRL 150,000.01 and above. RJ Plan §§ 4.3.2.

v. Default Recovery

Unsecured creditors who will receive payment under the Default Recovery in accordance to the RJ Plan recover their claims with a 20-year principal grace period from the Confirmation Date and (i) an interest rate equal to the treasury rate for claims in Brazilian *Reais* and (ii) no interest accrual for claims in USD or euros. The Brazilian RJ Debtors have the option at any time to pre-pay the amounts due by paying 15% of the outstanding balance. The total amount to be paid under the Default Recovery is limited to BRL \$70 billion (deducted the amount of the Pre-Petition Credits that were restructured in another manner pursuant to RJ Plan), and if this limit is reached, each unsecured credit entitled to payment under the Default Recovery shall be reduced pro rata to its claim entitled to payment.

Unsecured creditors who do not make a selection and do not fall into one of the aforementioned categories, and otherwise do not receive or are not eligible to receive payment under another method, will receive payment under the Default Recovery. RJ Plan § 4.3.6

b. Bondholders

The RJ Plan provides that every holder of unsecured credits evidenced by bonds (“**Bondholder Credits**,” and each holder of a Bondholder Credit, a “**Bondholder**”) may individualize its claims (each Bondholder that has individualized their claim, an “**Eligible Bondholder**”) up to 20 days after the Confirmation Date (such date and appropriate time, which may be extended in compliance with an order of the Brazilian RJ Court or any appellate court therefrom, the “**Election Deadline**”).⁸ Eligible Bondholders are permitted to elect their recovery,

⁸ This deadline was subsequently extended by the Brazilian RJ Court in its February 26 decision to March 8, on account of the lack of support provided by the indenture trustees to individual bondholders seeking representation in the recovery election

as further described below. If a Bondholder does not individualize its claim by the end of this period, it will not be considered an Eligible Bondholder, and it will not be entitled to make a recovery election. Bondholders that do not make a valid recovery election by the appropriate deadline will only be entitled to recovery under the Default Recovery, as described above. [§ 4.5.5]. The recovery options for Eligible Bondholders are provided below:

(i) *Non-Qualified Bondholders*

Eligible Bondholders with claims equal to or less than USD \$750,000.00 (“**Non-Qualified Bondholders**”) may elect to recover 50% of the amount of their claims with a 6-year principal grace period and paid in cash in 12 biannual installments⁹, as follows: (i) 4% of principal for semesters 13-18; (ii) 12.66% of principal for semesters 19-23; (iii) 12.70% of principal for semester 24. This election basket is capped at a total of USD \$500,000,000.00, and shall be distributed *pro rata* to the size of claim should the cap be reached. Any remaining claims of Non-Qualified Bondholders beyond that cap will be paid pursuant to the Default Recovery. RJ Plan § 4.3.3.1

(ii) *Qualified Bondholders*

Eligible Bondholders with credits greater than USD \$750,000.00 (“**Qualified Bondholders**”)¹⁰ may elect to have their credits satisfied by a combination of:

- (i) common shares issued by Oi, distributed in the form of ADRs and held by PTIF, currently kept by Oi in treasury (“**PTIF Shares**”);
- (ii) a package with:

process. The decision also provided that the indenture trustees could elect a payment recovery option for bondholders that do not individualize.

⁹ Interests of 6% per year. Interest accrues for the first 6 years, then is paid from the 78th month, along with the payment of principal.

¹⁰ If such Eligible Bondholder is a resident in the European Economic Area, it must represent to Oi that it is a “qualified investor” as defined under the relevant European law.

- (a) New notes, issued by the Company, in a total face amount of BRL \$6.3 billion and guaranteed by all other Brazilian RJ Debtors (the “**New Notes**”);
- (b) New ordinary shares distributed in the form of ADRs, limited to a total of 1,756,054,163 shares (the “**New Shares**,” and collectively with the PTIF Shares, the New Notes, the “**RJ Plan Securities**”); and
- (c) Subscription bonuses in the form of American Depositary Warrants issued by Oi, limited to a total of 135,081,089 (the “**Warrants**,” and together with the RJ Plan Securities, the “**Qualified Recovery**”).

RJ Plan § 4.3.3.2.

PTIF Shares shall be distributed to the Qualified Bondholders in proportion to their respective Bondholder Credits.

A *pro rata* allocation of the New Notes shall be issued and delivered directly to Qualified Bondholders. The New Notes will be New York law-governed secured notes payable in U.S. Dollars (the indentures pursuant to which the New Notes will be issued and governed, the “**New Notes Indenture**”). The New Notes will have an issuance price of USD \$ 145,252.00, which is the sum of the face value of the notes (USD \$130,000) and the premium (USD \$15,262).

New Shares shall be issued by Oi in a capital increase up to 1,756,054,163 New Shares (the “**Capital Increase**”). The total sum of the Capital Increase shall be between BRL \$11,765,562,892.10 and BRL \$12,292,379,141.00, paid by converting the Bondholder Credits of Qualified Bondholders into the New Shares. Under Brazilian law, those New Shares issued as

part of the Capital Increase must be offered to all current Oi shareholders to provide them a preemptive right to ensure their equity is not diluted as a result of the Capital Increase.

The Warrants provide an option to the subscribers, giving them the right to exercise one Warrant in exchange for one common share (each common share that is issued upon exercise of a warrant, a “**Conversion Share**”) issued and delivered by Oi in the form of ADRs. The Warrants can be exercised at any moment from one year from the issue date (or earlier in certain situations) for a period of 90 days.

c. Additional Financing

Up to two years after the Confirmation Date, the Debtors may seek up to BRL \$2,500,000,000 in new funds in the capital markets. Such fundraising may be carried out by means of issuing common shares or new debt instruments, amongst other manners. Upon approval of the RJ Plan and adjustment of their capital structure, the Brazilian RJ Debtors are able to open new credit facilities of up to BRL \$ 2,000,000,000 for importing equipment.

d. Rights Offering

Independent of the issuance of New Shares in connection with the Capital Increase under the RJ Plan, the Oi Group will seek additional funding to continue investing in capital expenditures and implement its business plan. To obtain additional funds, pursuant to the RJ Plan and the Backstop Agreement (defined below), Oi will also conduct a BRL \$4,000,000,000 equity rights offering made to all shareholders of the Company after implementation of the Capital Increase and distribution of PTIF Shares on a pro rata basis (the “**Rights Offering**”). Subject to the satisfaction of certain conditions, the Rights Offering shall take place as soon as possible after the Capital Increase but no later than the 28 February 2019. At the time of the Rights Offering, Oi’s shareholders shall have preemptive rights regarding the subscription of the shares issued

as part of the Rights Offering. The totality of the Rights Offering will be guaranteed by the Backstop Investors (defined below), pursuant to the Backstop Agreement (defined below).

On 19 December 2017, the Brazilian RJ Debtors and certain Bondholders (the “**Backstop Investors**”)¹¹ entered into an agreement (the “**Backstop Agreement**”)¹² under which the Backstop Investors agreed, subject to the conditions thereof, to guarantee the totality of the Rights Offering. Under the Backstop Agreement, Oi agreed: (A) to conduct the Rights Offering subject to the terms contemplated under the RJ Plan and the Backstop Agreement, and to offer each Backstop Investor the right to subscribe for its pro rata portion (based on its share of the commitments) of the unsubscribed shares, and (B) to pay the related fees and expenses of each Backstop Investor.¹³ Additionally, as consideration for the commitments of each Backstop Investor, each Backstop Investor shall receive a commitment fee of either (1) cash or (2) common shares of Oi (the “**Commitment Fee**”).¹⁴ Each Backstop Investor has agreed to subscribe to and pay for its percentage of the unsubscribed shares on a several and non-joint basis.

On 7 March 2017, the Brazilian RJ Court clarified that, in addition to the Backstop investors party to the Backstop Agreement, bondholders who expressed a commitment to

¹¹ The Backstop Investors party to the Backstop Agreement are: (i) Benefit Street Partners LLC, (ii) PF Fund Limited Partnership, (iii) Brookfield (represented by Brookfield Asset Management Private Institutional Capital Adviser (Credit), LLC), (iv) GoldenTree Asset Management LP (representing other managed funds and accounts), (v) Charcoal Crux 4, L.L.C., (vi) Redwood Capital Master Fund, LTD and Redwood Drawdown Master Fund L.P. (represented by Redwood Capital Management LLC), (vii) Syzygy, (viii) Bennett Restructuring Fund, L.P., (ix) Bennett Offshore Restructuring Fund, Inc., (x) Canyon Capital Advisors LLC, (xi) CVI EMCVF Lux Securities Trading S.a.r.l., (xii) EOC Lux Securities S.a.r.l., (xiii) Citadel Equity Fund LTD., (xiv) Knighthead Master Fund, L.P., Knighthead (NY) Fund, L.P., and Knighthead Annuity & Life Assurance Company (represented by Knighthead Capital Management LLC), (xv) York Capital Management Global Advisors LLC (representing other managed funds and accounts), (xvi) Trinity Investments Designated Activity Company, (xvii) JH Credit, L.L.C., and (xviii) Solus Alternative Asset Management LP (representing other managed funds).

¹² A copy of the Backstop Agreement is attached to the RJ Plan as Exhibit 6.1 to the RJ Plan.

¹³ The Brazilian Confirmation Order amended the Rights Offering, holding that (i) the reimbursement of the fees and expenses of the Backstop Investors is invalid and (ii) the Backstop Agreement must be made available to all creditors under the same conditions as the Backstop Investors. Brazilian Confirmation Order 14.

¹⁴ Each Backstop Investor is provided the option to choose which form of payment they wish to receive for the Commitment Fee (cash or common shares), unless the trading price of such common shares during the 30 consecutive days prior to the date of the Rights Offering is BRL \$10.00 or more, in which case the Company may choose the form of payment.

participate in the Rights Offering prior to the GCM were allowed to participate as Backstop Investors.¹⁵

e. Additional Provisions of the RJ Plan

In addition to the foregoing, certain additional provisions included in the RJ Plan are summarized below:

(i) *Small Creditors Programs*

The Brazilian RJ Debtors commenced Mediation/Conciliation/Agreement procedures with their Creditors (the program in connection with such Mediation/Conciliation/Agreement procedures, the “**Small Creditors Program**”). See RJ Plan § 4.4. The Brazilian RJ Debtors opened registration for the Small Creditors Program prior to the GCM, which provided for payment to any creditor on the creditors list (holding any credit amount) to accept up to BRL \$50,000 in two instalments, 90% of such amount upon execution of settlement documents and the 10% remaining balance after publication of the confirmation order, and was open to creditors from 29 August 2017 through 8 December 2017. See RJ Plan § 4.4.

(ii) *Novation*

The RJ Plan provides that all Pre-Petition Credits (subject to certain exceptions) are novated and discharged under Brazilian law and the holders of such pre-petition credits are entitled to receive the recoveries set forth in the RJ Plan. Id. § 11.2.

(iii) *Releases*

Section 11.12 of the RJ Plan provides that, upon the Approval of the RJ Plan: (a) all of the Brazilian RJ Debtors, their affiliates, controlled companies, subsidiary companies, associated companies, associated entities, and other companies in the same group, and their

¹⁵ Due to the Brazilian RJ Court’s ruling, Silver Point, Marble Ridge and Burlington Loan Management will become additional Backstop Investors to the Backstop Agreement.

respective shareholders, directors, counselors, investors, employees, attorneys, advisors, agents, attorneys in fact, and representatives, including their predecessors and successors (collectively, the “**Released Oi Group Parties**”) will be released from their obligations and liabilities with respect to certain actions (or inactions, as applicable) prior to the Approval of the RJ Plan, including with respect to the Judicial Reorganization and the restructuring provided for under the RJ Plan (such releases, the “**Oi Group Releases**”), id. § 11.12.1; and (b) each of the Brazilian RJ Debtors and their successors, and the Creditors, expressly release certain non-debtors parties, namely, the Backstop Investors and the entities controlled thereby, subsidiaries and affiliates, and other companies in the same corporate and economic group, their officers, directors, minority shareholders, partners, employees and advisors and successors (collectively, the “**Released Related Parties**” and, together with the Released Oi Group Parties, the “**Released Parties**”), from any and all liability for certain actions (or inactions, as applicable) prior to the Approval of the RJ Plan, including with respect to the execution of the Backstop Agreement, the Judicial Reorganization and the restructuring provided for under the RJ Plan (such releases, the “**Related Party Releases**” and, together with the Oi Group Releases, the “**Releases**”), id. § 11.12.1.2. [As per Brazilian court precedents such Releases are non-consensual only with respect to those members of each voting class who did not vote in favor of the RJ Plan.] Further, the RJ Plan states that all Creditors (to the extent applicable) must take all appropriate measures to ensure that the Dutch Trustees appointed in the Dutch Bankruptcy Proceedings of Oi Coop and PTIF close all litigation against the Exempted Debtor Parties or cause such litigations to be closed, subject to the provisions applicable to Current Litigants under Section 11.4 of the RJ Plan and further detailed below. See id. § 11.12.1.1.

(iv) Conditions Subsequent

The following conditions subsequent must be satisfied or waived in accordance with the terms of the RJ Plan by the dates indicated below, and the failure of any such condition to occur

may result in the termination of the RJ Plan and its provisions: (1) the restructuring of certain Bondholder Credits under Section 4.3.3.2 of the RJ Plan, pursuant to which Qualified Bondholders that make a valid Qualified Recovery Election shall be eligible to have the Bondholder Credits satisfied in accordance with the terms and subject to the conditions thereof, by 31 July 2018; (2) the Capital Increase shall occur no later than 31 July 2018; and (3) the Rights Offering shall occur no later than February 28, 2019. Id. § 12.1.

The Creditors may, by resolution of the holders of a simple majority of claims present and voting at a Creditors' Meeting called for the purpose of waiving or modifying the condition(s) subsequent described above, approve such waiver or modification. Id. § 12.2.

(v) Termination of the RJ Plan

If the RJ Plan is terminated, a new creditors' meeting may be held and, provided that the requisite quorum and voting requirements under the Brazilian Bankruptcy Law and the RJ Plan (as applicable) for such creditors' meeting have been satisfied, such creditors' meeting will approve either (i) modifications to the RJ Plan or (ii) adjudication of bankruptcy by the Brazilian RJ Court. Id. § 12.3.