

1 JUNE 2018

13/17/163 F

**REPORT EX ARTICLE 137 (1) DUTCH BANKRUPTCY ACT
on the state of affairs of the bankrupt estate**

by

**MR J.R. BERKENBOSCH Q.Q. BANKRUPTCY TRUSTEE
IN THE BANKRUPTCY OF OI BRASIL HOLDINGS COÖPERATIEF U.A.**
Established in Amsterdam

Company:

Bankruptcy reference:

Bankruptcy date:

Supervisory judge:

Bankruptcy trustee:

Oi Brasil Holdings Coöperatief U.A.

13/17/163 F

19 April 2017

Mr W.F. Korthals Altes

Mr J.R. Berkenbosch

STATE OF AFFAIRS OF THE BANKRUPT ESTATE OF OI BRASIL HOLDINGS COÖPERATIEF U.A.

1. INTRODUCTION

- 1.1 This is the report (the **Report**) ex article 137 (1) Dutch Bankruptcy Act (DBA) of Mr J.R. Berkenbosch of Jones Day Amsterdam, in his capacity as bankruptcy trustee (the **Bankruptcy Trustee**) in the bankruptcy of Oi Brasil Holdings Coöperatief U.A. (**Oi Coop**), regarding the state of affairs of the bankrupt estate of Oi Coop.
- 1.2 Pursuant to article 137 DBA, the Bankruptcy Trustee shall – at the verification meeting on 1 June 2018 at 1:30 pm CET – issue a report on the state of affairs of the bankrupt estate of Oi Coop and he shall provide all information required by Oi Coop’s creditors in this respect.
- 1.3 Reference is made to the Bankruptcy Trustee’s public reports, his notices to Oi Coop’s creditors and noteholders and his written advice ex article 140 DBA of 26 April 2018 on Oi Coop’s draft composition plan (the **Composition Plan**), all available at the website of the Bankruptcy Trustee: <http://oibrasilholdingscoop-administration.com/> (the **Website**). This Report and its contents should be construed in accordance with aforesaid documents.
- 1.4 Please note that after the verification meeting on 1 June 2018 a copy of this Report and the minutes of the verification meeting will be available for inspection free of charge at the court registry of the Amsterdam District Court, Centrale Balie, located on Parnassusweg 220, Amsterdam. A copy of this Report will also be published on the Website.
- 1.5 The state of affairs of the bankrupt estate of Oi Coop **as per 29 May 2018** is as follows.

2. ASSETS

- 2.1 Oi Coop’s assets consist of (i) credit balances at Kas Bank and NYC Citibank, (ii) claims against the Dutch tax authorities (the **DTA**) (tax refunds) and (iii) intercompany claims against group companies Oi S.A. and Oi Móvel S.A.

Credit balances

Kas Bank N.V. (bankruptcy bank account)	€	70,553.01
NYC Citibank (retainer Jones Day US)	€	44,802.87
Total credit balances	€	115,355.88

Claims against DTA

- 2.2 Oi Coop has VAT refund claims against the DTA. Oi Coop also has a potential CIT 2015 refund claim in the amount of € 337,470.

VAT refund (filed, up to and including Q1 2018)	€	186,912.00
VAT refund (to be filed, estimate)	€	695,724.00
CIT refund (2015)	€	pm
Total claims against DTA	€	882,636.00

Intercompany Loans

- 2.3 Oi Coop has provided loans to its group companies Oi S.A. and Oi Móvel S.A. in the amount of € 3,966,656,926 and € 1,552,000,000 respectively (the **Intercompany Loans**). These amounts are calculated per 9 August 2016, the day on which preliminary suspension of payments was granted to Oi Coop.

Status Intercompany Loans under RJ Plan

- 2.4 Oi S.A. and Oi Móvel S.A. are subject to a Brazilian judicial restructuring proceeding under Brazilian law (*Recuperação Judicial*) (the **Brazilian RJ**) since 29 June 2016. Oi S.A. and Oi Móvel S.A. together with five other group companies including Oi Coop and PTIF offered a restructuring plan to their creditors (the **RJ Plan**). The RJ Plan was approved by creditors on 20 December 2017, confirmed by the Brazilian court on 8 January 2018 and became effective as of 5 February 2018 following publication in the Brazilian court gazette.
- 2.5 Under the RJ Plan repayment of the Intercompany Loans will be deferred for 45 years, after which the loans should be repaid in five annual, equal and successive instalments. The Intercompany Loans may be settled, however, at Oi S.A.’s discretion, with alternative settlement and/or payment forms, including but not limited to the offsetting, as provided for by the law.

Court proceedings regarding Intercompany Loans

- 2.6 The Intercompany Loans are subject to court proceedings in the Netherlands initiated by the Bankruptcy Trustee. The Bankruptcy Trustee *inter alia* nullified part of the Intercompany Claims on the basis of *actio pauliana*. These court proceedings are currently stayed in connection with the RJ Plan and the Composition Plan.

Analysis by Ernst & Young

- 2.7 Ernst & Young – in connection with the Composition Plan – prepared a financial analysis of the liquidation value of Oi Coop. The financial analysis assumes *inter alia* that (i) no value should be attributed to the Intercompany Loans if Oi Coop’s estate is liquidated within the framework of the Bankruptcy and (ii) the avoidance claims initiated by the Bankruptcy Trustee before the Dutch court should not result in additional value with regard to the Intercompany Loans. The Bankruptcy Trustee has presented alternative views through various petitions in proceedings in Brazil, the United States and the Netherlands. It is unclear under the applicable laws which views hold.

3. LIABILITIES

- 3.1 Oi Coop’s liabilities consist of (i) estate costs, (ii) debts to holders of Oi Coop notes, (iii) debts to group company Portugal Telecom International Finance B.V. (**PTIF**) and (iv) debts to service providers.

Estate costs

- 3.2 The estate costs in the bankruptcy of Oi Coop consist of outstanding fees and costs of the Bankruptcy Trustee and a loan obtained from a group of holders of Oi Coop notes. The amount of outstanding fees and costs of the Bankruptcy Trustee below includes estimated future costs and fees.

Outstanding fees and costs Bankruptcy Trustee	€	3,080,649.00
Estate loan	€	5,630,263.00
Total estate costs	€	8,710,912.00

Holder of Oi Coop notes

- 3.3 The Bank of New York Mellon, as indenture trustee, filed a claim on behalf of the holders of Oi Coop notes. The total claim, including interest up to 19 April 2017, the day on which Oi Coop was declared bankrupt, amounts to € 2,096,375,956.65 (using exchange rate USD > EUR of 1.065991 as of 18 April 2017 end of day).

PTIF

- 3.4 PTIF has a claim against Oi Coop under a loan provided it provided to Oi Coop. Mr J.L.M. Groenewegen in his capacity as bankruptcy trustee in the bankruptcy of PTIF filed a total claim, including interest up to 19 April 2017, in the amount of € 4,001,410,516.47.

Service providers

- 3.5 Seven service providers filed claims in the total amount of € 937,745.99.

Provisionally disputed claims

- 3.6 Six noteholders filed claims in the total amount of € 270,000,000.00. The Bankruptcy Trustee has placed these claims on the list of provisionally disputed claims ex article 112 Dutch Bankruptcy Act.

4. SUMMARY

- 4.1 Below a summary overview of the assets and liabilities of Oi Coop.

ASSETS OI COOP

Total credit balances	€	115,355.88
Total claims against DTA	€	882,636.00
Intercompany Loans	€	pm
Total assets Oi Coop	€	997,991.88

LIABILITIES OI COOP

Total estate costs	€	8,710,912.00
Holders Oi Coop notes	€	2,096,375,956.65
PTIF	€	4,001,410,516.47
Service providers	€	937,745.99
Provisionally disputed claims	€	pm
Total liabilities Oi Coop	€	6,107,435,131.11