

**PUBLIC REPORT SUSPENSION OF PAYMENTS**  
**OI BRASIL HOLDINGS COÖPERATIEF U.A.**

**NUMBER:** 2

**DATE:** 3 March 2017

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Company details	:	Oi Brasil Holdings Coöperatief U.A.
Trade register registration	:	52578518
Suspension of payments number	:	S.13/16/41
Date on which silent administrator was appointed	:	28 July 2016
Date on which the provisional suspension of payments was granted	:	09 August 2016
District Court	:	in Amsterdam
Administrator	:	J.R. Berkenbosch
Supervisory Judge	:	W.F. Korthals Altes
Company operations	:	Financial holdings; holding and financing activities
Reporting period	:	17 September 2016 through 28 February 2017
Hours worked during the reporting period	:	2,780.2
Hours spent from start of suspension of payments	:	3,605.8

## 1. INTRODUCTORY REMARKS

- 1.1 This is the second public report of the Administrator of Oi Brasil Holdings Coöperatief U.A. (“**Coop**”). This report addresses the developments in the suspension of payments of Coop during the period from 17 September 2016 up to and including 28 February 2017.
- 1.2 In this report, the Administrator describes the current status of the suspension of payments in simplified terms based on the Dutch reporting guidelines. The data and information included in this first report have been obtained from various sources and have largely yet to be verified. Amounts stated are rough estimates and may change, for example as consequence of exchange rate fluctuations. We cannot express an opinion on either the completeness or the correctness of this data and information. No rights can be derived from this report. Nothing in this report can be interpreted as an acknowledgement of liability, nor as a waiver of any right.
- 1.3 Public reports are published in the Central Insolvency Register (<http://insolventies.rechtspraak.nl>) and on the website that the Administrator uses to communicate with Coop’s creditors and noteholders ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)) (the “**Website**”). Relevant information and documents regarding the developments surrounding Coop and the provisionally granted suspension of payments are made available on the Website. We recommend that interested parties visit the Website regularly.
- 1.4 This report and the subsequent reports will be published in Dutch and in English. The Dutch version prevails.
- 1.5 Given the complexity and the cross-border aspects of this file, the Administrator’s colleagues from his firm’s offices in, inter alia, the United States and Brazil are assisting him in the performance of his duties. The Administrator has furthermore engaged the services of Soares Bumachar Barros Advogados (“**SB**”), local legal advisors who advise on Brazilian law.

## 2. MOST IMPORTANT DEVELOPMENTS DURING THE REPORTING PERIOD

- 2.1 The most important developments in the reporting period are:
- (i) the replacement of Mr Nicolay Guimaraes as member of the Board by Mr Malavazi Martins on 16 September 2016;
  - (ii) the granting of provisional suspension of payments to PTIF on 3 October 2016.
  - (iii) the Administrator’s request dated 1 December 2016 to the Amsterdam District Court pursuant to section 242 DBA, for withdrawal of Coop’s provisional suspension of payments and in the same decision to declare Coop bankrupt (the “**Withdrawal Request**”);
  - (iv) the request of PTIF’s administrator dated 1 December 2016 to the Amsterdam District Court pursuant to section 242 DBA, for withdrawal of PTIF’s provisional suspension of payments and in the same decision to declare PTIF bankrupt;

- (v) the request of a number of creditors (noteholders) of Coop (“**Citadel et al.**”) dated 23 December 2016 to the Amsterdam District Court pursuant to section 242 DBA, for withdrawal of Coop’s provisional suspension of payments and in the same decision to declare Coop bankrupt;
- (vi) the request of PTIF’s indenture trustee dated 4 January 2017 to the Amsterdam District Court pursuant to section 242 DBA, for withdrawal of PTIF’s provisional suspension of payments and in the same decision to declare PTIF bankrupt;
- (vii) the decisions of the Amsterdam District Court dated 2 February 2017, denying all the above-mentioned requests;
- (viii) Citadel et al.’s appeal against the decision of the Amsterdam District Court, the hearing of which is scheduled for 29 March 2017.

**2.2** These developments and their backgrounds are further explained in chapters 3, 8 and 10 of this report. Chapter 10 will focus on the course of the proceedings regarding the Withdrawal Request.

### **3. BACKGROUND AND ORGANISATION**

**3.1** See also the first public report of the Administrator dated 23 September 2016, to be consulted on the Website ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)).

**3.2** Until 16 September 2016 the board of Coop (the “**Board**”) was formed by Messrs Guimaraes and Lavatori Correa. Mr Guimaraes was also CFO of Oi S.A. On 16 September 2016 Mr Guimaraes resigned as director of Coop and was replaced by Mr Malavazi Martins. Mr. Malavazi Martins has also replaced Mr Guimaraes as CFO and Investor Relations Officer of Oi S.A. Before that, Mr Malavazi Martins was a board member of Oi S.A. and until 21 October 2016 was a board member of Oi S.A.’s largest shareholder, Pharol SGPS S.A. (“**Pharol**”). Oi S.A. is the only member of Coop.

**3.3** At the time of this second report the Board consists of Messrs Lavatori Correa and Malavazi Martins.

### **4. THE DUTCH PLAN**

**4.1** Coop’s application for suspension of payments included a draft composition (the “**Dutch Plan**”). The Dutch Plan can be consulted on the Website ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)).

**4.2** The Dutch Plan refers to the Brazilian RJ Plan (see chapter 5 of this report) in the sense that Coop’s creditors under the Dutch Plan are offered the compensation they are offered by Coop under the Brazilian RJ Plan:

*“3.1.9 As consideration for the Main Creditors Indebtedness Amendment and the Standstill, (...) Finco hereby undertakes to each Main Creditor as Finco’s own and separate obligation to, upon RJ Plan Confirmation:*

(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 Finco pursuant to the terms of the RJ Plan (...)"

4.3 Therefore, in order to make a proper assessment of the Dutch Plan, it is required to understand the substance of the Brazilian RJ Plan, and therefore of the Brazilian RJ in general. Coop's creditors must be able to understand and assess what they are offered.

***Task Administrator in respect of the Dutch Plan***

4.4 The Administrator must be able to assess, inter alia, whether (i) the Dutch Plan offers Coop's creditors the optimal result, and (ii) the Dutch Plan qualifies for approval.

4.5 The Administrator therefore investigates the substance of the current Brazilian RJ Plan, whereby he realizes that said substance may still change as a consequence of negotiations between the RJ Debtors and their creditors. In any event the Administrator will assess the value of the intercompany claims of Coop against Oi Móvel (EUR 1.6 billion) and Oi S.A. (EUR 4 billion). In this context it is relevant how these intercompany claims are treated in the Brazilian RJ Plan and/or which compensation the creditors may expect from Coop.

4.6 Further to the above the Administrator asked the Board and Oi S.A.'s board a number of questions. Prior to the vote about the Dutch Plan, the Administrator will issue an advice to the creditors about the offer under the Dutch Plan and the Brazilian RJ Plan.

***Filing claims and vote on the Dutch Plan***

4.7 The Amsterdam District Court directed in its decision of 9 August 2016 that the claims must be filed by the creditors to the Administrator by 4 May 2017 at the latest and that the consultation and voting on the Dutch Plan by the creditors will be held on 18 May 2017 at 10 hours in the Herzberg room of the Amsterdam District Court.

4.8 The Administrator has informed Coop's creditors about this in his '*First notice to creditors and noteholders*' dated 5 September 2016. Therein, the Administrator has requested Coop's creditors to not yet file any claims but to await the Administrator's further instructions.

4.9 During the next reporting period the Administrator will inform Coop's creditors about the way the claims should be filed and how the vote on the Dutch Plan will be organized. The Administrator will distribute his notices to the creditors via the Website ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)) and via the indenture trustee, who informs the Coop Noteholders via the channels of the clearing institutions involved.

4.10 The Coop Noteholders are the beneficial owners of the Coop Notes. Under Dutch bankruptcy law the general rule is that only legal owners of claims qualify as creditors. However, the Administrator is of the opinion that for purposes of, inter alia, voting, the beneficial owners should be considered creditors in Coop's suspension of payments. Such a solution is in line with the laws of the State of New York that govern the Coop Notes, under which the beneficial owners of the Coop Notes are regarded as creditors.

4.11 The Administrator consults with the Board, the Board's Dutch counsel (RESOR and the - advisors of the - indenture trustee of Coop (Bank of New York Mellon).

## 5. THE BRAZILIAN RJ PLAN

### *The Brazilian RJ*

5.1 According to the Board, the Oi Group's situation has deteriorated over the past years as a consequence of a variety of factors. This has led to Oi S.A. and six other group companies – including Coop, PTIF and Oi Móvel (jointly the “**RJ Debtors**”) – being subjected to a *Recuperação Judicial* (the “**Brazilian RJ**”) since 29 June 2016. The Brazilian RJ is a judicial restructuring proceeding under Brazilian law, which is to a certain extent comparable to a Dutch suspension of payments.

5.2 In the Brazilian RJ PricewaterhouseCoopers and Arnaldo Wald have been appointed as administrators (*administrador judicial*) (jointly the “**Brazilian Administrators**”) of each RJ Debtor. The Brazilian Administrators are primarily involved in verifying claims and informing the Brazilian judge that supervises the judicial restructuring of the RJ Debtors (the “**RJ Judge**”).

### *The Brazilian RJ Plan dated 5 September 2016*

5.3 The Brazilian RJ Plan as filed on 5 September 2016 in the Brazilian RJ is a consolidated draft composition; the RJ Debtors have jointly made a proposal to their joint creditors, based on their joint assets and liabilities. The debts and claims between the RJ Debtors are left out of consideration.

5.4 The Brazilian RJ Plan starts from four classes of creditors: (i) employees, (ii) secured creditors, (iii) unsecured creditors, and (iv) small creditors. Under the Brazilian RJ Plan, the Noteholders are considered unsecured creditors.

5.5 Based on the Coop Notes and the PTIF Notes, the Noteholders have claims against Coop and PTIF, respectively. In addition, the same Noteholders have independent claims for the same amounts against Oi S.A. (the “**Guarantee Claims**”). It is not clear to which claim or claims of the Noteholders the Brazilian RJ Plan offers compensation, but it is clear that under the plan the Noteholders are offered the same compensation as unsecured creditors that have only one claim against the joint RJ Debtors. Therefore, the individual positions of the RJ Debtors are not taken into consideration.

### *The Intercompany Claims*

5.6 Coop's assets consist of intercompany claims on Oi S.A. and Oi Móvel, totalling to approximately EUR 5.6 billion (the “**Intercompany Claims**”), and a bank balance that covers the current costs of the suspension of payments.

5.7 Since Oi S.A. and Oi Móvel are themselves two of the seven RJ Debtors, the value of the Intercompany Claims is to a significant degree determined by the Brazilian RJ and its consequences and by the substance of the Brazilian RJ Plan.

5.8 Under the current Brazilian RJ Plan, no compensation is offered for the Intercompany Claims. This is the consequence of the Oi Group's choice to offer a consolidated composition. The RJ Debtors have also opted in the Brazilian RJ Plan not to attribute any value to the Intercompany Claims in any other way.

### *Reactions to the Brazilian RJ Plan*

5.9 Several creditors of the RJ Debtors have expressed fierce criticism of the Brazilian RJ Plan. The Administrator has also expressed his objections to the Brazilian RJ Plan. He informed the Board that he is of the opinion that a formal objection must be made against the Brazilian RJ Plan because:

- (i) Coop, as a creditor with claims amounting to EUR 5.6 billion (the Intercompany Claims), is not offered any compensation;
- (ii) the plan favours the shareholders of the RJ Debtors to the detriment of the creditors of the RJ Debtors;
- (iii) the plan provides for a consolidated settlement, not taking into account the individual positions of the RJ Debtors, while Coop and Coop's creditors in case of a non-consolidated settlement will probably receive a higher recovery on their claims.

**5.10** The Board then stated it did not agree with the Administrator's objections and that it was of the opinion that it is not necessary to file an objection against the Brazilian RJ Plan. In addition, it indicated that filing an objection against its own composition could be contrary to Brazilian law.

**5.11** The Oi Group stated that the Brazilian RJ Plan is negotiated with different groups of creditors of the RJ Debtors and that the substance of the plan is expected to undergo significant changes.

***Duties Administrator in respect of the Intercompany Claims***

**5.12** Coop is not only a debtor that has offered a composition to its creditors both in Brazil and in the Netherlands (the Brazilian RJ Plan and the Dutch Plan, respectively). At the same time Coop is also a creditor, and one of the largest ones at that, of two of the other RJ Debtors; it has a EUR 4 billion claim against Oi S.A. and a EUR 1.6 billion claim against Oi Móvel (the Intercompany Claims).

**5.13** Therefore, the Administrator is not only an administrator of a debtor that itself offered a composition, but also administrator of a legal entity that is a creditor. The Administrator is of the opinion that in the latter capacity he must represent the interests of Coop's creditors by exerting himself to obtain maximum compensation for the Intercompany Claims or to obtain a fair compensation to the Noteholders in relation to the Intercompany Claims.

***Expected further course of the Brazilian RJ***

**5.14** Based on a 'Q&A for bondholders' dated 21 February 2017, drawn up by the Oi Group (to be consulted on [www.recjud.com.br](http://www.recjud.com.br)) the expected further course of the Brazilian RJ is as follows.

**5.15** The Brazilian Administrators have until 27 March 2017 to publish the so-called 'Second List of Creditors'. Publication of this second list of creditors causes two time periods to start; a period of 10 business days to file an objection against the list of creditors itself and a period of 30 business days to file an objection against the Brazilian RJ Plan.

**5.16** If an objection is filed against the Brazilian RJ Plan – which is expected to happen – then a creditors' meeting must take place in the Brazilian RJ to discuss the approval, modification or rejection of the Brazilian RJ Plan. This creditors' meeting normally takes place immediately after the objection period of 30 business days after publication of the list of creditors has ended. This is expected to be in May 2017.

**5.17** If no objection is filed against the Brazilian RJ Plan, the competent Brazilian court must approve the plan (subject to grounds for refusal).

## 6. US CHAPTER 15

- 6.1 On 21 July 2016, the Brazilian RJ in respect of, inter alia, Coop, under US law was recognized as a foreign main proceeding under the US Bankruptcy Code Chapter 15 (the “**US Chapter 15**”). This will cause the Brazilian RJ, or its outcome, to currently be recognised in the United States.
- 6.2 On 23 August 2016 the RJ Debtors - including Coop - made a joint filing in the US Chapter 15 proceedings, which states among other things that in the Netherlands Coop has been granted a suspension of payments (the “**US Chapter 15 Third Declaration**”).
- 6.3 The Administrator was neither informed of this of nor involved in the drafting of the US Chapter 15 Third Declaration. Different creditors of Coop have informed the Administrator that they consider the US Chapter 15 Third Declaration misleading because therein (i) it is stated that a bankruptcy of Coop is detrimental for Coop’s creditors and the other creditors of the Oi Group, and (ii) it is suggested that a Dutch bankruptcy is only focused on settlement without any possibilities for restructuring or offering a composition to the creditors.
- 6.4 The Administrator then informed the Board that, given the messages he had received from the creditors and because he agrees with those creditors, he would like to clarify the US Chapter 15 Third Declaration. Subsequently, he tried to arrive at a new or amended joint filing in the US Chapter 15 in consultation with the Board, RESOR and (the counsel of) Oi S.A. However, this was unsuccessful.
- 6.5 That is why the Administrator on 14 November 2016 made his own filing in the US Chapter 15 with the objective of correcting and further explaining certain statements that were made in the US Chapter 15 Third Declaration which the creditors construed as misleading.
- 6.6 The Administrator is examining the expediency of and the possibilities for recognition of the Dutch suspension of payments under the US Bankruptcy Code Chapter 15.

## 7. LAWFULNESS

### *Investigation of Coop Transactions*

- 7.1 Various creditors of Coop and PTIF are of the opinion that the transactions between PTIF, Coop, Oi S.A. and Oi Móvel have a fraudulent and unlawful character. One of these creditors – Capricorn Capital Ltd. (“**Capricorn**”) – in March 2016 instituted a legal action before the Amsterdam District Court to contest the specific transactions. Capricorn furthermore claimed in preliminary relief proceedings that – briefly put – Coop was prohibited from lending funds on to the Brazilian group companies as long as these companies had not yet repaid their debt to Coop. Both in preliminary relief proceedings and in super expedited appeal, Capricorn’s claims were denied.
- 7.2 The Administrator has investigated the transactions between Coop and its Brazilian group companies Oi S.A. and Oi Móvel, in particular the transactions during the year prior to granting of suspension of payments; in total approximately EUR 3.7 billion (the “**Coop Transactions**”).
- 7.3 In March 2016 – three months before the start of the Brazilian RJ – Coop lent an amount of EUR 1.6 billion to Oi Móvel. This amount was not only lent shortly before the start of the Brazilian RJ, but also immediately after a change of directors, whereby Trust International

Management ( T.I.M.) B.V. was replaced by Mr. Lavatori Correa. In March 2016 – briefly after entering into it – the law applicable to one of the loan agreements at the basis of the Coop Transactions was changed from Dutch law to Brazilian law. This means that all loan agreements are now governed by Brazilian law.

#### ***Conclusions Administrator in respect of Coop Transactions***

- 7.4 After extensive investigation on the basis of the available information, the Administrator has reached the conclusion that the Coop Transactions under Dutch law are fraudulent and unlawful. The Administrator is of the opinion that Coop’s creditors have been prejudiced as a consequence of the Coop Transactions, as the majority of Coop’s capital is no longer available for the recovery of their claims.
- 7.5 The Administrator shared his conclusions with the Board and with the board of Oi S.A. He asked the Board and the board of Oi S.A. whether they would be willing to cooperate with reversing the prejudice to Coop’s creditors, for example by amending the Brazilian RJ Plan, and thus the Dutch Plan.
- 7.6 The Board indicated it was not willing to do that. They indicated that they do not agree with the Administrator, since they are of the opinion that the requirements for a fraudulent or unlawful act have not been fulfilled.
- 7.7 What in the opinion was the fraudulent and unlawful character of the Coop Transactions was one of the principal reasons to file the Withdrawal Request.

## **8. CREDITORS**

- 8.1 Coop’s liabilities consist of the debts to the Coop Noteholders (EUR 1.9 billion), to PTIF (EUR 3.8 billion) and to the other creditors (service providers) (EUR 50,000). The PTIF Noteholders are indirect creditors of Coop.

#### ***Coop Noteholders***

- 8.2 Coop has issued two series of notes (the “**Coop Notes**”) under which Coop – according to the Board – had approximately EUR 1.9 billion outstanding per 20 June 2016. The group of beneficial owners of the Coop Notes consists of investment funds and private investors (the “**Coop Noteholders**”).
- 8.3 From his appointment on 9 August 2016, the Administrator has had frequent and extensive contact with various creditors of Coop and PTIF, particularly Noteholders. The Noteholders have joined forces in various groups.

#### ***PTIF***

- 8.4 PTIF has granted loans to Coop amounting to a total of EUR 3.8 billion. This makes PTIF Coop’s largest creditor.

#### ***Silent administration and suspension of payments PTIF***

- 8.5 On 13 September 2016 PTIF requested the District Court of Amsterdam to appoint a silent administrator. The district court then stated that, if insolvency proceedings were opened in respect of PTIF, the district court intended to appoint the J.L.M. Groenewegen as bankruptcy trustee or administrator.

- 8.6** During the silent administration, which lasted until 3 October 2016, the silent administrator of PTIF was informed by the PTIF board, PTIF’s Dutch counsel, De Brauw Blackstone Westbroek (“**De Brauw**”) and Oi S.A.’s counsel in the Netherlands (Loyens & Loeff), Brazil (BMA, Penalva and Basilio) and the United States (White & Case).
- 8.7** During the silent administration, PTIF indicated that it intended to file the same requests that had previously been filed by Coop (pursuant to section 255 in conjunction with section 218 DBA) (see paragraph 3.3 of the first public report dated 23 September 2016) and to offer a similar draft composition with the application for suspension of payments.
- 8.8** On 30 September 2016, PTIF requested the Amsterdam District Court to grant it a provisional suspension of payments. PTIF appended a draft composition to the application.
- 8.9** In a decision of 3 October 2016 the Amsterdam District Court granted PTIF a provisional suspension of payments, appointed J.L.M. Groenewegen as administrator and allowed the requests of PTIF pursuant to section 255 in conjunction with section 218 DBA. The district court therefore took into consideration the time periods in the Coop suspension of payments and the time periods in the Brazilian RJ.

*PTIF Noteholders*

- 8.10** PTIF issued seven series of notes (the “**PTIF Notes**”) under which PTIF – according to the first public report of PTIF’s administrator of 16 November 2016 – had a total of approximately EUR 3.9 billion outstanding per 20 June 2016. The group of beneficial owners of the PTIF Notes consists of professional and private investors, but also of many consumers (one of the series of notes concerns so-called retail notes (the “**PTIF Noteholders**”).

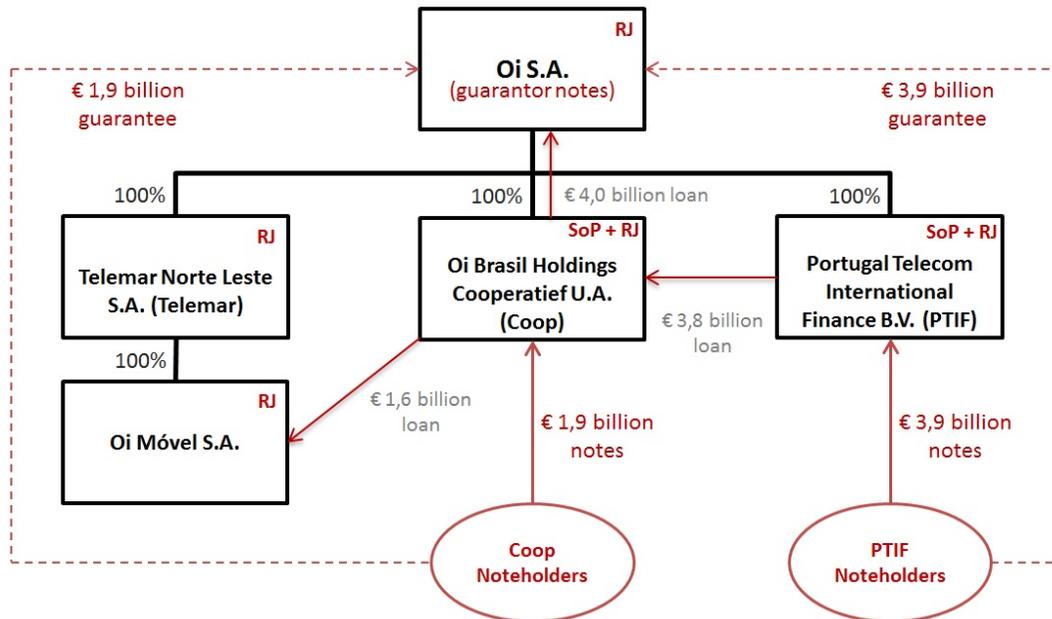
*Guarantee claims of Noteholders vis-à-vis Oi S.A.*

- 8.11** The Coop Notes and the PTIF Notes are not covered by security rights, but have been guaranteed by Oi S.A. Based on the guarantees provided by Oi S.A., the Coop Noteholders and the PTIF Noteholders (jointly the “**Noteholders**”) have direct claims against Oi S.A. (the “**Guarantee Claims**”).
- 8.12** Consequently, the Noteholders qualify as independent creditors of Oi S.A. and are also entitled to vote on the Brazilian RJ Plan (as defined below) in that capacity.

*Overview intercompany relationships Oi Group*

- 8.13** Coop therefore received a total of EUR 5.6 billion from the Coop Noteholders and from PTIF.
- 8.14** Coop subsequently loaned out a total of approximately EUR 5.6 billion to its Brazilian group companies Oi S.A. and Oi Móvel S.A.; approximately EUR 4 billion to Oi S.A. in the period from June 2015 to March 2016 and approximately EUR 1.6 billion to Oi Móvel in March 2016.
- 8.15** The Coop Noteholders and the PTIF Noteholders have Guarantee Claims against Oi S.A. amounting to EUR 1.9 billion and EUR 3.9 billion, respectively.

8.16 The organisational chart below shows the intercompany relationships within the (relevant part of the) Oi Group.



#### *Other Coop creditors*

8.17 The other (trade) creditors of Coop’s creditors have claims totalling approximately EUR 50,000. These creditors have also filed their claims in the Brazilian RJ. The Board has informed the Administrator that these claims have been included on the list of RJ Debtors.

#### *Communication*

8.18 The Administrator will communicate general information regarding Coop’s suspension of payments to Coop Noteholders and creditors via the Website ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)). He will also use the following channels and media.

- Notices containing information for creditors and Noteholders (the “**Notices**”). The Notices will be made available on the Website and will be shared through the channels of the clearing institutions by the indenture trustee in accordance with the indentures.
- Public reports will be made available on the Website and through the Central Insolvency Register.

8.19 Other notifications and information will be made available on the Website. The Administrator therefore advises interested parties to visit the Website regularly.

## 9. COOPERATION WITH THE BOARD

9.1 the Administrator was appointed by the Amsterdam District Court to jointly manage the Coop’s affairs with the Board. In the opinion of the Administrator the cooperation with the Board is difficult in a number of respects. The Administrator and the Board differ in

opinion about what is in the best interest of Coop's creditors. This concerns, inter alia, the following points.

***Information provision to creditors***

- 9.2 In the framework of the consolidation, the RJ Debtors presented a single list of creditors in the Brazilian RJ, from which it can only be concluded who are the creditors of the joint RJ Debtors (and for which amount). Therefore, this list does not show which creditors the individual RJ Debtors have. As a consequence, the creditors cannot assess the value of the proposal that has been made to them through the Brazilian RJ Plan. After all, it cannot be assessed what an unconsolidated settlement would give them.
- 9.3 Several creditors of the RJ Debtors have asked the RJ Debtors to make available lists of creditors per RJ Debtor ("**Separate Creditor Lists**"). The RJ Debtors did not heed this request. This has caused several creditors in the Brazilian RJ Proceedings to institute legal proceedings for the purpose of obtaining the Separate Creditor Lists.
- 9.4 The Administrator is of the opinion that Coop's creditors have an interest in receiving the Separate Creditor Lists and he has asked the Board to provide that information to Coop's creditors. The Board has refused this, because it is of the opinion that the creditors have an interest in such information not being shared with them, or not at this moment.
- 9.5 The Brazilian court has ruled in this respect that the Oi Group is not obliged to provide this information, but that creditors may ask the company to provide this information. The Amsterdam District Court held in its decision of 2 February 2017 that the Administrator must be provided with sufficient information at any time to allow him to assess the composition. Insofar as relevant, this also includes non-consolidated information about the debt positions of the various companies belonging to the Oi Group. The Administrator therefore again requested the Coop to provide the Separate Creditor Lists.
- 9.6 It is furthermore of importance to mention that the debt to the Noteholders is only stated once on the RJ creditor list. It therefore seems as though either the claim of the Noteholders against Coop or the Guarantee Claims are not included on the list of creditors.

***Board Acting without the Administrator's Consent***

- 9.7 Shortly after his appointment on 9 August 2016, the Administrator informed the Board about the principal consequences of Coop's suspension of payments. He pointed out to the Board that during the suspension of payments the Board is not authorised to carry out any acts of management and disposal without his cooperation, authorisation or assistance (jointly "**Consent**").
- 9.8 Nevertheless, the Board has carried out various acts without the Administrator's Consent, such as filing the Brazilian RJ Plan on 5 September 2016 and various procedural acts in the Brazilian RJ ("**RJ Filings**"). The Administrator defended the position that these acts qualify as acts of management and disposal with regard to the estate and, therefore, required Consent of the Administrator. The Amsterdam District Court considered in its decision that this is not the case.
- 9.9 The fact that the Board carried out acts without his Consent and in a number of cases also contrary to his instructions was one of the principal reasons to file the Withdrawal Request.

## 10. LEGAL PROCEEDINGS

### *Request for withdrawal of suspension of payments Coop*

10.1 In his request dated 1 December 2016 the Administrator requested the Amsterdam District Court to withdraw the provisional suspension of payments of Coop and at the same time declare Coop bankrupt.

10.2 The Administrator believed he had to file the Withdrawal Request because:

- (i) the Brazilian RJ Plan does not provide for compensation for the Intercompany Claims totalling EUR 5.6 billion and the RJ Debtors are not prepared to take the Intercompany Claims into account in the plan;
- (ii) the Administrator is of the opinion that the Coop Transactions under Dutch law are fraudulent and unlawful, and that this wrongly is not taken into account in the Brazilian RJ Plan;
- (iii) the Board continues to carry out acts on behalf of Coop without his Consent and contrary to his explicit instruction not to carry out such acts;
- (iv) the Board, in spite of repeated requests from Coop's creditors and from the Administrator, is unwilling to provide information relevant to the creditors and to the administrator;
- (v) the Board has conflicting interests and allows the interests of Coop and of the Oi Group and its shareholders to prevail over the interests of Coop's creditors;
- (vi) as a consequence of the position/attitude of the Board, the Administrator is not able to properly carry out his duties as administrator;
- (vii) an ever-increasing group of creditors of Coop and PTIF demands that the Administrator requests the district court to convert the suspension of payments into a bankruptcy.

10.3 In a request dated 23 December 2016 a number of Coop's creditors (Citadel et al.) also requested the Amsterdam District Court to withdraw the provisional suspension of payments of Coop and at the same time declare Coop bankrupt. Also in respect of PTIF, PTIF's administrator and PTIF's indenture trustee, Citicorp Trustee Company Limited ("**Citicorp**") as representative of all noteholders, have requested the Amsterdam District Court in individual requests to withdraw the provisional suspension of payments and at the same time to declare PTIF bankrupt.

10.4 The Withdrawal Request and the request of Citadel et al. were jointly heard on the morning of 12 January 2017, behind closed doors, before the three-judge panel of the Amsterdam District Court. In addition to Coop as debtor, the Administrator and Citadel et al., Coop's creditors were also allowed to attend the hearing. PTIF's administrator was also present. The withdrawal requests in respect of PTIF were heard in the afternoon of 12 January 2017. The Administrator attended that hearing.

### *Assessment Amsterdam District Court in respect of Coop*

10.5 In its decision dated 2 February 2017, the Amsterdam District Court denied both requests in respect of Coop. The requests for withdrawal of the suspension of payments of PTIF were also denied.

- 10.6** The decision, and an English translation of it, can be consulted on the Website ([www.oibrasilholdingscoop-administration.com](http://www.oibrasilholdingscoop-administration.com)). The decision in respect of PTIF can be consulted on the website of PTIF's administrator ([www.cms-dsb.com/ptif](http://www.cms-dsb.com/ptif)).

*No appeal lodged by the Administrator*

- 10.7** The Administrator does not agree with the decision of the Amsterdam District Court of 2 February 2017. Nevertheless, the Administrator decided, after consulting with the Supervisory Judge, that he would not lodge an appeal. PTIF's administrator also decided not to lodge an appeal against the rejection of his request for withdrawal of PTIF's suspension of payments. The indenture trustee Citicorp did appeal this rejection.

- 10.8** The decision of the Amsterdam District Court is cause for the Administrator to make a renewed attempt at arriving at an acceptable collaboration with the Board. In this context, the Administrator consults with the Board and with the Board's Dutch counsel (RESOR).

*Citadel et al. did lodge an appeal*

- 10.9** In a notice of appeal dated 10 February 2017 Citadel et al. lodged an appeal against the decision of the district court rejecting the request for withdrawal of Coop's suspension of payments. The hearing of the appeal is scheduled for 29 March 2017.

- 10.10** The Administrator has been requested by the Court of Appeal to share his views with the Court of Appeal prior to the hearing.

*Capricorn proceedings*

- 10.11** Capricorn Capital Ltd. ("**Capricorn**") instituted proceedings against Coop prior to the date on which the suspension of payments was granted. To summarize, Capricorn claimed that Coop refrains from transferring funds to the Oi Group. Capricorn's claims were dismissed in both preliminary relief proceedings and in expedited appellate proceedings. The proceedings in first instance against Coop and other companies in the Oi Group are still pending. Coop has not yet taken legal action in those proceedings.

**11. MISCELLANEOUS**

- 11.1** In the next reporting period the Administrator will further explore and investigate the aforementioned themes. He will also make a renewed attempt to arrive at an acceptable cooperation with the Board. The Administrator will continue to exert himself in order to safeguard the interests of Coop's creditors.

- 11.2** The next report will be published in about three months' time.