


MEETING DATE	Fri, 22 Jul 2016 11:00 am	TYPE	EGM	ISSUE DATE	Mon, 01 Aug 2016
MEETING LOCATION	Rua do Lavradio 71, Centro, Rio de Janeiro, RJ, Brazil				
CURRENT INDICES	PIRC Global				
SECTOR	Telephone communications, except radiotelephone				

## COMPANY OVERVIEW

OI S.A is a telecommunication services provider, the activity of which is mainly focused in Brazil. In 2014 it merged with Portugal Telecom.

## MEETING SPECIFIC INFORMATION

### Quorum requirements and voting requirements

The meeting is quorate if at least 25% of the voting capital is present or represented. Resolutions will be approved by simple majority.

	PROPOSALS	ADVICE
<b>1</b>	<p><b>Approve Request for Bankruptcy Protection</b></p> <p>The Board seeks shareholders support for the Company's bankruptcy protection from creditors, approved by Directors in June 2016. Oi SA filed for bankruptcy protection on a local record amount of RBL 65 billion in bonds and bank loans, plus amounts owed to suppliers and other accounts payable. The then CEO, Mr. Gontijo, proposed a debt-for-equity swap that would have given bondholders (the creditors) control of 95% of the Company's equity. This proposal was rejected by the main shareholders as they felt that their holdings would be too diluted, and Mr. Gontijo resigned.</p> <p>Bankruptcy protection has the immediate consequence that the Company will be shielded from creditors. Given the width of the Company's operations and the potential impact on all stakeholders in case of bankruptcy, it is considered that the proposed bankruptcy protection is the best possible option, as it will give the Company time to cut its debt while it will continue to operate and redesign its future industrial strategy. This solution seem to be in line also with the judicial precedents in Brazil, in terms of bankruptcy protection (see the case OSX Brazil in 2013, where bankruptcy protection was accepted as the company covered "a market niche with heavy investments from international creditors, hundreds of jobs, suppliers and service providers that carry out an important function in the economy", all conditions that seem to apply also to Oi's case). The above-mentioned dimension of the Company, along with the level of indebtedness, makes it unlikely that shareholders will recover any of the Company's assets, after creditors are paid back, should bankruptcy be declared. Despite this concern and due to the rejection of the debt-for-equity swap, support is recommended.</p>	<b>For</b>
<b>2</b>	<p><b>Authorize Board to Ratify and Execute Approved Resolutions</b></p> <p>Standard resolution.</p>	<b>For</b>

## SUPPORTING INFORMATION FOR RESOLUTIONS

### Proposal 1 - Approve Request for Bankruptcy Protection

Brazil's State-owned banks Banco Nacional de Desenvolvimento Economico e Social, Caixa Economica Federal and Banco do Brasil SA are among Oi's top creditors, along with private banks such as Itau Unibanco Holding SA. Oi has

about BRL 3.5 billion in net outstanding credit default swaps, the data show. Brazil's telecommunications regulator Anatel said Oi needs its consent to sell many of its assets or use them as collateral. The Company claimed that it is resorting to bankruptcy protection to continue providing services to the users (who Anatel is set to protect). Oi was under pressure to seek protection because it has a EUR 231 million bond maturing in approximately a month. The CEO, Bayard Gontijo, resigned after disagreeing with some board members on how to proceed on negotiations with debt holders. Marco Schroeder was named to replace Mr. Gontijo in June 2016, becoming Oi's sixth CEO in five years. Oi had forecast it would finish the second quarter with total debt of BRL 48 billion, with negative cash flow after interest of BRL 2.5 billion. Cash flow after interest and before amortization is projected to be negative BRL 7 billion between 2016 and 2018, according to the documents.

In Brazil, bankruptcy must be declared by judicial order and would have three main consequences: the Company may not be allowed to exercise any business activity or to dispose of its assets, from the moment of the declaration of bankruptcy; goods are collected to compose the bankrupt's assets and pay the creditors; after the declaration of bankruptcy, the judicial trustee will decide whether contracts will be maintained or extinguished, based on their contribution to the assets to be disposed of to pay creditors.

## BOARD AND COMMITTEE COMPOSITION (post-Meeting)

DIRECTOR	GENDER	INDEPENDENT BY			BOARD	AC	RC	NC	TENURE
		PIRC	COMPANY						
José Mauro Mettrau Carneiro da Cunha	M	No	No		Ch	-	-	-	3
Sergio Franklin Quintella	M	No	No		NED	-	-	-	5
Luiz Antonio do Souto Gonçalves	M	No	No		NED	-	-	-	<1
Ricardo Malavazi Martins	M	No	No		NED	-	-	-	<1
Thomas Cornelius Azevedo Reichenheim	M	No	No		NED	-	-	-	<1
Rafael Luís Mora Funes	M	No	No		NED	-	-	-	1
João Manuel Pisco de Castro	M	No	No		NED	-	-	-	<1
Luís Maria Viana Palha da Silva	M	No	No		NED	-	-	-	<1
André Cardoso de Menezes Navarro	M	No	No		NED	-	-	-	<1
Robin Bienenstock	F	Yes	Yes		NED	-	-	-	<1
Marten Pieters	M	Yes	Yes		NED	-	-	-	<1
Number of Meetings					-	-	-	-	
Number of NED only Meetings					-				

PIRC assesses a non-executive director's independence according to PIRC's shareholder guidelines. Comments represent PIRC's analysis based on information in the report and accounts. AC = Audit Committee, RC = Remuneration Committee, NC = Nomination Committee, C = Chairperson of Committee, M = Member of Committee.

## BOARD OF DIRECTORS (post-Meeting)

JOSÉ MAURO METTRAU CARNEIRO DA CUNHA				CHAIRMAN (NON EXECUTIVE)	
<b>AGE</b>	64	<b>TENURE</b>	3 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Log-In Logística Intermodal [Dir]; Lupatech [Dir]; TmarPart [Dir]; ex-Aracruz Celulose S.A. [Dir]; ex-BNDES [Dir]; ex-Braskem S.A. [VPres]; ex-FUNCEX- Fundação Centro de Estudos do Comércio Exterior [Dir]; ex-FUNTEL [Dir]; ex-Light Serviços de Eletricidade S.A. [Dir]; ex-Politeno Indústria e Comércio S.A. [Dir]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is a director of Telemar Participações, the major shareholder.				
SERGIO FRANKLIN QUINTELLA				NON-EXECUTIVE DIRECTOR	
<b>AGE</b>	80	<b>TENURE</b>	5 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	ex-Conselho Diretor do Instituto Nacional de Altos Estudos [Mem]; ex-Montreal Engenharia S.A. [VPres], ex-Technical Council of the National Confederation of Trade [Mem]; ex-Petrobras [Dir]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent based on the Company's own assessment.				
LUIZ ANTONIO DO SOUTO GONÇALVES				NON-EXECUTIVE DIRECTOR	
<b>AGE</b>	59	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	BNDES Participações S.A. [Manager]; ex-Banco Bradesco [Exec]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is an executive of BNDES, a major shareholder in Telemar Participações, the Company's controlling holding.				

<b>RICARDO MALAVAZI MARTINS</b>			<b>NON-EXECUTIVE DIRECTOR</b>		
<b>AGE</b>	51	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Jereissati Participações S.A. [Dir]; ex-BCN [Exec]; ex-Bradesco [Exec]; ex-CPFL [Dir]; ex-Coteminas S.A. [Dir]; ex-Fras-Le S.A. [Dir]; ex-Iguatemi Empresa de Shopping Centers S.A. [Dir]; ex-PETROS [CFO]; ex-Trisul S.A. [Dir]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is on the Board of Jereissati, a significant shareholder of Telemar Participacoes (the controlling holding of which he has also been internal statutory auditor).				
<b>THOMAS CORNELIUS AZEVEDO REICHENHEIM</b>			<b>NON-EXECUTIVE DIRECTOR</b>		
<b>AGE</b>	68	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Carisma Comercial Ltda [Pres]; Jereissati Telecom S.A. [Dir]; ex-Didier & Levy Associados [Dir]; ex-Jereissati Goup [Hear of IR]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is Director on Jereissati Telecom and former Executive of Jereissati Group, a significant shareholder of Telemar Participacoes, the controlling holding.				
<b>RAFAEL LUÍS MORA FUNES</b>			<b>NON-EXECUTIVE DIRECTOR</b>		
<b>AGE</b>	50	<b>TENURE</b>	1 Year	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Carisma Comercial Ltda [Pres]; Jereissati Telecom S.A. [Dir]; Ongoing Strategy Investments [VCh]; Realtime Corporation [Exec]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is Director and formerly Executive of Jereissati, which is a significant shareholder of Telemar Participacoes, the controlling holding company.				
<b>JOÃO MANUEL PISCO DE CASTRO</b>			<b>NON-EXECUTIVE DIRECTOR</b>		
<b>AGE</b>	62	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Ambitermo Engenharia [Manager]; Constructel (Belgium) [Manager]; Constructel (Russia) [Manager]; Constructel Sweden AB [Manager]; Equipamentos Térmicos S.A. [Manager]; Gevisar SGPS S.A. [Manager]; Granbeira II Rochas Ornamentais S.A. [Manager]; Granbeira Sociedade de Exploração e Comércio de Granitos [Manager]; Grupo Visabeira SGPS S.A. [VCh]; Real Life Tecnologia de Informação S.A. [CEO]; Visabeira Global SGPS S.A. [CEO]; Visabeira Imobiliária SGPS S.A. [VCh]; Visabeira Indústria SGPS S.A. [VCh]; Visabeira Participações Financeiras SGPS S.A. [VCh]; Visacasa S.A. [Manager]; Visagreen SGPS S.A. [CEO]; Vista Alegre Atlantis SGPS S.A. [VCh]; ex-Beiragás S.A. [Manager]; ex-Figueira Paranova S.A. [Manager]; ex-Grupo Visabeira SGPS S.A. [NED]; ex-Ifervisa S.A. [Manager]; ex-Instituto de Gestão Financeira e de Infra-Estruturas da Justiça I.P. [Pres]; ex-Viatel S.A [Manager]; ex-Visabeira Ltda [Manager]; ex-Visabeira Serviços SGPS S.A. [Manager]; ex-Visabeira Telecomunicações e Construção SGPS S.A. [Manager]; ex-Visacasa S.A. [Manager]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as the Visabeira Group is a significant shareholder of Pharol. The date of first appointment refers to his appointment to the Board as alternate of Mr. Ravara Cary.				

<b>LUÍS MARIA VIANA PALHA DA SILVA</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	59	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Pharol, SGPS, S.A. [CEO]; ex-CIMPOR - Cimentos de Portugal [CFO]; ex-COVINA, Companhia Vidreira Nacional [CFO]; ex-GALP Energia [Exec VCh]; ex-Jerónimo Martins, SGPS, AS [CFO, CEO]; ex-NYSE Euronext [Dir]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered to be independent as he is the CEO of Pharol, formerly Portugal Telecom, which merged into Oi in 2014.				

<b>ANDRÉ CARDOSO DE MENEZES NAVARRO</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	52	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Millennium Investment Bank [General Director]; ex-Banco Espírito Santo [Coordinating Director]; ex-Banco Privado Atlantico Europa [Ch]; ex-Companhia Nacional de Mineração [n/d]; ex-Fundamentis Investimentos [MD]				
<b>INDEPENDENT BY PIRC</b>	N	<b>INDEPENDENT BY COMPANY</b>		N	
<b>COMMENT</b>	Not considered independent as he was an executive at Banco Espírito Santo, now Novo Banco, a significant shareholder of Pharol (currently a significant shareholder of the Company).				

<b>ROBIN BIENENSTOCK</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	47	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	Gladwyne Partners [Partner]; ex-Mckinsey & Co [Associate]; ex-Sanford C. Bernstein [Analyst]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	

<b>MARTEN PIETERS</b>		<b>NON-EXECUTIVE DIRECTOR</b>			
<b>AGE</b>	55	<b>TENURE</b>	<1 Years	<b>COMMITTEES</b>	None
<b>OTHER POSITION</b>	ex-Celtel [Exec]; ex-KPN Telecom [Exec]; ex-Vodafone Group [Exec]				
<b>INDEPENDENT BY PIRC</b>	Y	<b>INDEPENDENT BY COMPANY</b>		Y	

## BOARD COMPOSITION

### BOARD COMPOSITION FOLLOWING THE EGM

	Number	% of Board
Executive Director	0	0.0
Independent NEDs	2	18.18
Connected NEDs	9	81.82
Other	0	0.0

### BOARD COMMITTEES FOLLOWING THE EGM

	Number of Members	% Independent by PIRC	% Independent by Company
Whole Board	11	18.18	18.18

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Researcher: Francesco Navarrini  
Email: [pircresearcheu@pirc.co.uk](mailto:pircresearcheu@pirc.co.uk)

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Pensions & Investment Research Consultants Limited  
8th Floor, Suite 8.02, Exchange Tower  
2 Harbour Exchange Square  
E14 9GE

Tel: 020 7247 2323  
Fax: 020 7247 2457  
<http://www.pirc.co.uk>

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