



Carta/AMEC/Presi n° 3C/2015

São Paulo, April 29th 2015.

To
Ms. Renata Schmitt Silva
Institutional Shareholder Services - ISS
702 King Farm Boulevard, Suite 400
Rockville, MD 20850

Re: SUPERVOTING SHARES IN THE BRAZILIAN REALITY

Dear Renata,

As per our conversation, we write you to discuss recent developments in the Brazilian capital markets, which we understand may deserve attention from ISS.

Recently Gol Linhas Aereas – an airline that is listed on BMF Bovespa’s Level 2 Segment – hosted a Shareholder Meeting to discuss a restructuring which would, in summary, create special economic rights to non-voting shares. Specifically, each PN (non-voting) share would be entitled to 35X the economic value of each ON (voting) share. The compensation to existing shareholders was a stock split for voting shares in the same proportion, in order to maintain the status quo.

The real effect of such restructuring, however, is that should Gol issue new non-voting shares in the future, it may take the share of that part of capital to levels unheard of in the Brazilian market. In short, the structure is tantamount to the creation of a “supervoting” share class. As this is illegal in Brazil, the way the company and their advisors found was to create the “super non-voting share” instead. The net, economic effect is the same: controlling shareholders will be able to control Gol contributing as little as 1.4% of the total capital.

Amec – alongside with peer institutions globally, such as the CII and the ICGN – has a strong position in favor of the one-share, one-vote principle. We have issued a press release¹ on this specific transaction on March 19th 2015. Our members fear that this transaction represents a dangerous precedent that, undeterred, might lead other Brazilian entities to move away from the one-share, one-vote principle.

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¹ <http://www.amecbrasil.org.br/en/the-super-preferred-shares/>

In your report on the respective shareholder meeting, ISS expressed its support to the transaction. In particular, you stated that “the company has provided compelling rationale” for the proposal.

We respectfully disagree with some of the arguments raised by the company, and mentioned in your report. In Amec’s opinion, industry regulations cannot be flagged as reasons to overcome important principles of shareholder protection and capital markets integrity. Also, any improvements in other aspects of corporate governance offered by a firm need to be evaluated in their own merits. If they are good, they should be implemented, not offer as a teaser, in a *quid pro quo*, so that investors turn a blind eye on certain principles.

We understand that ISS has generally opposed proposals to create entrenchment by means of multiple voting schemes. In your European Policy Update, for example, ISS clearly recommends the adoption of “policies to encourage the continuation of one-share, one-vote voting rights at French companies”, either through “the support of management and shareholder proposals prohibiting double-voting rights” and also by recommending a series of ‘no’ votes in companies that fail to make such proposals.

As demonstrated, the structure created in Brazil has the ability to impact voting rights to a dramatically larger degree than the double voting rights mentioned above.

In light of all this, we would like to invite ISS to debate the issue in light of the specific realities of the Brazilian market, and eventually revisit its stance for similar transactions, should they be submitted to shareholders in the future.

We hope to hear from you and to establish a productive dialogue over this issue.

Yours faithfully,



Mauro Rodrigues da Cunha
CEO