



Carta/AMEC/Presi nº 3B/2015

São Paulo, April 29th 2015.

To
Mr. Robert McCormick
Chief Policy Officer
Glass Lewis & Co.
One Sansome Street, Suite 3300
San Francisco, CA 94104

Re: SUPERVOTING SHARES IN THE BRAZILIAN REALITY

Dear Mr. McCormick,

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

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 dated March 10th 2015, Glass Lewis expressed its support to the transaction. We understand, however, that your analysis – as expressed in the report – doesn't seem to have approached the transaction from the perspective that we describe above. In our opinion, this was not a simple stock split, but rather an authorization to create supervoting shares.

We understand that Glass Lewis has generally opposed proposals to create entrenchment by means of multiple voting schemes. In your Proxy Paper Guidelines for France, for example, you state that:

While double voting rights are common in France, Glass Lewis generally favors their elimination because they implicitly create multiple classes of stock, which we believe is detrimental to the equal exercise of shareholder rights. In our view, double voting rights unfairly privilege a small class of shareholders at the expense of others.

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 Glass Lewis 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