



OI S.A.

Corporate Taxpayers' Registry (CNPJ/MF) No. 76.535.764/0001-43
Board of Trade (NIRE) No.33.3.0029520-8

NOTICE TO THE MARKET

Oi S.A. (the "Company") announces to its shareholders and the market in general a ratio change in connection with its Level II, Sponsored Program of Depositary Receipts (DRs) representing the Company's preferred shares.

Currently, each DR represents three preferred shares issued by the Company. Upon the occurrence of the ratio change, each DR will represent only one preferred share, resulting in the three-to-one forward split of each DR and the distribution of two additional DRs to the holder of each DR.

As a result, the depository of the DRs, The Bank of New York Mellon, will issue new DRs and distribute them according to the following timeline:

- (i) The record date for determining the holders of the Company's DRs that will have the right to receive two additional DRs for each DR held, is August 13, 2012;
- (ii) The distribution of the additional DRs will occur on August 14, 2012; and
- (iii) The effective date for the ratio change will be August 15, 2012.

It will not be necessary for holders of DRs on the record date to take any action to receive the additional DRs. The transaction will occur automatically.

The Company confirms that the remaining characteristics of the DR Program for its preferred shares will be unchanged. As a result, the DRs resulting from the split described above will be of the same type and will afford its holders the same rights as those held by DR holders on the record date.

Rio de Janeiro, August 9, 2012.

Alex Waldemar Zornig
Investor Relations Officer