A Companhia informa que disponibilizará a versão traduzida para o português deste documento tão logo seja possível.

MEETING

RIO DE JANEIRO, SEPTEMBER 2017

AGENDA

Oi's Current Situation

LAST YEAR HIGHLIGHTS: AFTER THE BEGINNING OF THE JUDICIAL REORGANIZATION PLAN, THE COMPANY HAS BEEN ABLE TO IMPROVE ITS OPERATIONAL INDICATORS AND EBITDA

Focus on Operational Improvement and Cash Flow Generation	• The cash position presented an increase of R$ 2.3 Bi after Judicial Reorganization Filing (2Q16). • Routine EBITDA totaled R$ 1,601 million in 2Q17, 10.8% increase YoY (margin reached 27.6%).
Increase in infrastructure investments	• Oi expanded its investments to R$ 1.2 billion in 2Q17, 1.1% increase YoY, reinforcing its commitment to business sustainability . • Capex to net revenue ratio also increased, reaching 21.2%.
Operational Efficiency and sustainable cost reduction	• Oi reduces costs by R$ 687 million in 2Q17, totaling a R$ 1.2 billion cost reduction in the first half of 2017. • As a result of the improvement in efficiency, Oi's Opex fell 14.1% YoY and 4.2% QoQ, despite accumulated inflation of 3.0% in the last twelve months.
Continuous improvement in operational and quality indicators	• Oi reached better customer experience, with significant reductions in ANATEL, PROCON and Small Claims Court (JEC – Juizado Especial Cível) complaint indicators, down 28.6%, 21.6% and 58.7% YoY, respectively.
Digital Transformation	• Digital strategy focus on improving customer experience and operational efficiency gains, with e-billing growth of 171% and online sales of 60% (2Q17 vs 2Q16).

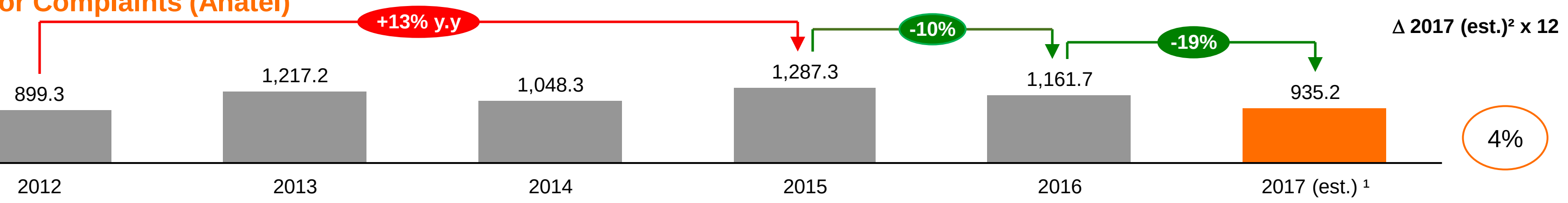
Source: Oi Investors Relation.

Oi's Current Situation

EXECUTION OF THE STRATEGIC PLAN (2015-2018) RESULTS IN IMPORTANT IMPROVEMENTS TO QUALITY OF SERVICES

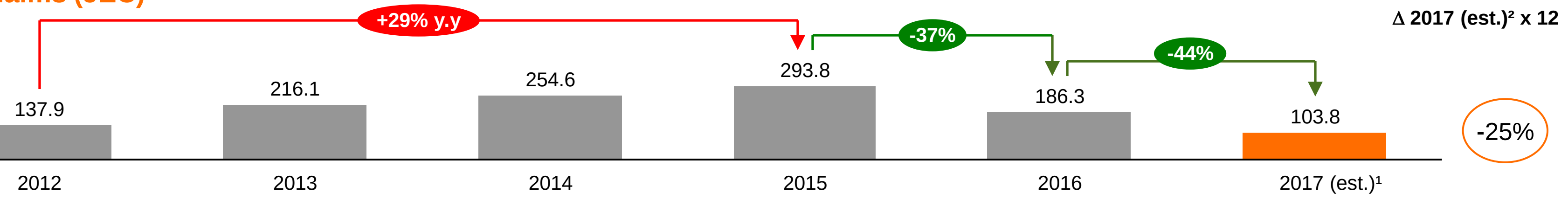
Regulator Complaints (Anatel)

Thousand



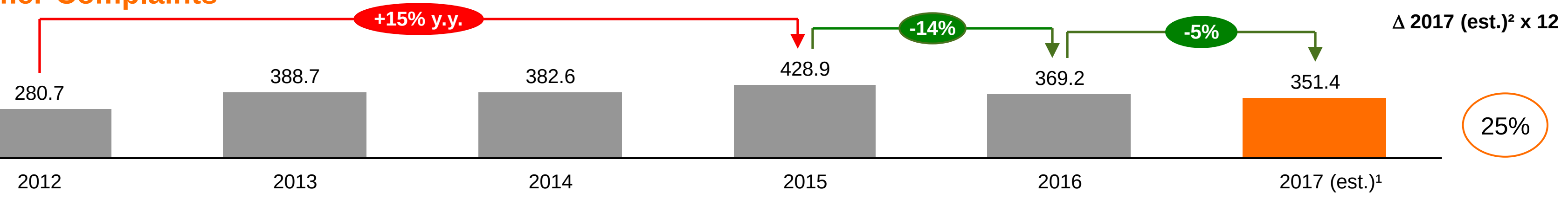
Legal Claims (JEC)

Thousand



Consumer Complaints

Thousand



Notes: (1) Realized until June / 17 and considered the same value for the second semester; (2) Variation from January to June 2017 versus January to June 2016

Source: JEC internal databases and Anatel

Oi's Current Situation

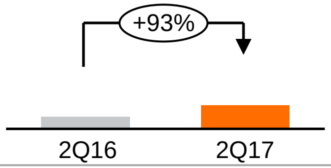
LAST YEAR OPERATIONS AND ENGINEERING INDICATORS SHOW HIGHER OPERATIONAL EFFICIENCY AND GREATER NETWORK CAPACITY

Operations

- Focus on preventive repairs, reduced repair volume and increased productivity positively impacted field operations management and lead to cost reductions
- Network service provider workforce absorption throughout 2016 was fundamental to this process.

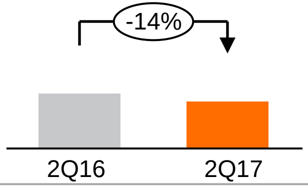
 # Preventives Repairs

Thousand



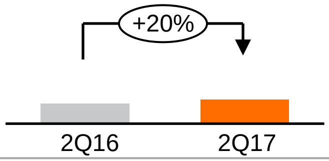
 # Repairs[1]

Thousand



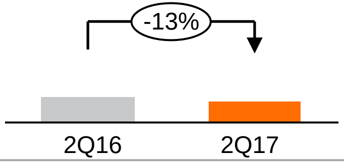
Productivity

Activities/tec/day



Technicians

Thousand

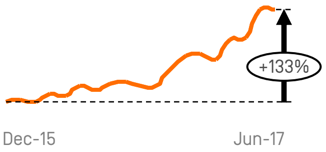


Engineering

- Network investment strategy evolving from core to access, aiming to make the network more robust and modern.
- The increase in capacity of the Company's networks has sustained the rise in data traffic, reducing network congestion

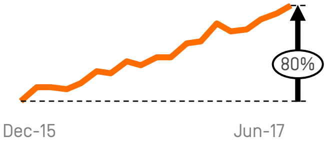
Data Traffic

2G/3G/4G, Tbps



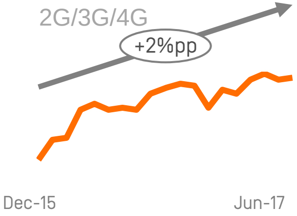
IP Traffic - ADSL

Tbps



Data Access

2G/3G/4G



Note: (1) Repeated and on warranty repairs

Source: Oi

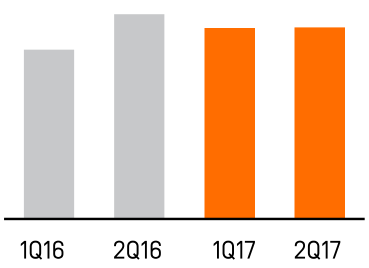
Oi’s Current Situation

CUSTOMER CARE INDICATORS ALSO CONTRIBUTED TO INCREASE OPERATIONAL EFFICIENCY

Customer Relations

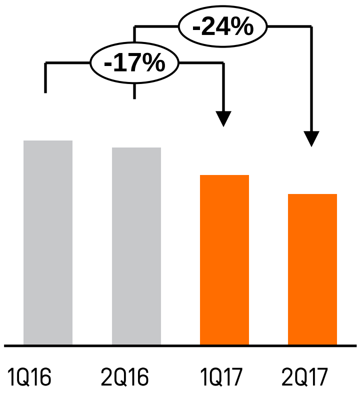
- Competition increase between service providers to intensify costs reduction.
- Improve customer experience, develop self care channels and first call resolution strategy.
- Client Care Program implanted to change Company Culture

Service Level
%



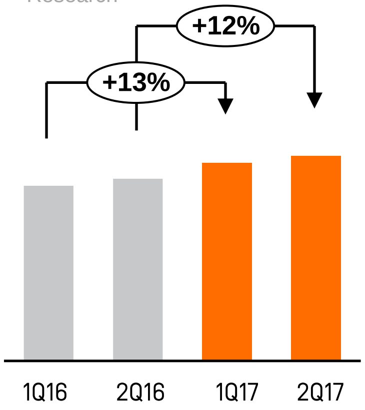
Service level stabilized at 80%

Repeated Calls 24h
%



Oi became Repeated Calls 24h benchmark

Satisfaction Level
Research



New Customer satisfaction level established

Source: Oi Customer Relations Area

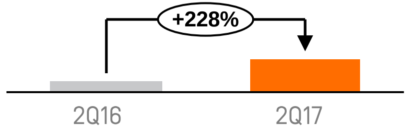
Oi's Current Situation

PORTFOLIO EVOLUTION: LAUNCH OF "OI TOTAL" OFFER (B2C) AND EXPANSION OF FLAT RATE OFFERS (B2B)

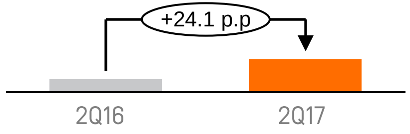
B2C

- Fixed: "Oi Total" national launch, intensifying the bundle strategy, reducing churn and improving profitability
- Personal Mobility: Prepaid revenue negatively impacted by the macro economic scenario, however, last months have shown signs of improvement due to growth of Oi Livre and positive inflection on unemployment

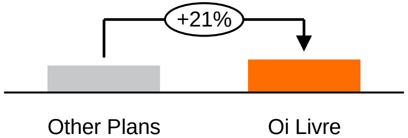
Oi Total Subscribers
Thousand



Broadband Sales ≥ 15 Mbps
% of BB Sales



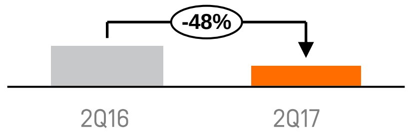
Average recharge – Oi Livre vs Others
R$



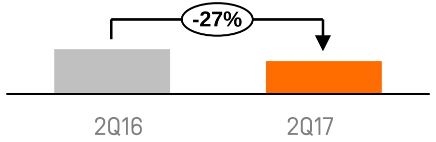
B2B

- Significant quality improvement regarding customer experience and service. 48% decrease in the numbers of billing disputes by large customers and a 27% decrease in the average installation time for landline and broadband for SMEs
- IT / Data: Despite negative impact due to macroeconomic scenario, IT and Data revenue has been growing due to innovative solutions, increasing its share of total B2B Corporate revenue

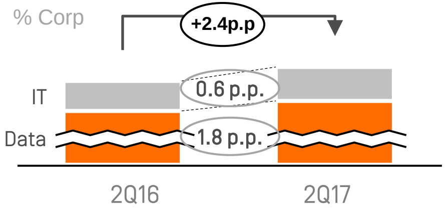
Corporate and Wholesale Disputes
R$ Thousand



Average installation time[1]
Days



Data and IT Revenue Share
% Corp

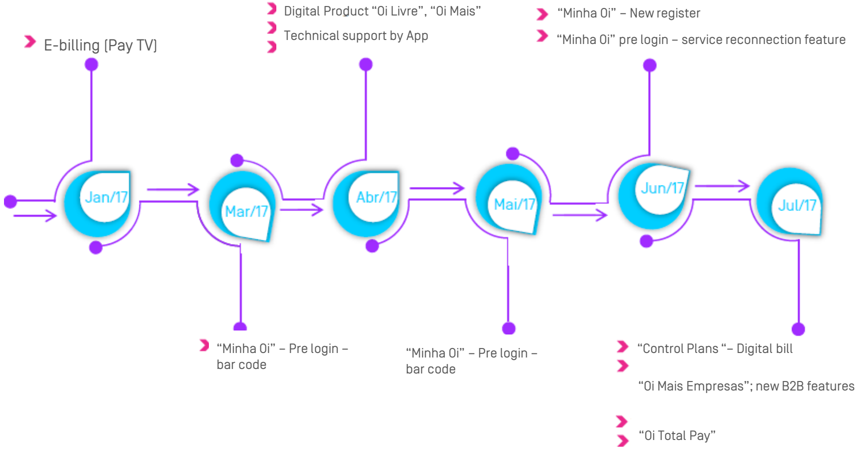


Notes: (1) Landline and Broadband.
Source: Oi

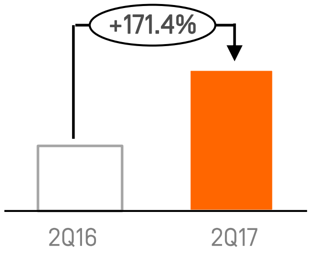
Oi’s Current Situation

OI REMAINS COMPETITIVE THROUGH THE LAUNCH OF NEW OFFERS AND DIGITAL SERVICES

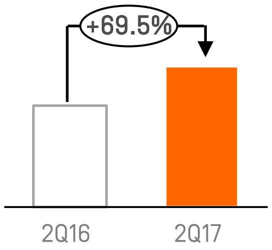
Digital Transformation Program



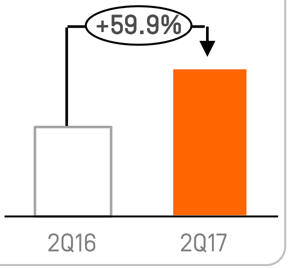
E-billing



E-care



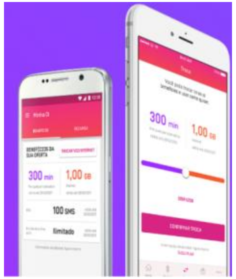
E-commerce



New Oi Play Offer

- Aligned to its Digital transformation program and product convergence strategy, the company launched Oi Play.
- Disruptive product launch, combining fixed broadband services and videos on demand.

New mobile plan with unprecedented functionality in the market

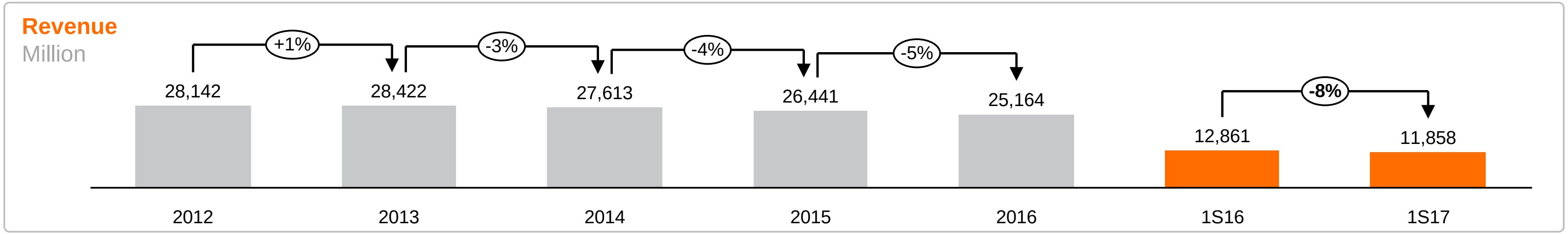


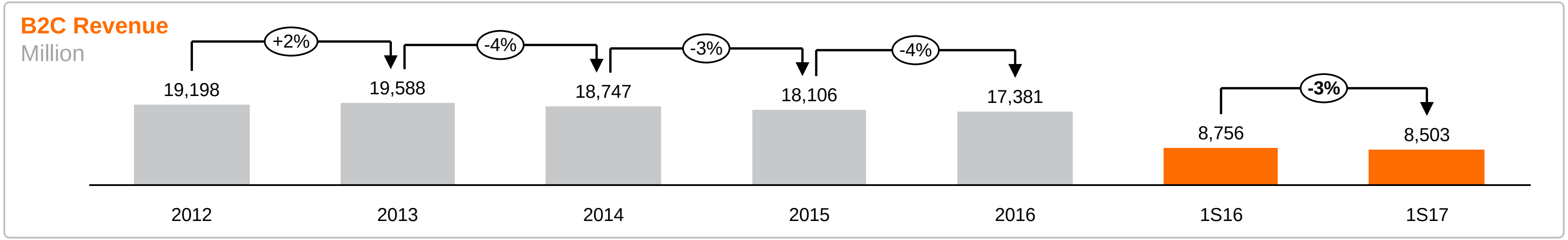
- The customer can choose between voice minutes or data, with no exchange limits or additional costs.
- Change between voice minutes and data can be made directly by the *Minha Oi* app.

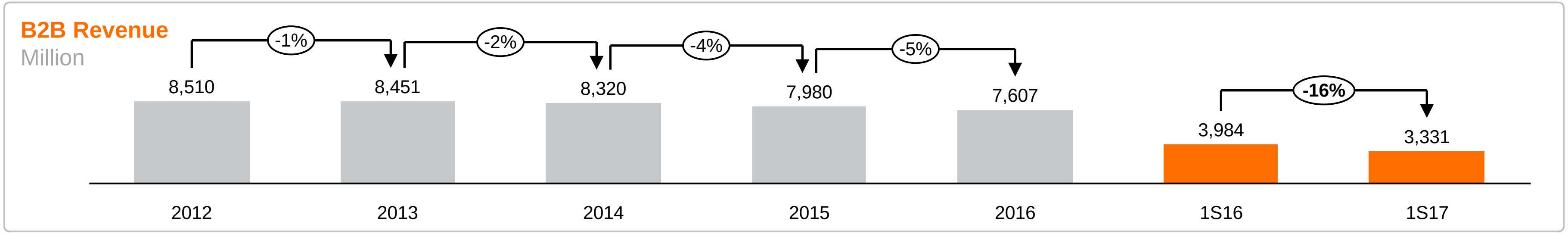
Source: Oi I 2Q17 Press Release

Oi's Current Situation

COMPARED TO 2012, B2B AND B2C REVENUES DECREASED





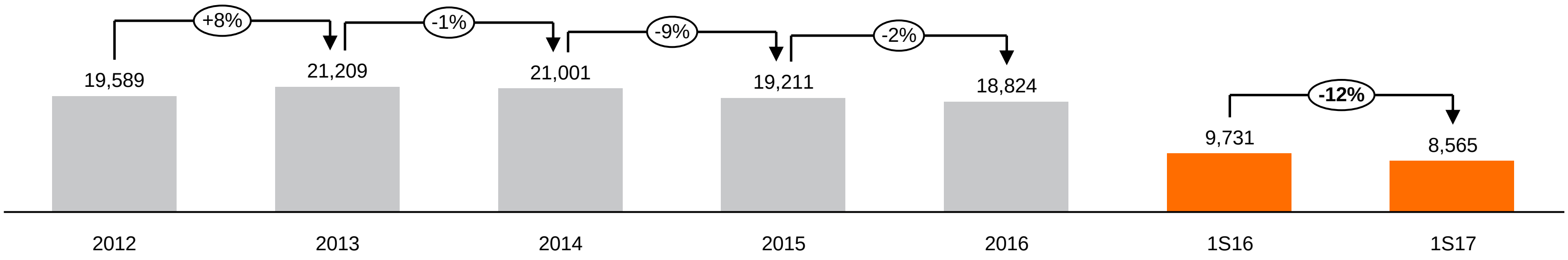


Source: Oi Controller Department

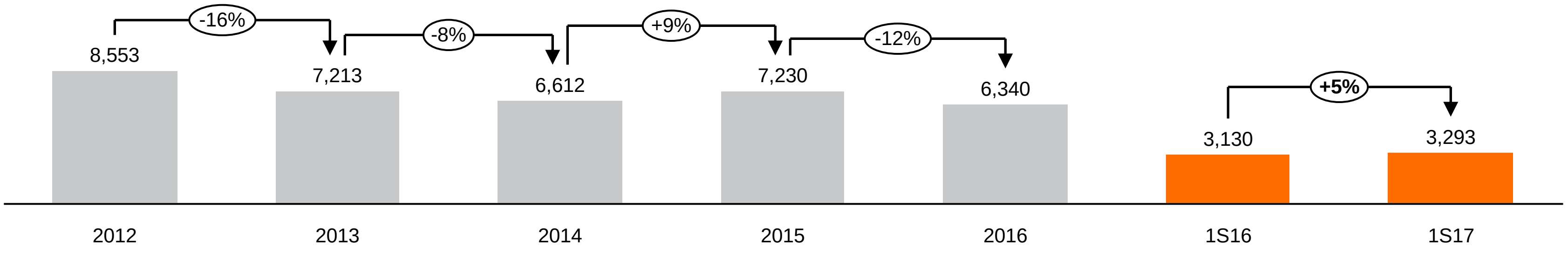
Oi’s Current Situation

OPEX REDUCTION WAS NOT SUFFICIENT TO COMPENSATE THE REVENUE DECREASE, GENERATING A LOSS OF ROUTINE EBITDA

Routine OPEX
Million



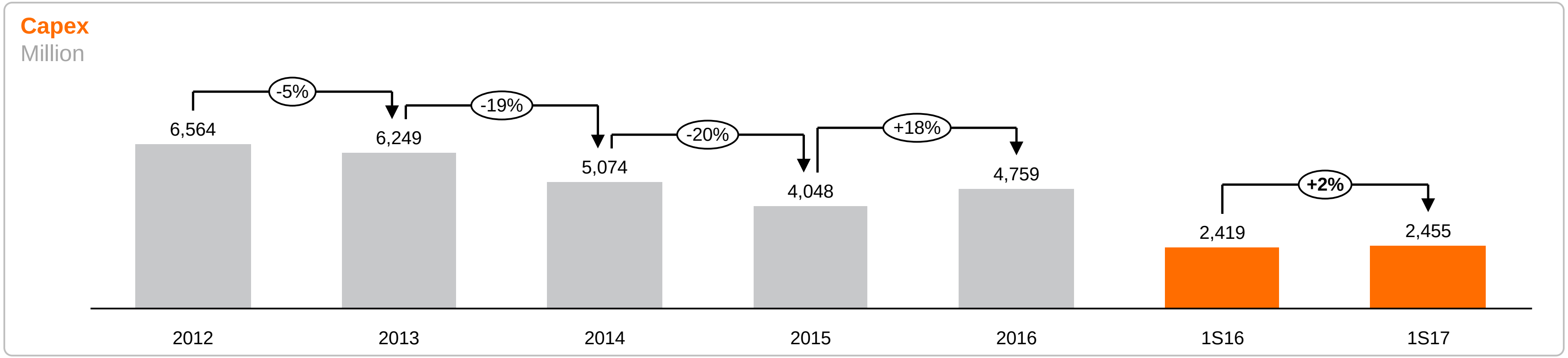
Routine Ebtida
Million

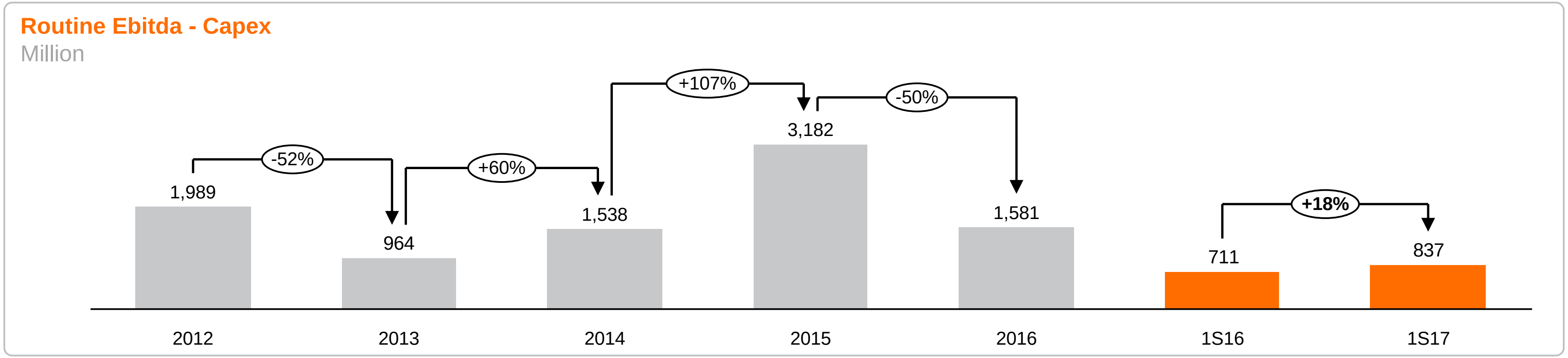


Source: Oi Controller Department

Oi's Current Situation

INVESTMENTS REDUCTION FROM 2012 TO 2015, WITH RECOVERY LAST YEAR



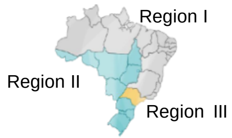


Source: Oi Controller Department

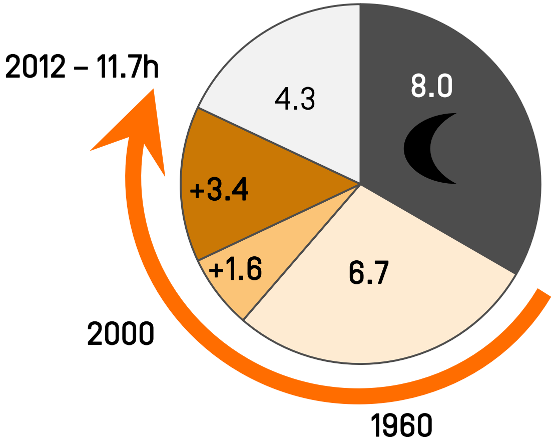
AGENDA

Telecom Industry Trends

BRAZILIAN CONSUMER IS INCREASINGLY CONNECTED AND DIGITAL, DEMANDING MORE AND MORE OF THE TELECOM INDUSTRY



With IoT, the number of connected devices will increase, boosting the B2B market



Connected
73%
of active time

Multiple platforms...

31 million Brazilians already have 3+ screens

Brazilian youth navigate almost 3 hours a day

65% of Brazilian population > 13 years have an account

Brazil is the 3rd country with more searches

São Paulo is the city that uses the most in the world

Largest messages community in Brazil

Highest growth in Brazil

Source: Oi Digital Department

Telecom Industry Trends

BEING CONNECTED BECAME A BASIC NEED

35% Watch videos on cellphone daily

51% Use cellphones while watching TV

15% Navigate on smartphone while crossing the street

31% Use cellphone while on the toilet

38% Would trade sex for a cellphone

60% Check messages in the middle of the night

Calling a Taxi

Shopping

Going to the bank

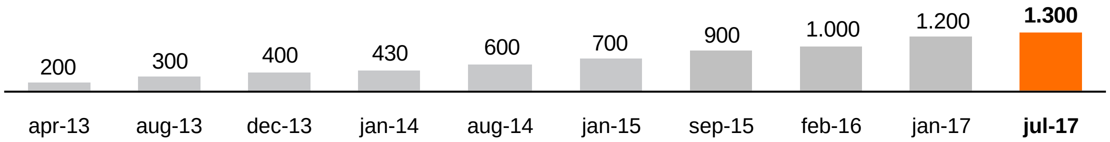
Source: Oi Digital Department

Telecom Industry Trends

WHATSAPP ACTIVE USERS BASE GREW STEADLY – AVERAGE APP USAGE IS 195 MINUTES A WEEK

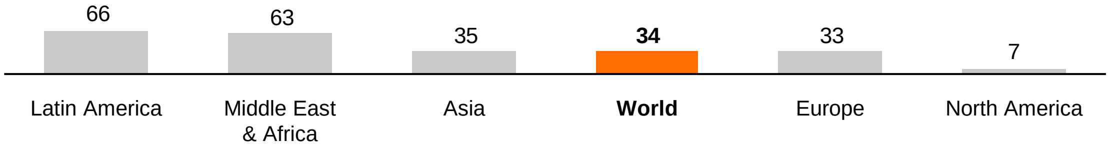
WhatsApp active users evolution – World

Million



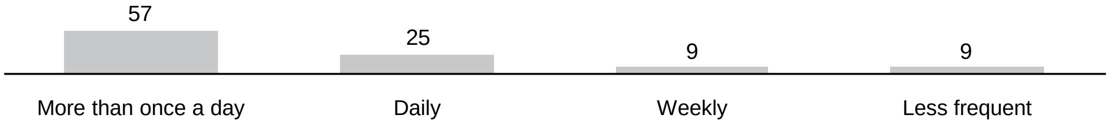
Whatsapp penetration in 2015 4th quarter by region

% of internet users



Active users usage frequency in 2015 4th quarter

%



Comments

- **30 billion WhatsApp messages** were sent and received daily on January 2015;
- More than **700 million photos** are shared **daily** on WhatsApp;
- More than **100 million video messages** are shared **daily**;
- **200 million voice messages** are shared everyday on whatsapp;
- More than **1 million new users** register daily;
- On average, users spend **195 minutes a week** on Whatsapp;
- In April 2015, Forbes announced that **telecom companies** will **lose** R$ 386 billion between 2012-18 to **OTTs** like Whatsapp.

Source: Statista; Business Insider

Telecom Industry Trends

THE GROWTH AND DIVERSITY OF THE OTTS IMPACTED THE DYNAMICS OF THE TELECOM SECTOR, BRINGING NEW CHALLENGES TO OPERATORS

OTTs positioning map

Communication

Content

Commerce

Technology/Productivity

Advertising

OTTs Impact

1. **Voice Revenue deterioration**

2. **Increase of connection speed and average bandwidth consumption by the broadband users**

3. **Consumption experience customization**

   Consumer choses what to watch (more non-linear content) and how to watch (Smart TV, Mobile , Tablet, PC, etc..)

4. **Content Production enlargement**

   Non-linear consumption opens space for content production for very different tastes and profiles, stimulating even greater production of series, films, etc...

5. **End of Commercials ?**

   a) We already have business models without advertisement

   b) Advertisement could be more targeted and more assertive with better audience knowledge

6. **Live sports content will reach TV apps (Netflix, Amazon, Apple TV, etc...)**

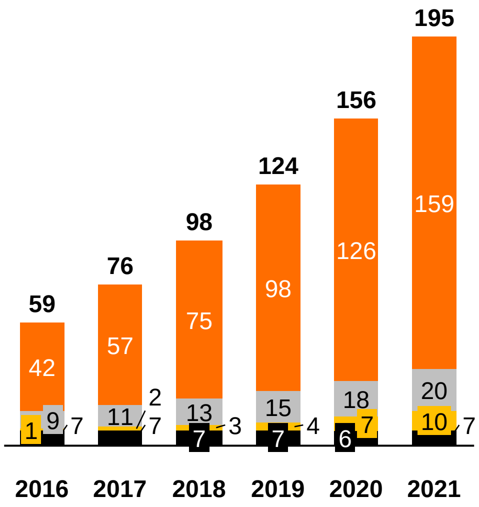
Source: Oi Strategy

Telecom Industry Trends

OTTS ACCELERATE THE VIDEO CONSUMPTION GROWTH, CHALLENGING TELECOM OPERATOR´S MARGIN

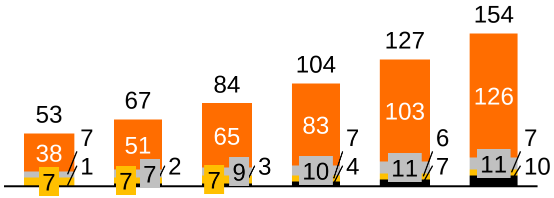
Traffic Evolution by Type

ExaBytes/month (B2C)



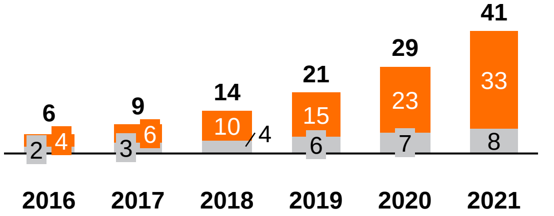
Landline Traffic Evolution by Type

ExaBytes/month (B2C)



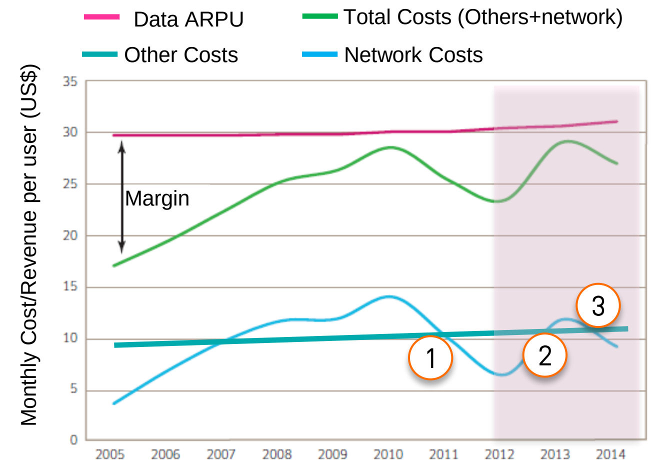
Mobile Traffic Evolution by Type

ExaBytes/month (B2C)



Internet video | Web, email and data | File sharing | Online gaming

Total Profit Trend - Business Data

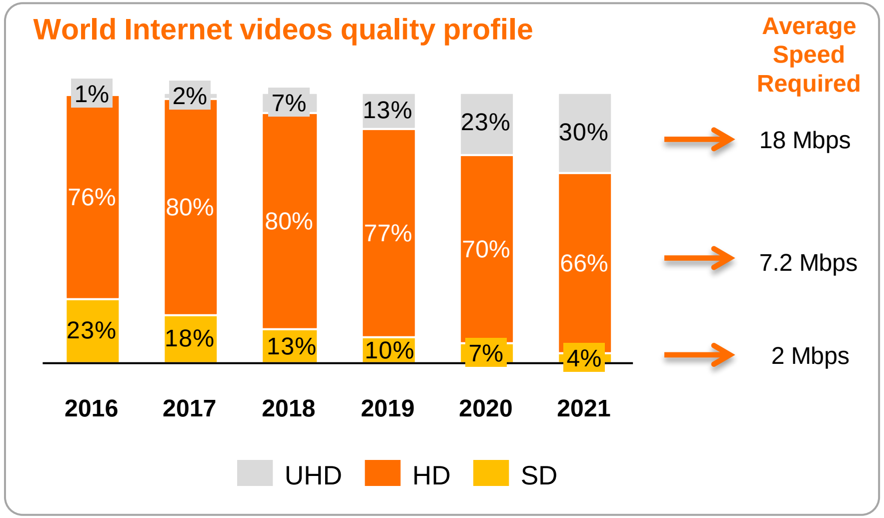


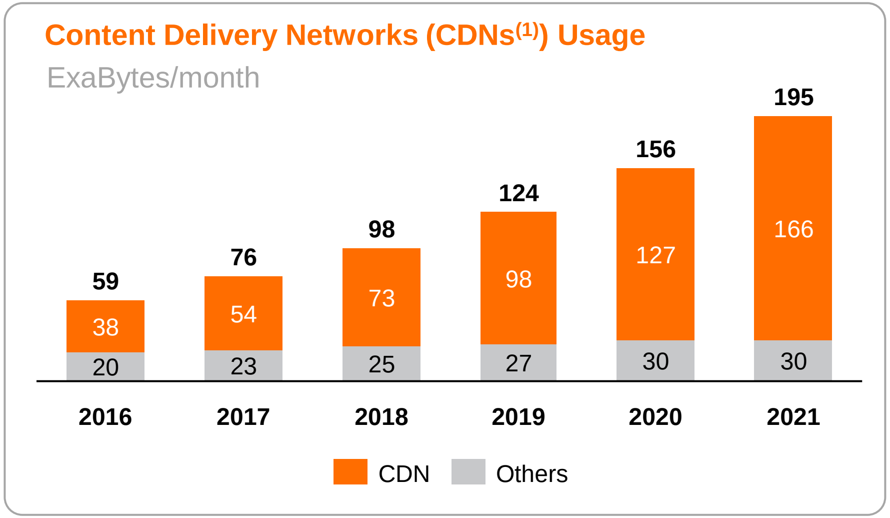
1. In 2011 LTE provided the decrease of the network costs (cheaper megabyte on access)
2. With the traffic growth, the costs rise again in the following years
3. New solutions will be required to maintain the positive margin

Source: Cisco VNI, Alcatel Lucent

Telecom Industry Trends

GROWTH OF THE TRANSMISSION SPEED AND THE NEED FOR AVAILABLE BANDWITH DUE TO THE HIGHER QUALITY OF INTERNET VIDEOS





- In addition to **volume increase**, the **increase of content quality** also impacts on the **network capacity**
- **More and more bandwidth** is required to serve large volumes of data at a high rate/speed
- Network solutions of **CDNs**, in their different topologies, are essential for demand balance and investment capacity in networks, as they **make the traffic cheaper**, faster and more reliable

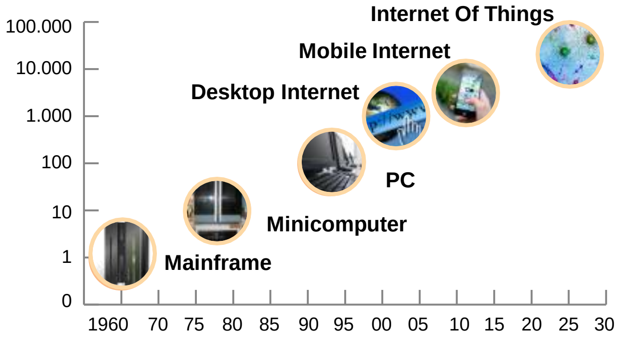
Note: (1) CDNs are solutions that bring the content closer to the user
Source: Cisco VNI

Telecom Industry Trends

TO MEET OTT AND IOT DEVICES DATA DEMAND, TELECOM OPERATORS NEED TO INCREASE DIGITALIZATION, EXPAND NETWORKS AND DEVELOP NEW CAPABILITIES

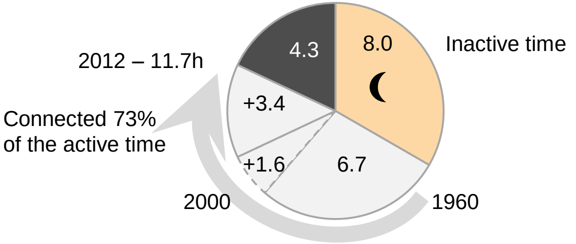
With IoT, the number of connected devices will increase, boosting the B2B market

MM. Logarithmic scale



Consumers are always connected, boosting the B2C market

Hours. 1960-2012

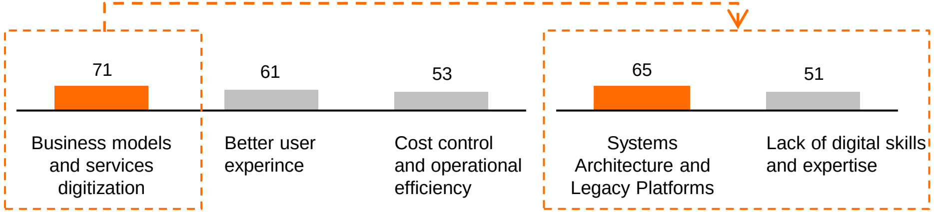


Recommendations

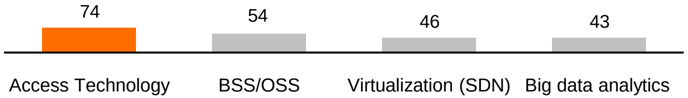
1 Business models digitalization

In interviews with global executives, digitization appears as a priority ...

Architecture, however, is the greatest perceived execution challenge



2 Technology and network evolution



3 Telecoms expected skills in 2020

- **Digital customer experience expertise**
- **Big Data and Analytics**
- **Network virtualization**
- **IoT information security**

Source: Cisco; EY

Telecom Industry Trends

CURRENT TRENDS DEMAND INVESTMENT CAPACITY FROM COMPANIES DUE TO EXPONENTIAL GROWTH OF DATA DEMAND, NEW TECHNOLOGIES AND OTTS

Structural trends

- Data Demand grows exponentially
- **Erosion of prices** and **impossibility of monetizing new services** remain a threat (OTT threat)
- Devices expansion and Data/Information explosion
- **Strong investment** need – cash flow pressure
- **Regulation** is a **key element** in the creation / destruction of value in TMT

Next generation network

- **Technological Progress in video compression and management, automation, and regulatory changes toward network sharing** will force telecoms to invest in 5G, network virtualization, and adjacent networks

Player's Conduct

- Revenue grows slower than costs – **Significant EBITDA pressure**
- **Reinforcement** on the **"Digital"** component – Customer is digital, but operators are not

End-to-end digitalization (e2e)

- **Efficiency gains** can be increased through digitization (eg, sales channels digitalization can reduce costs by 15%)
- Increased customer satisfaction and leaner operations through **digital customer service**

Sector's Performance

- **Telecom sector loses value** compared to the rest of the market
- **Lower telecoms weight in GDP**
- **Less projects with NPV>0**, reflecting the cash-out strategy

Analytics Customization

- **Machine Learning** optimizes **customer segmentation and understanding**, maximizing ARPU (e.g. better CRM and cross-sell) and reducing churn

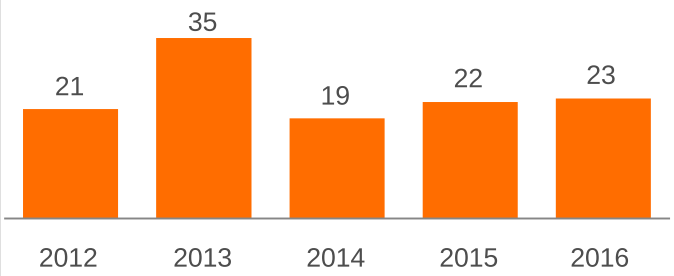
Source: Mckinsey, Oi Strategy

TELECOM SECTOR IN BRAZIL PRESENTS CHALLENGES/OPPORTUNITIES COMPARED TO OTHER COUNTRIES

Investments recently increased in Brazil, contributing to margin loss…

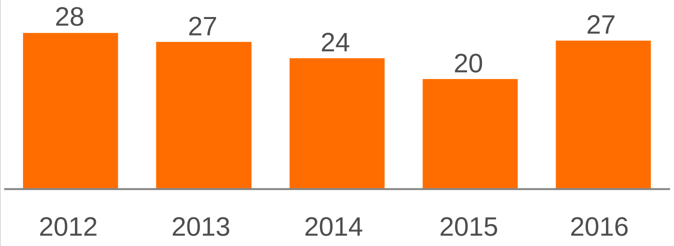
Brazil's Telecom: CAPEX/Revenue

%



Brazil's EBITDA margin

%



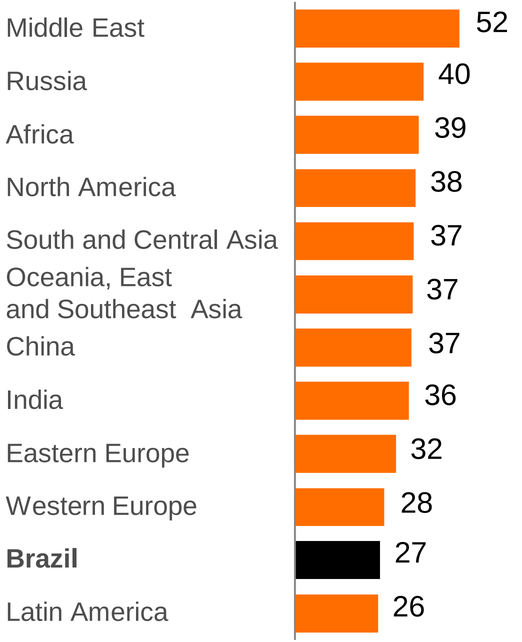
… imposing an additional challenge to Brazil in comparison to international references

Telecom: CAPEX/Revenue, 2016

%

EBITDA margin, 2016

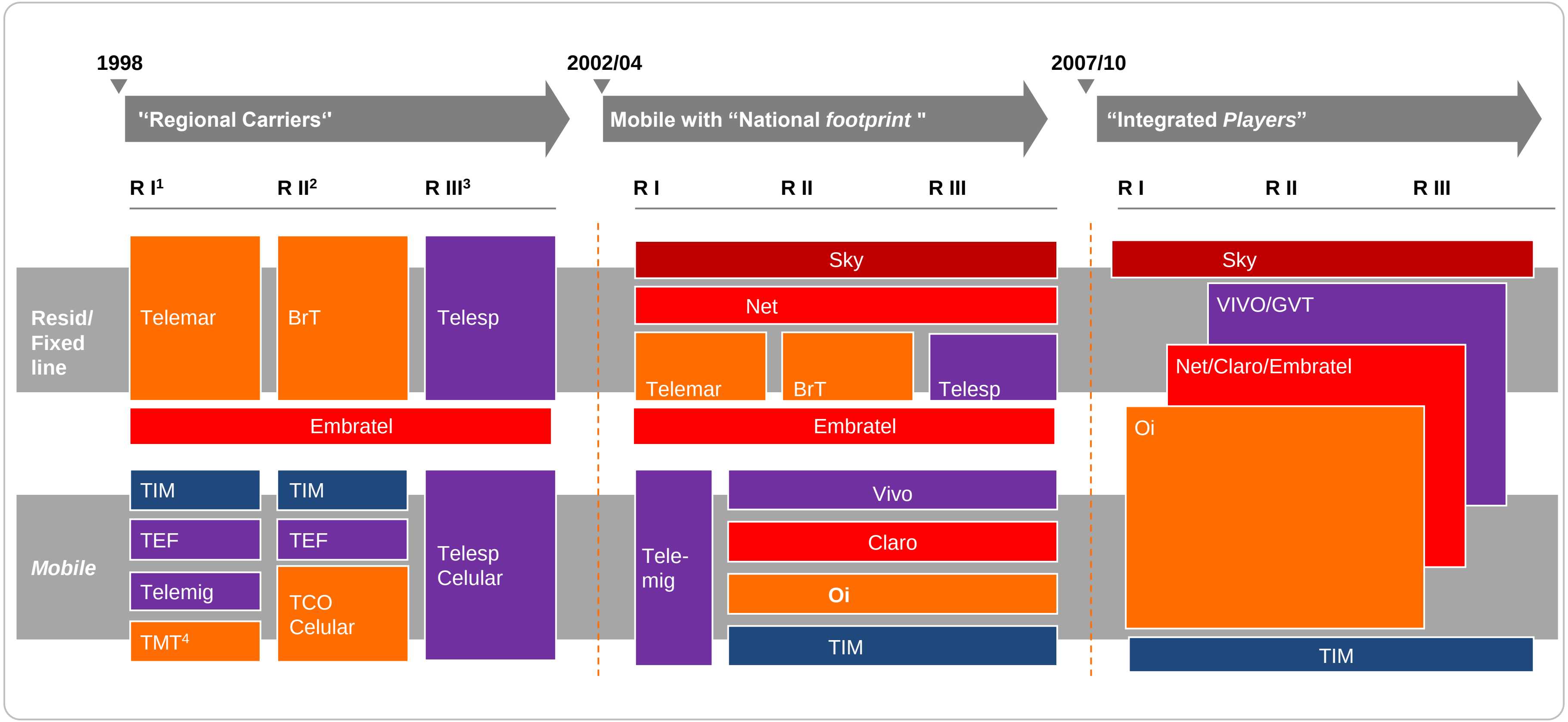
%



Source: Ovum; Telebrasil; Bloomberg, Press Search

Telecom Industry Trends

BRAZIL UNDERWENT A DEEP TRANSFORMATION WITH FIXED-MOBILE CONSOLIDATION AND THE DEVELOPMENT OF NATIONAL FOOTPRINTS



Notes: (1) R1=North/Northeast/Southeast; (2) R2=Centralwest/South; (3) R3=São Paulo; (4) Tele Nordeste Celular.
Source: Anatel; Compnies Websites

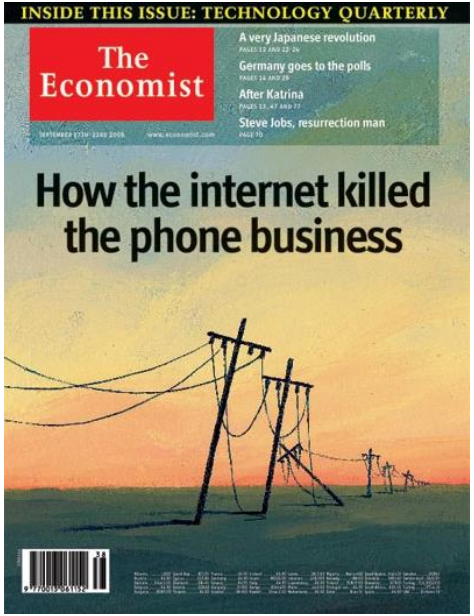
AGENDA

Pay TV Market

CONTRARY TO FORECASTS, THE FIXED LINE MARKET REMAINED RESILIENT, REACHING ITS PEAK ONLY IN 2014. DEFENSE OF CUSTOMER BASE RESULTED IN THE ARPU FALL.

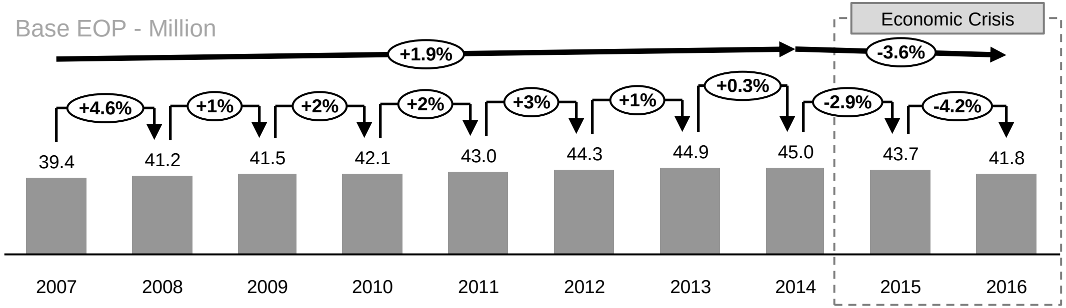
More pessimistic forecasts have not materialized...

Projections such as the September 2005 issue of the well-known The Economist magazine did not materialize, as Fixed Line remained resilient for several years.



... and the Brazilian fixed line market reached the peak only in 2014 ...

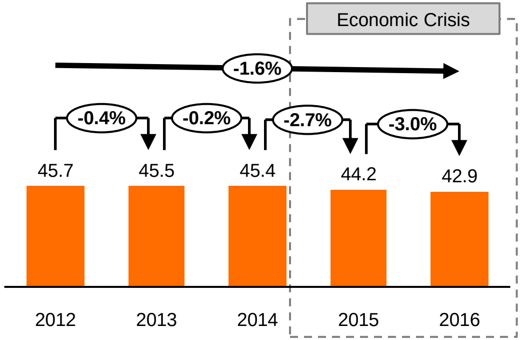
Base EOP - Million



... although the fall in ARPU has been happening for some time.

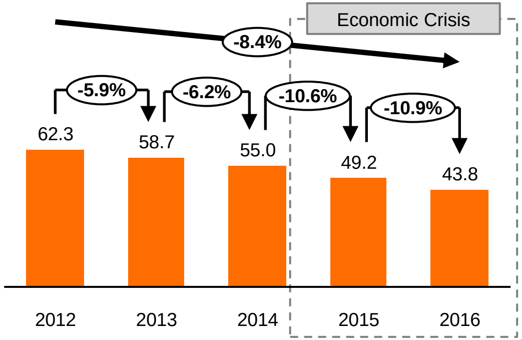
ARPU Oi – Nominal Terms

R$/month



ARPU Oi – Real Terms

R$/month (base dec 2016)



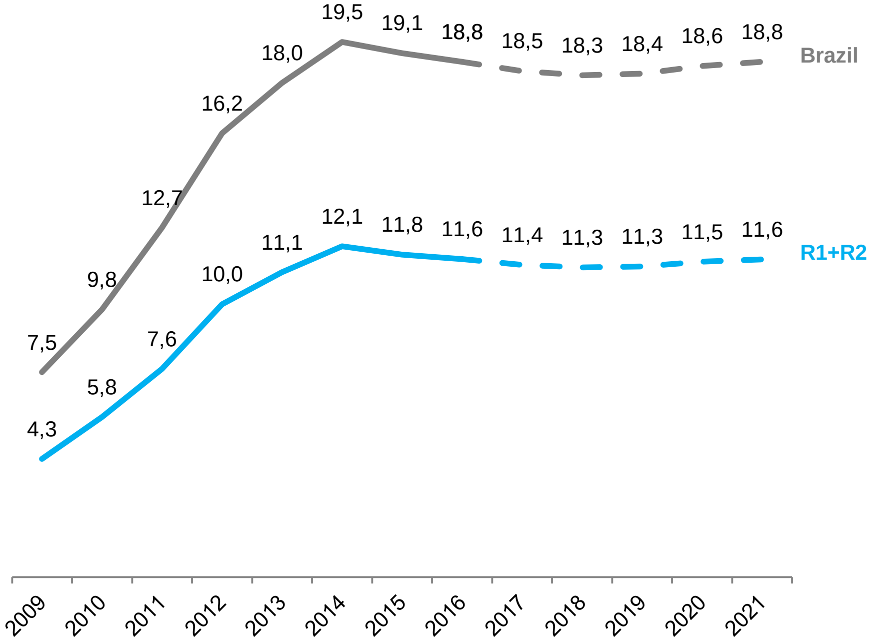
Source: Anatel; Oi Strategy and Controller Department

Pay TV Market

DESPITE THE COMPETITION OF OTTS, POSITIVE FACTORS AND VALUE CHAIN PLAYERS REACTIONS SHOULD PREVENT AN ACCELERATED CUSTOMER BASE FALL

Pay TV Market Projections and Oi Customer Base

Base EOP - Million



+

Positive Influence

Pay TV resilience vs. OTTs in the USA:
The largest retraction observed was 1.7% (2015) and the highest reduction is 2.4% (2017), stabilizing below 1% from 2018 on

- **Bundles changes and simplifications (Skinny-bundles):** Focus on options not available on OTTs (sports, news, shows, and other live contents)
- **Recovery from the economic crisis :** ∆GDP of +0,39% in 2017(E), vs. -3,8% (2015) and -3,6% (2016)
- **Low Pay TV penetration in Brazilian households:** 31% in Brazil vs. 81% in North América and 61% in Europe
- **High household growth vs. developed markets:** Projected CAGR of 1.94% for Brazil vs. 0.79% for USA until 2021
- **TV Globo Market Power** Financially vested in Pay-TV content production

Negative Influence

- **The rise and growth of OTTs services (Netflix, Hulu, Amazon Prime, etc.), influenced by:**
  - Non-linear content demand;
  - Expansion and increase of the broadband average speed;
  - Smart TVs Popularization;
  - Live content offers.

-

Source: McKinsey; Oi Strategy and Oi Controller Department.

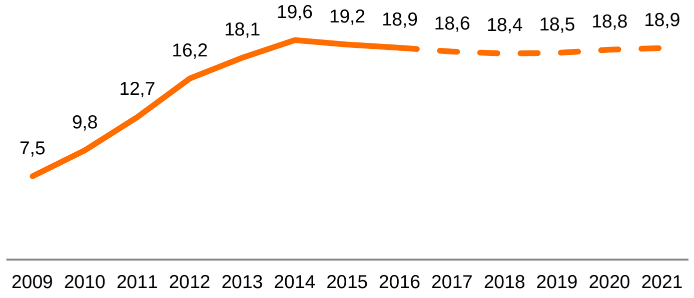
Pay TV Market

STABILITY OF CUSTOMER BASE IS ONLY ACHIEVED THROUGH ARPU REDUCTION, RESULTING IN DECREASED SECTOR REVENUE

Base Scenario – Revenue Erosion

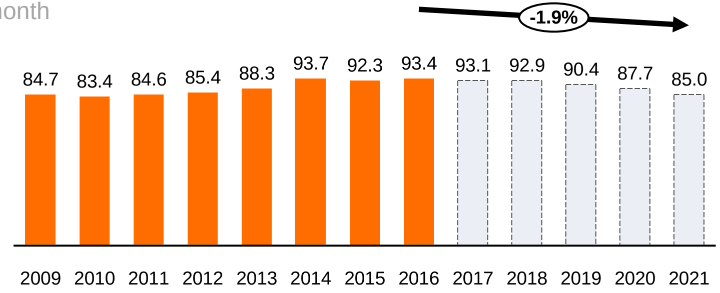
Pay TV Market

Base EOP - Million



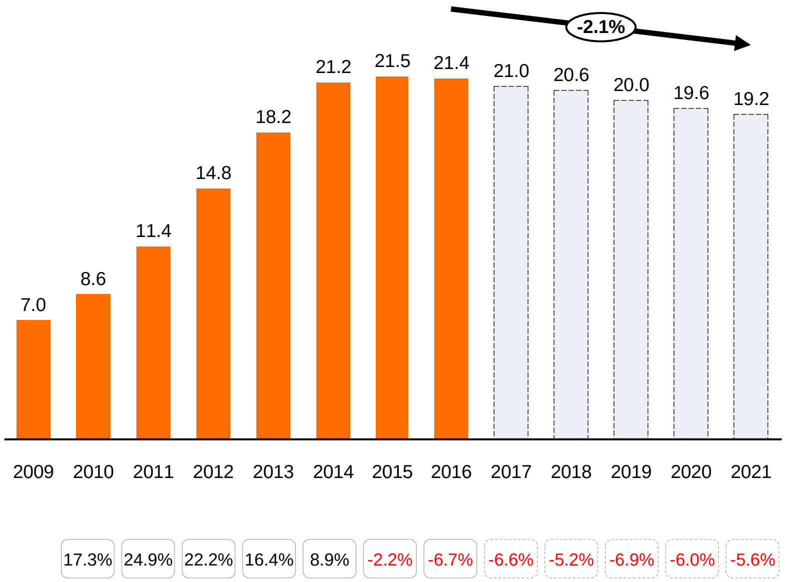
ARPU – Nominal[1]

R$/month



Market Revenue – Nominal[1]

R$ Billion/year



% Real Variation of Revenue YoY

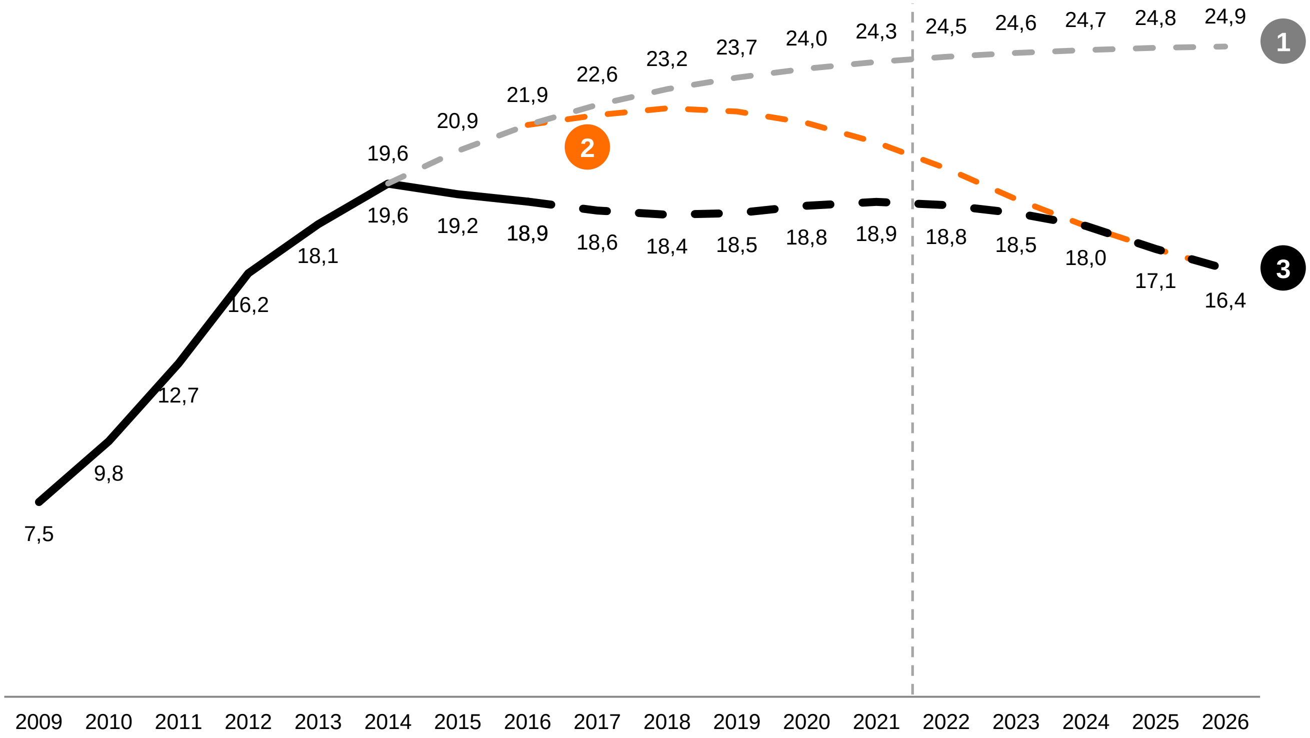
Note: 1 – Pay TV Operators revenue | Source: Teleco Site; McKinsey; Oi Strategy; Brazilian Central Bank.

Pay TV Market

ISOLATING THE EFFECTS OF ECONOMIC CRISIS AND OTTS, THE MOVEMENTS OBSERVED IN FIXED LINE AND BY THE US TV MARKET, SUPPORT THE EXTRAPOLATION OF THE PROJECTION

Pay TV Market Forecast

Base EOP - Million



1. Disregarding the effect of the economic crisis and the competition of OTTs, the market follows the expansion trend demonstrated before 2014 until its maturity.

2. The change in consumption patterns are estimated using the impacts observed on US Pay TV and Brazil's Fixed Income.

3. The initial forecast (until 2021) and the curve 2 converge, generating a resulting scenario that takes into account the various factors.

Source: McKinsey; Anatel; Oi Strategy.

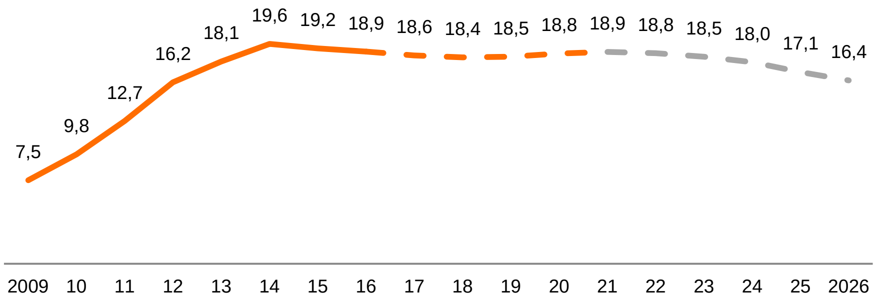
Pay TV Market

FROM 2022 ON, TOTAL MARKET REVENUE DECLINES MORE RAPIDLY DUE TO COMBINATION OF COSTUMER BASE FALL AND ARPU EROSION

Base Scenario – Revenue Erosion

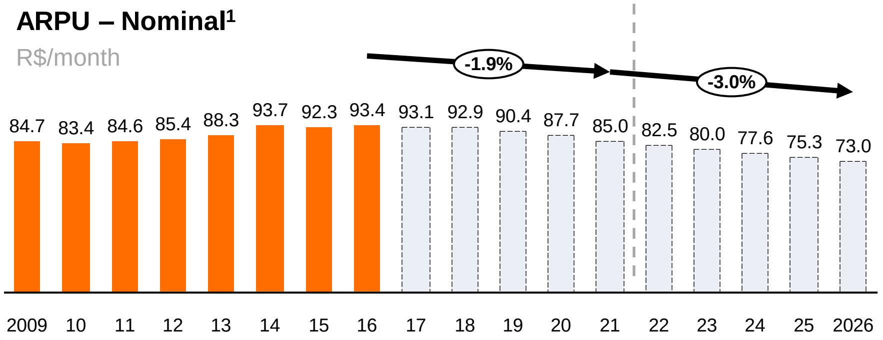
Pay TV Market

Base EOP - Million



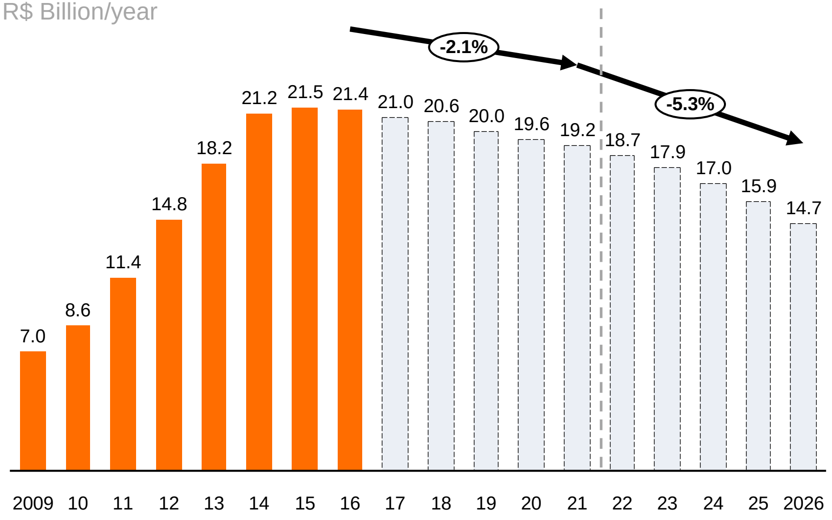
ARPU – Nominal[1]

R$/month



Market Revenue – Nominal[1]

R$ Billion/year



17.3%	24.9%	22.2%	16.4%	8.9%	-2.2%	-6.7%	-6.6%	-5.2%	-6.9%	-6.0%	-5.6%	-6.7%	-7.8%	-8.7%	-10.2%	-11.1%

% Real Variation of Revenue YoY

Note: (1) Subscription revenue of Pay Tv operators disclosed by Teleco site.
Source: Teleco Site; McKinsey; Oi Strategy Department; Brazilian Central Bank.

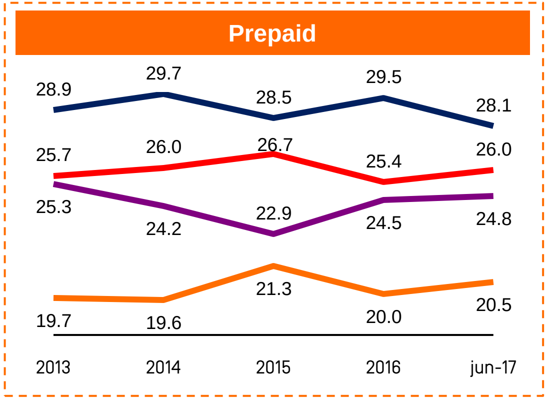
AGENDA

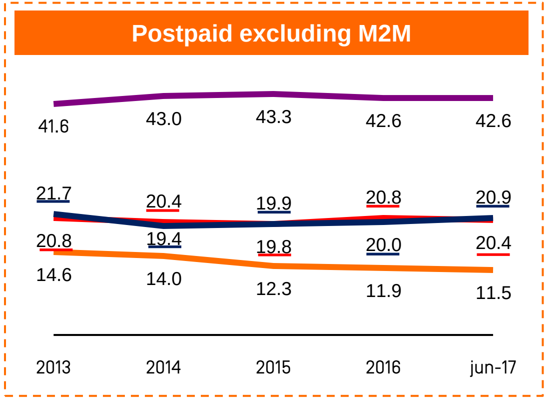
Brazilian Competitive Environment - Mobile

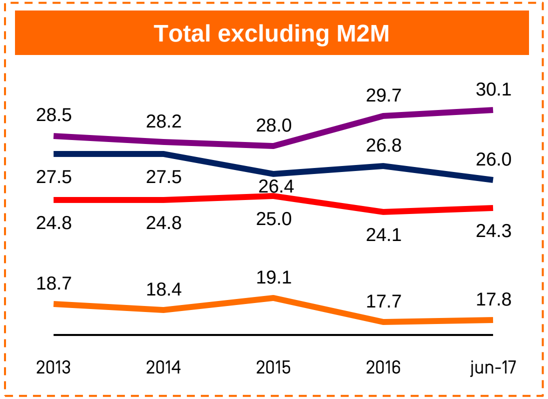
OI LOST MARKET SHARE MAINLY IN POSTPAID

Market Share (1)
%

VIVO
CLARO
TIM
OI

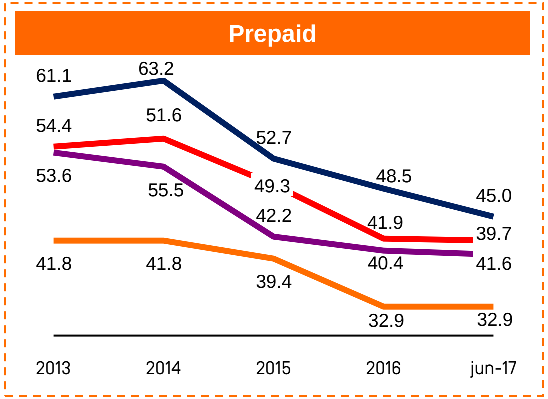


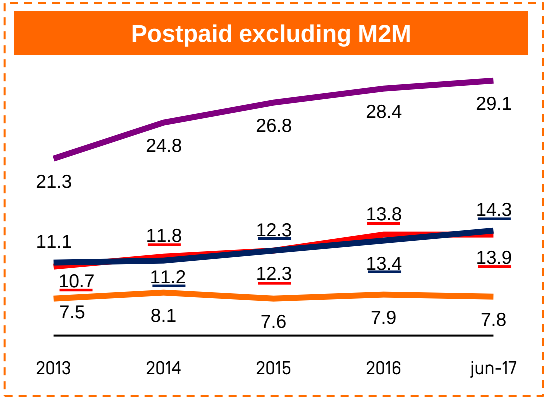


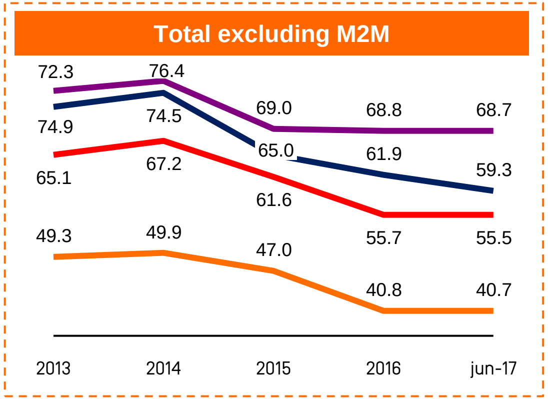


Base
Million

VIVO
CLARO
TIM
OI





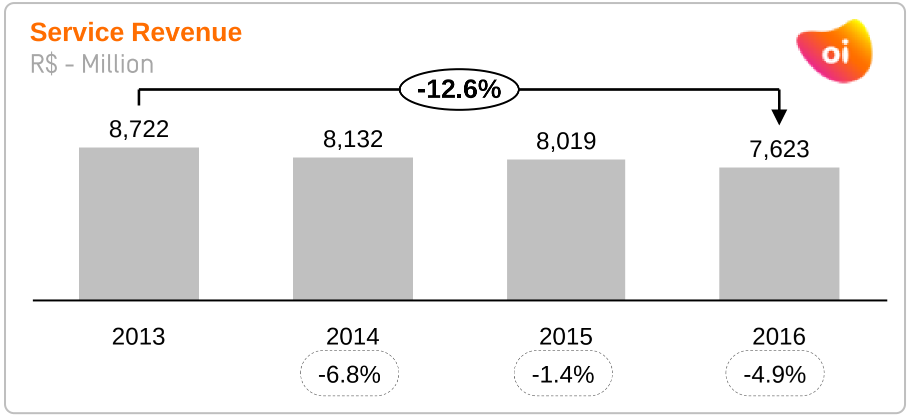


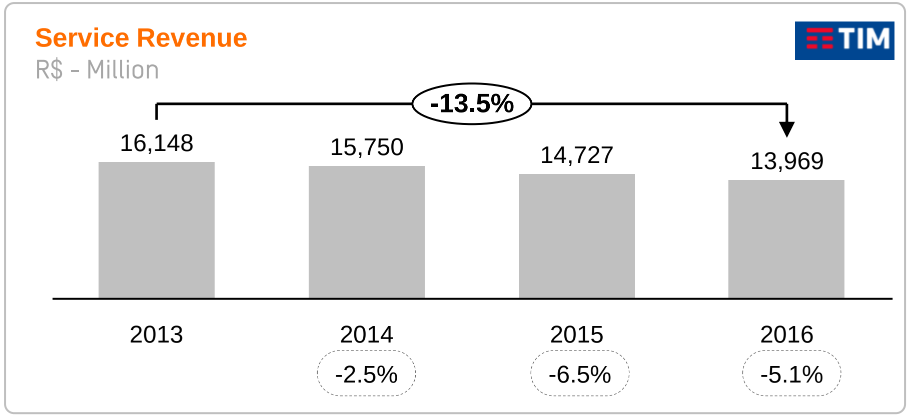
Note: (1) MS considers other competitiors: Nextel, CTBC, Porto Seguro, Sercomtel, Datora and Terapar.
Source: Anatel

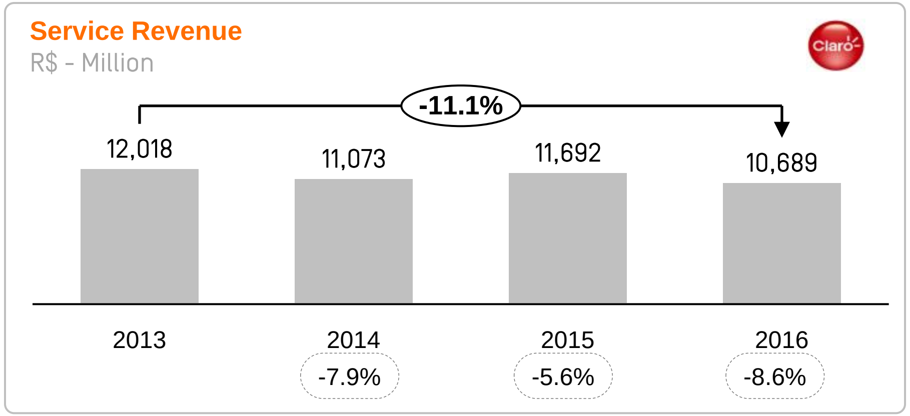
Brazilian Competitive Environment - Mobile

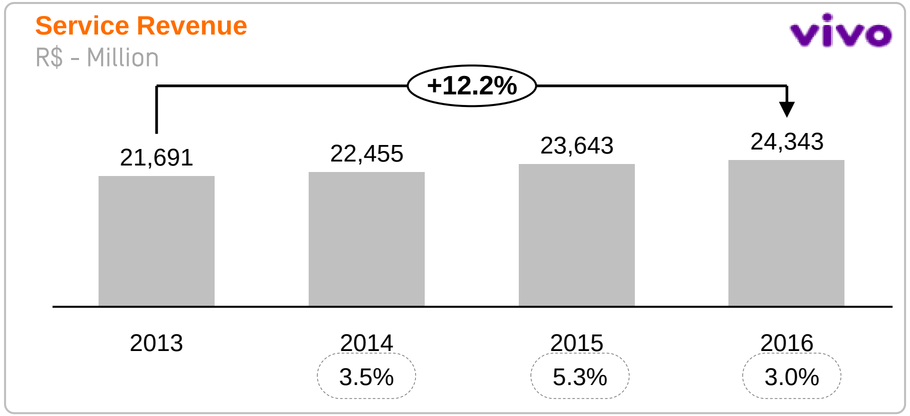
OI MOBILE SERVICES REVENUE TOTALED R$ 7.6 BILLION IN 2016, A REDUCTION OF 12.6% VS 2013

% y/y









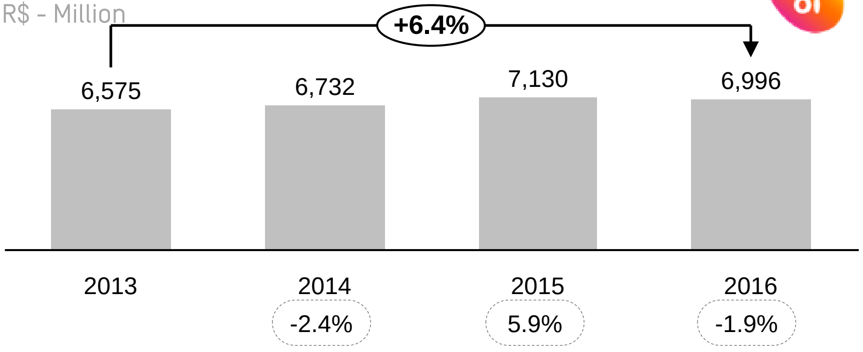
Source: Oi Controller Department and Companies Press Releases

Brazilian Competitive Environment - Mobile

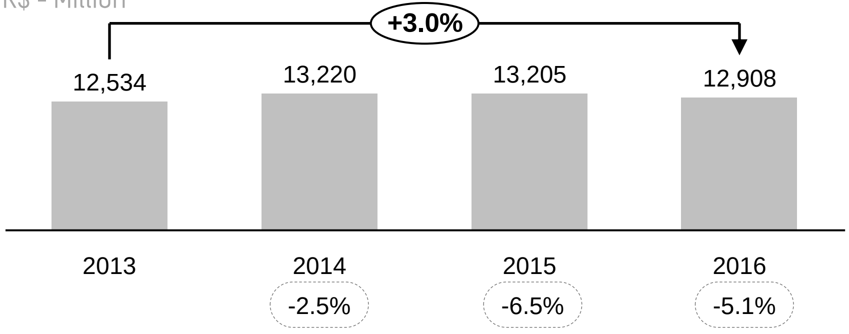
EXCLUDING INTERCONNECTION REVENUE, OI MOBILE REVENUES INCREASED 6.4% SINCE 2012, SECOND ONLY TO VIVO

% y/y

Net Customer Revenue (1)
R$ - Million



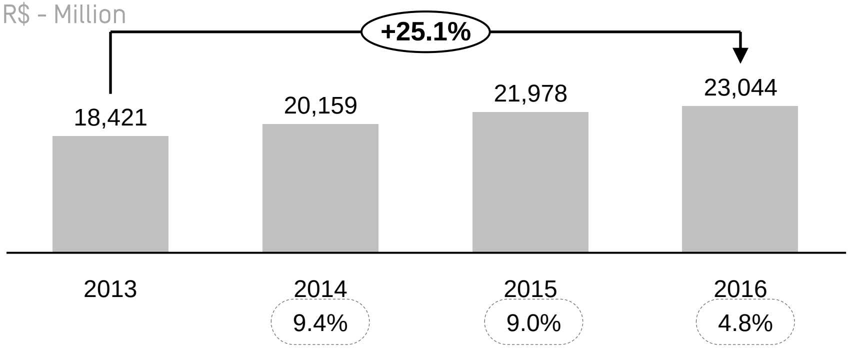
Net Customer Revenue (1)
R$ - Million



Net Customer Revenue (1)
R$ - Million

Unreported Information

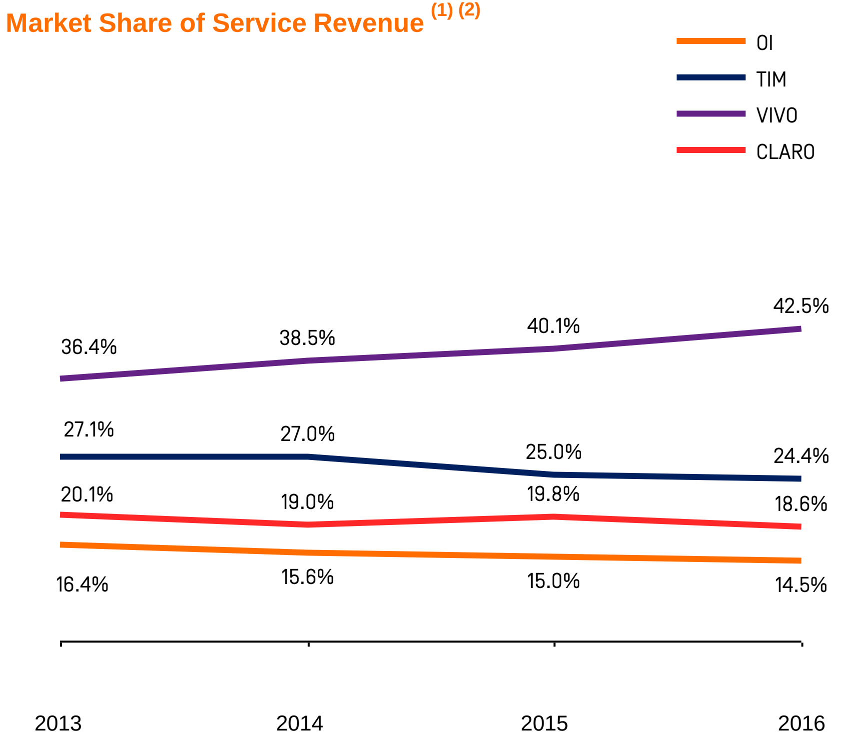
Net Customer Revenue (1)
R$ - Million

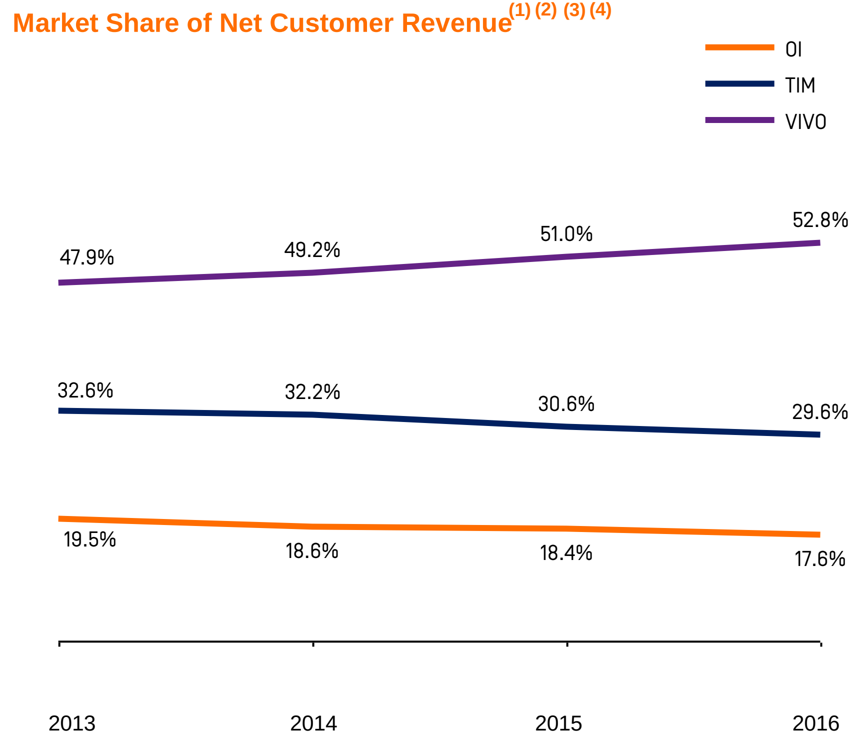


Notes: (1) Excludes handset and network usage revenues. Source: Oi Controller Department and Companies Press Releases

Brazilian Competitive Environment - Mobile

OI HAS THE LOWEST REVENUE SHARE AMONG MOBILE OPERATORS



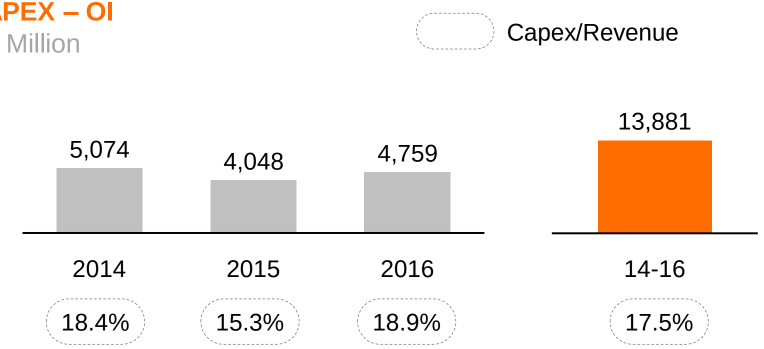


Notes: (1) Revenue in the new Press view, adopted since 4Q16; (2) Includes B2B; MS totaled 100%; (3) Service Revenue excluding handset and network usage revenue; (4) Claro does not disclose this information.
Source: Oi Controller Department and Companies Press Releases

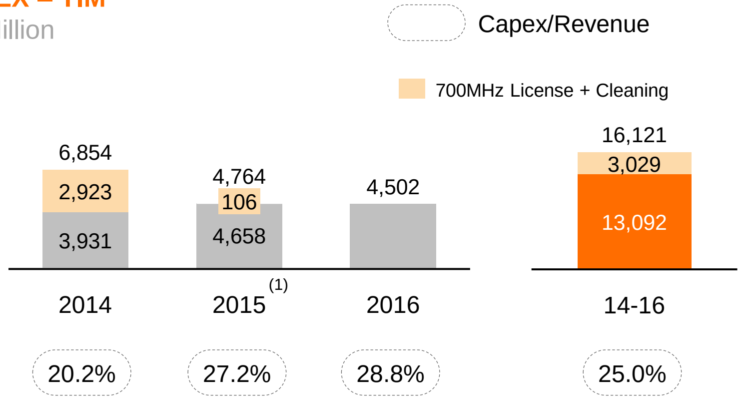
Brazilian Competitive Environment - Mobile

OI MOBILE INVESTMENTS ARE SMALLER THAN THE COMPETITOR WITH ONLY MOBILE PRODUCTS

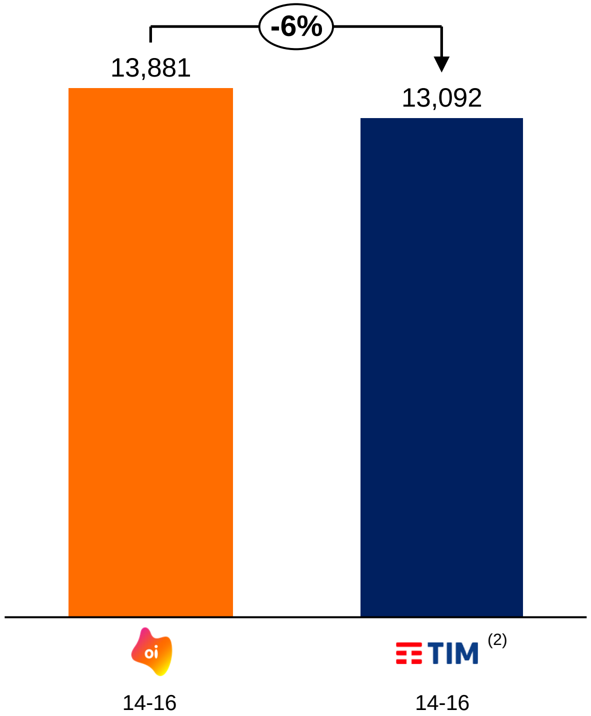
CAPEX – OI
R$ Million



CAPEX – TIM
R$ Million



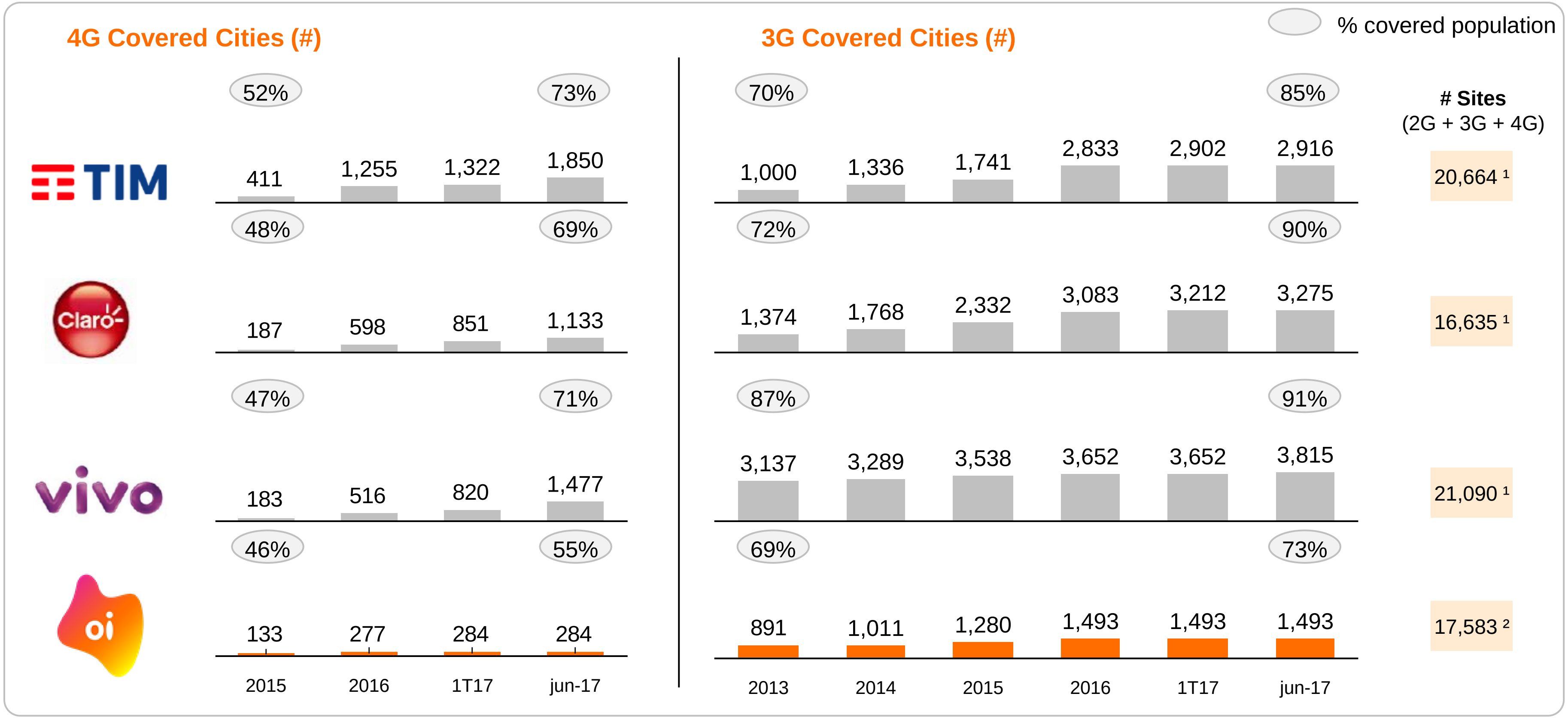
CAPEX – Comparative (3)
R$ Million



Notes: (1) R$ 106 MM referring to the monetary correction of the 700MHz cleaning and the debt of Anatel 4G auction; (2) Disconsiders capex of license for TIM; (3) Includes transmission investments and core for fixed line and mobile. | Source: Oi Controller Department and Press Releases

Brazilian Competitive Environment - Mobile

CAPEX RESTRICTION LEADS TO OI'S 3G AND 4G COVERAGE GAP AGAINST COMPETITORS, WHICH SUSTAIN THEIR 4G GROWTH WITH 1800 MHZ REFARMING



Notes: (1) May 2017 data from Teleco's website; (2) May 2017 data from Oi Engineering (2G = 13.804; only 3G or 3G / 4G = 403; only 4G = 11; Ran Sharing 4G TIM and Vivo = 3,678. Total = 17,896, of which 313 are in deployment) | Source: Oi Market Intelligence; Teleco / Oi Demand Planning

AGENDA

A – Oi's Current Situation

B – Market Context

1 – Telecom Industry Trends

1.A – Global Overview

1.B – Pay TV Market

2 – Brazilian Competitive Environment

2.A – Mobile

2.B – Fixed

C – Build up of the capital allocation strategy

D – Detailed Analysis

1 – Mobile

2 – Fixed

3 – IT

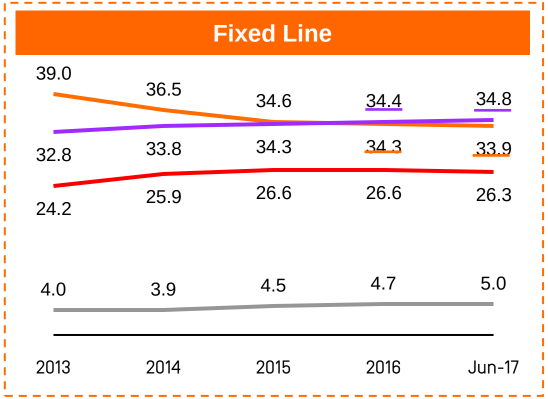
E – Consolidated Expected Results

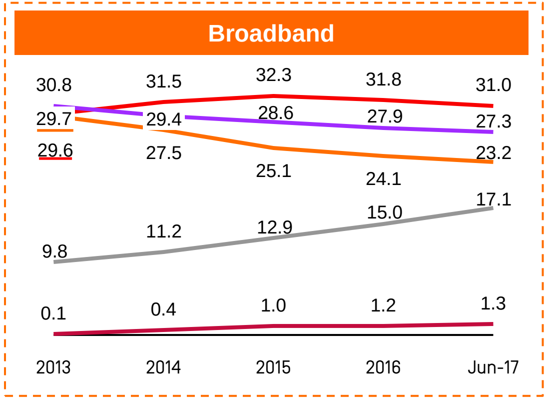
Brazilian Competitive Environment - Fixed

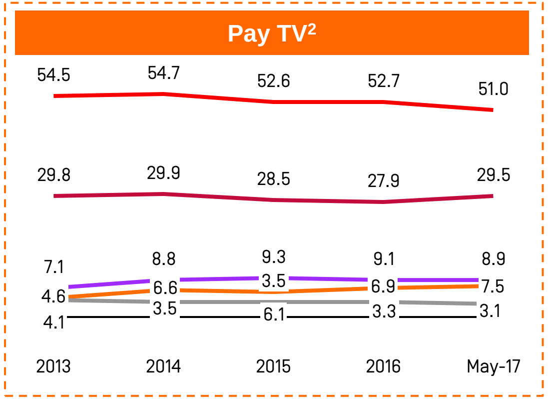
OI LOSES BROADBAND MARKET SHARE AND GAINS TV MARKET SHARE (TOTAL BRAZIL[1])

Market Share
%

- OI
- CLARO
- VIVO
- SKY
- OTHER

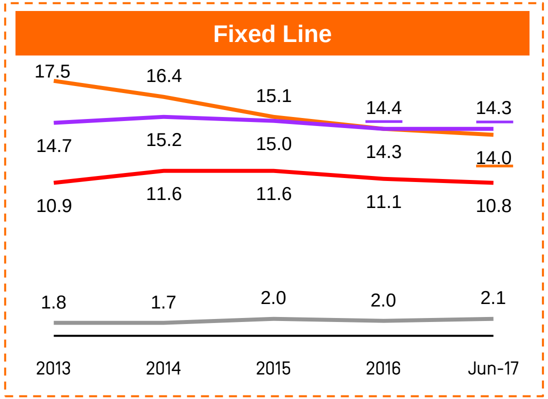


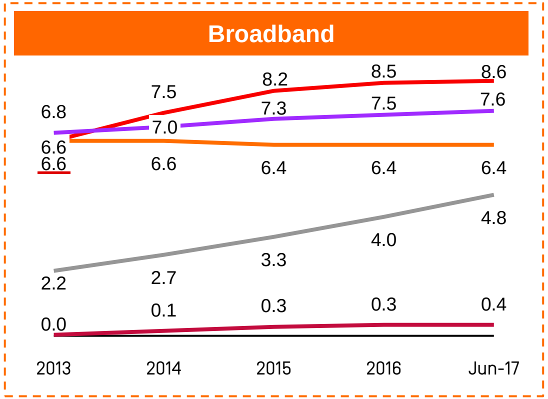


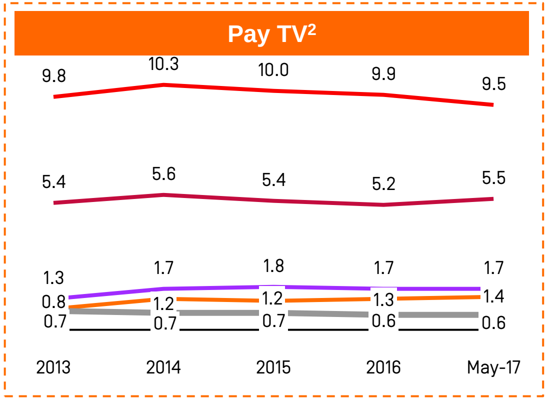


Base
Million

- OI
- CLARO
- VIVO
- SKY
- OTHER







Notes: (1) Brazil = R1 + R2 + R3; R1=North/Northeast/Southeast; R2=Centralwest/South; R3=São Paulo; (2) For Pay TV, there is only information until May 17.
Source: Anatel

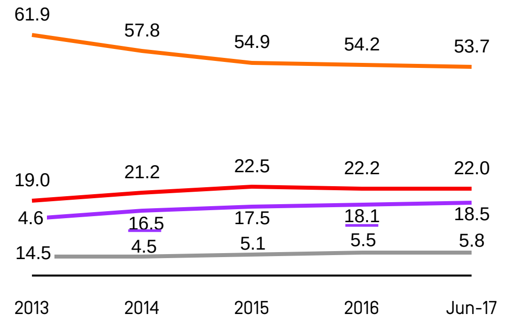
Brazilian Competitive Environment - Fixed

OI LOSES MARKET SHARE OF BROADBAND AND GAINS TV MARKET SHARE (R1+R2 ONLY[1])

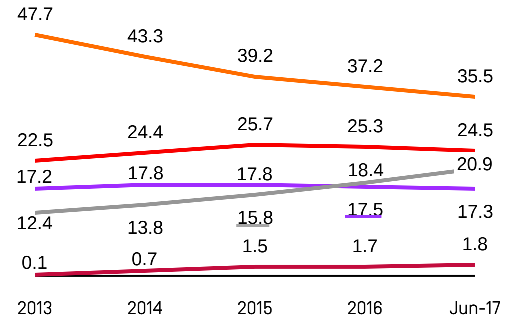
Market Share
%

OI
CLARO
VIVO
SKY
OTHER

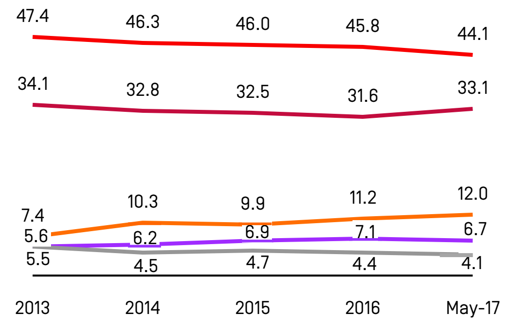
Fixed Line



Broadband



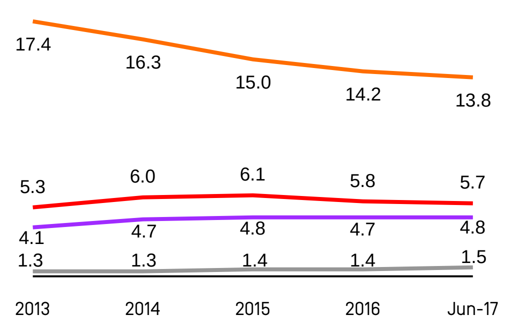
Pay TV[2]



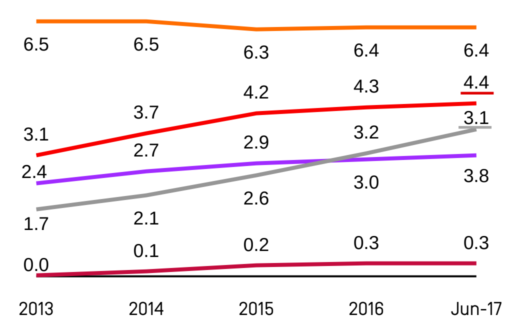
Base
Million

OI
CLARO
VIVO
SKY
OTHER

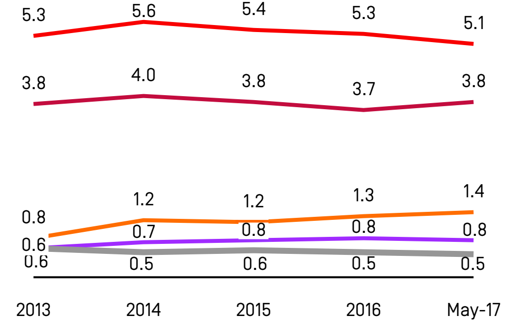
Fixed Line



Broadband



Pay TV[2]

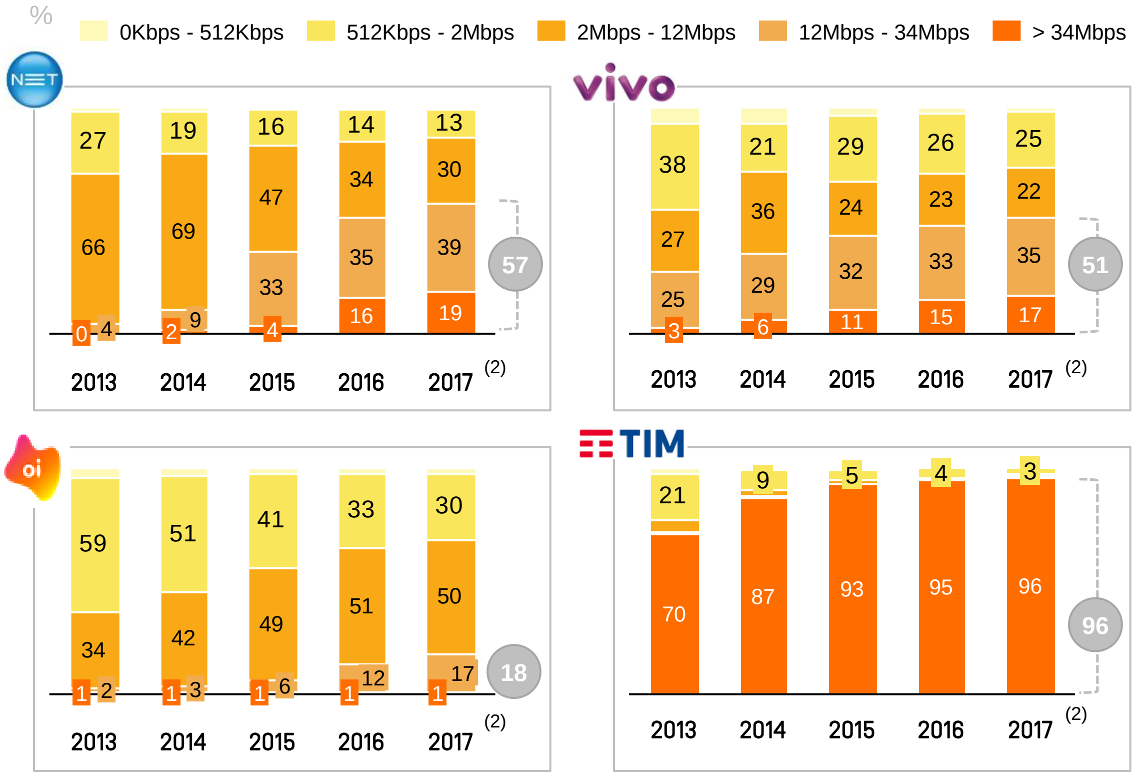


Notes: (1) Brazil = R1 + R2 + R3; R1=North/Northeast/Southeast; R2=Centralwest/South; R3=São Paulo; (2) For Pay TV, there is only information until May 17.
Source: Anatel

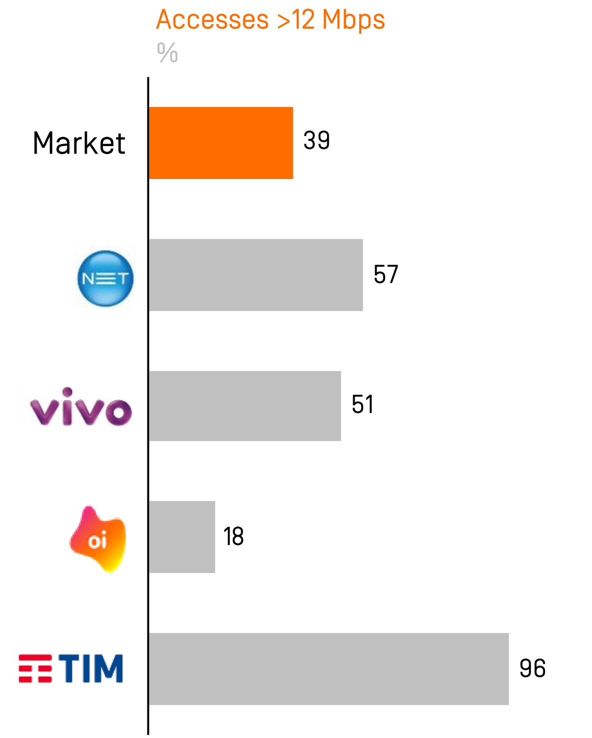
Brazilian Competitive Environment - Fixed

SPEED MIX BELOW THE MARKET AVERAGE MAKES THE COMPANY LESS COMPETITIVE AGAINST MAJOR PLAYERS

Evolution of the Fixed Broadband Speed Mix by Operator [1]



Speed Mix comparison by Operator [1] - Jun17



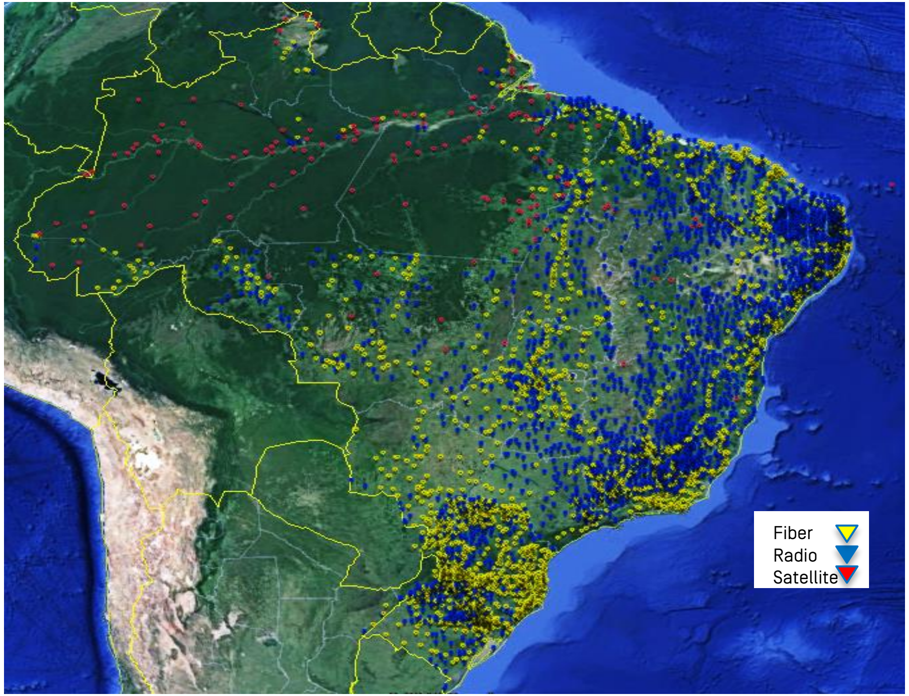
Notes: (1) Considers all SCM (Multimedia Communication Services) accesses available at ANATEL I (2) June 2017

Source: Anatel

Brazilian Competitive Environment - Fixed

HOWEVER, OI HAS A ROBUST AND COMPREHENSIVE TRANSMISSION NETWORK

Oi Transmission Network



Strategic Relevance

- **Function:** Main Brazilian concession and largest coverage area
- **Scope:** Largest fixed broadband capillarity - 4,700 cities
- **Capacity:** OTN / 100G Backbone
- **Size:** Largest Brazilian fiber network with 340,000 Km
- **Expansion:** 64 new routes implemented in 2015

Notes: (1) Main transmission profile in the city according to Oi Engineering classification (2) Corresponds to the following classifications: Leased Line, Satellite, Metallic Network, Radio + Leased Line and Radio + Satellite. | Source: Oi Engineering and Oi Strategy

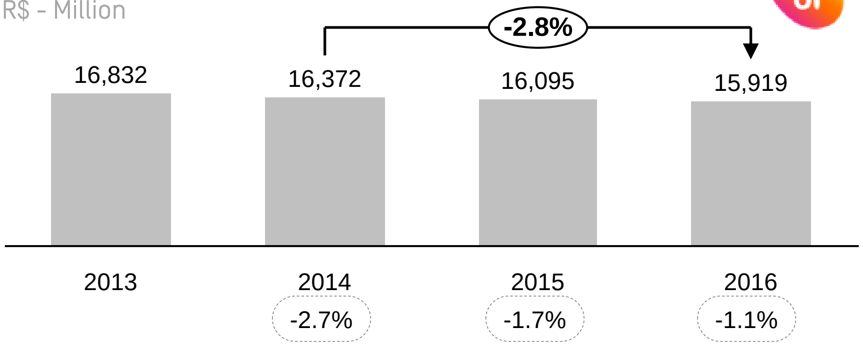
Brazilian Competitive Environment - Fixed

FIXED AND FIXED LINE NET CUSTOMER REVENUE COMPARISON

% y/y

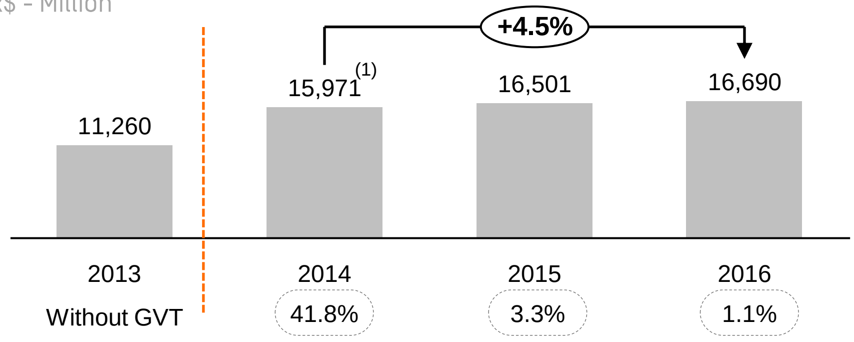
Net Customer Revenue – Fixed(1)

R$ - Million



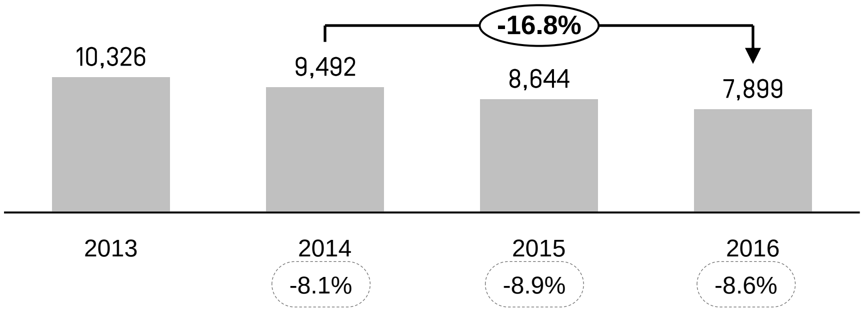
Net Customer Revenue – Fixed(2)

R$ - Million



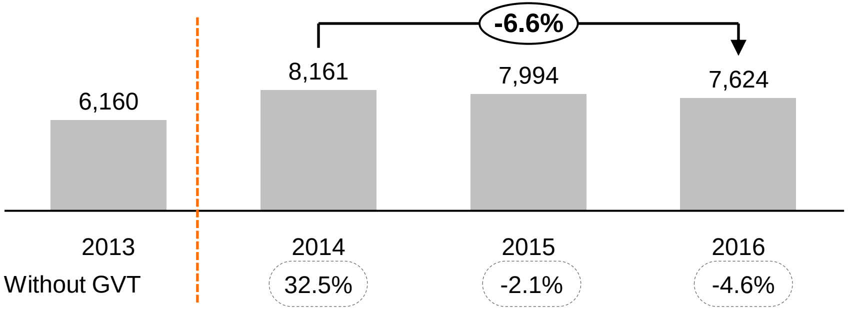
Net Customer Revenue - Fixed Line

R$ - Million



Net Customer Revenue - Fixed Line

R$ - Million



Notes: (1) Considers Fixed Line, Fixed Broadband and Pay TV (2) Considers Fixed Line, Fixed Broadband, Pay TV, Corporate Data and IT, and Other Services. All charts contemplate B2C + B2B

Source: Companies Press Releases and Oi Controller Department

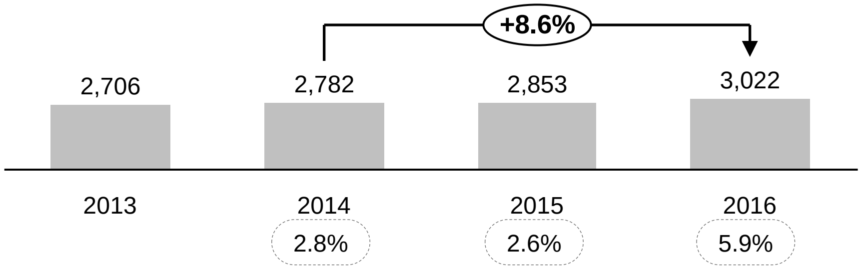
Brazilian Competitive Environment - Fixed

BROADBAND AND PAY TV NET CUSTOMER REVENUE COMPARISON

% y/y

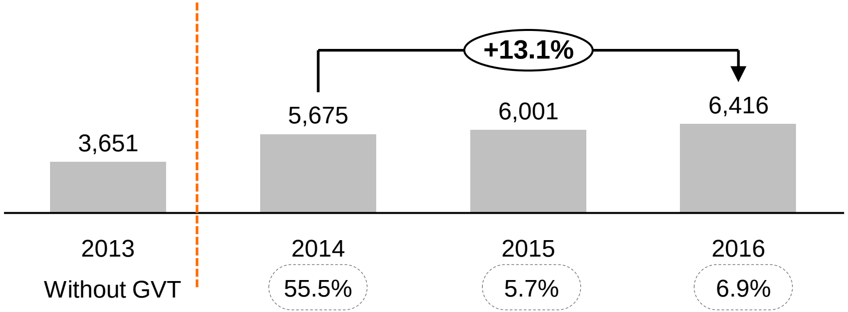
Net Customer Revenue – Broadband

R$ - Million



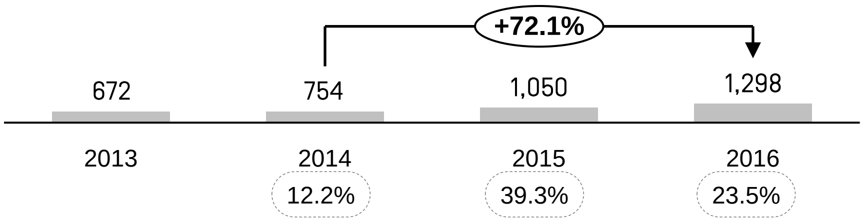
Net Customer Revenue – Broadband

R$ - Million



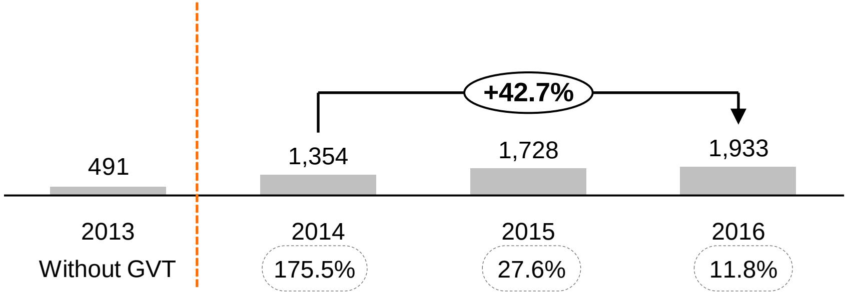
Net Customer Revenue – Pay TV

R$ - Million



Net Customer Revenue – Pay TV

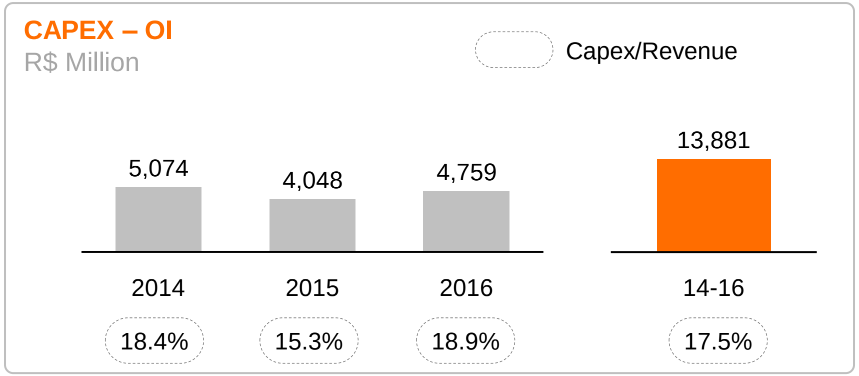
R$ - Million

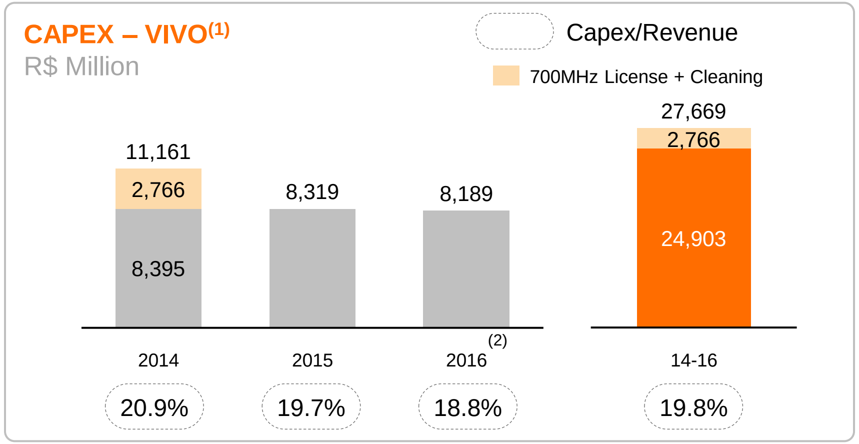


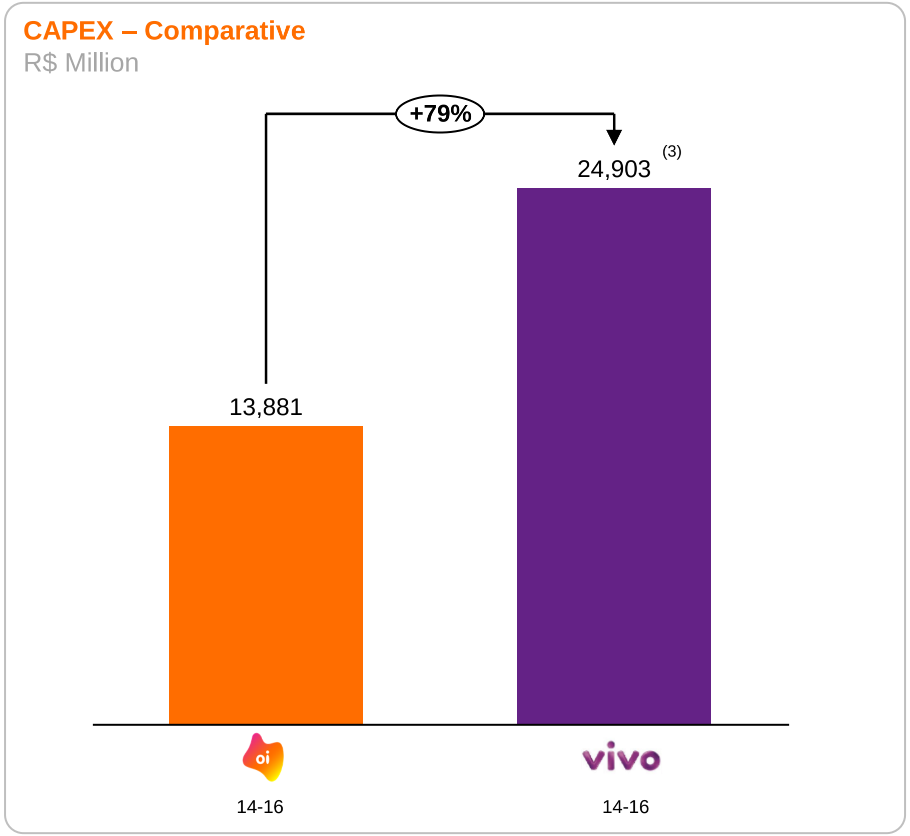
Source: Oi Controller Department and Companies Press Releases

Brazilian Competitive Environment - Fixed

OI INVESTED HALF OF THE VIVO CAPEX, THE MAIN CONVERGENT COMPETITOR







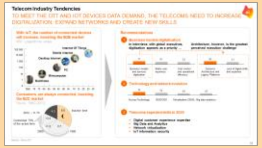
Notes: (1) Includes GVT operating investment. Excludes value of GVT acquisition of ~R$ 22 billion; (2) Includes R$185.5 MM related to the acquisition of 2.5 GHz licenses in the leftover auction; (3) Excludes purchase of 700 MHz | Source: Oi Controller Department and Companies Press Releases.

AGENDA

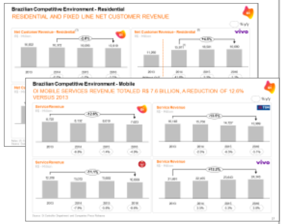
Build up of the capital allocation strategy

CAPEX WILL REDUCE COMPETITIVE, FINANCIAL AND QUALITY GAPS

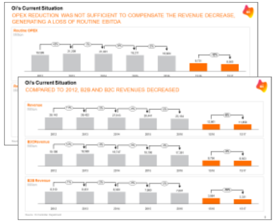
Industry Gaps



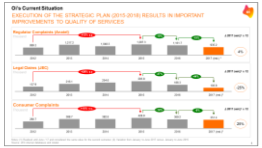
Competitive Gaps



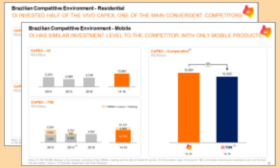
Financial Gaps



Quality of Service Gaps



Investment Gaps



Relevant capital allocation areas

Network Investments

Fixed Broadband

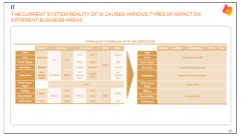
- Investments allocated by market demand:
  - Shortening Local Loops
  - Optical Fiber

Mobile

- 4G Network Expansion: Refarming (1800 MHZ) and Carrier Aggregation
- Increase of 4G Coverage Area

IT/Operations/CPEs[1]

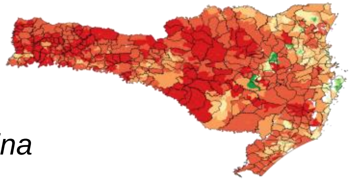
New IT architecture



- Consolidation and optimization of Oi's systems

New investment plan

Data fine tunning and granular prioritization

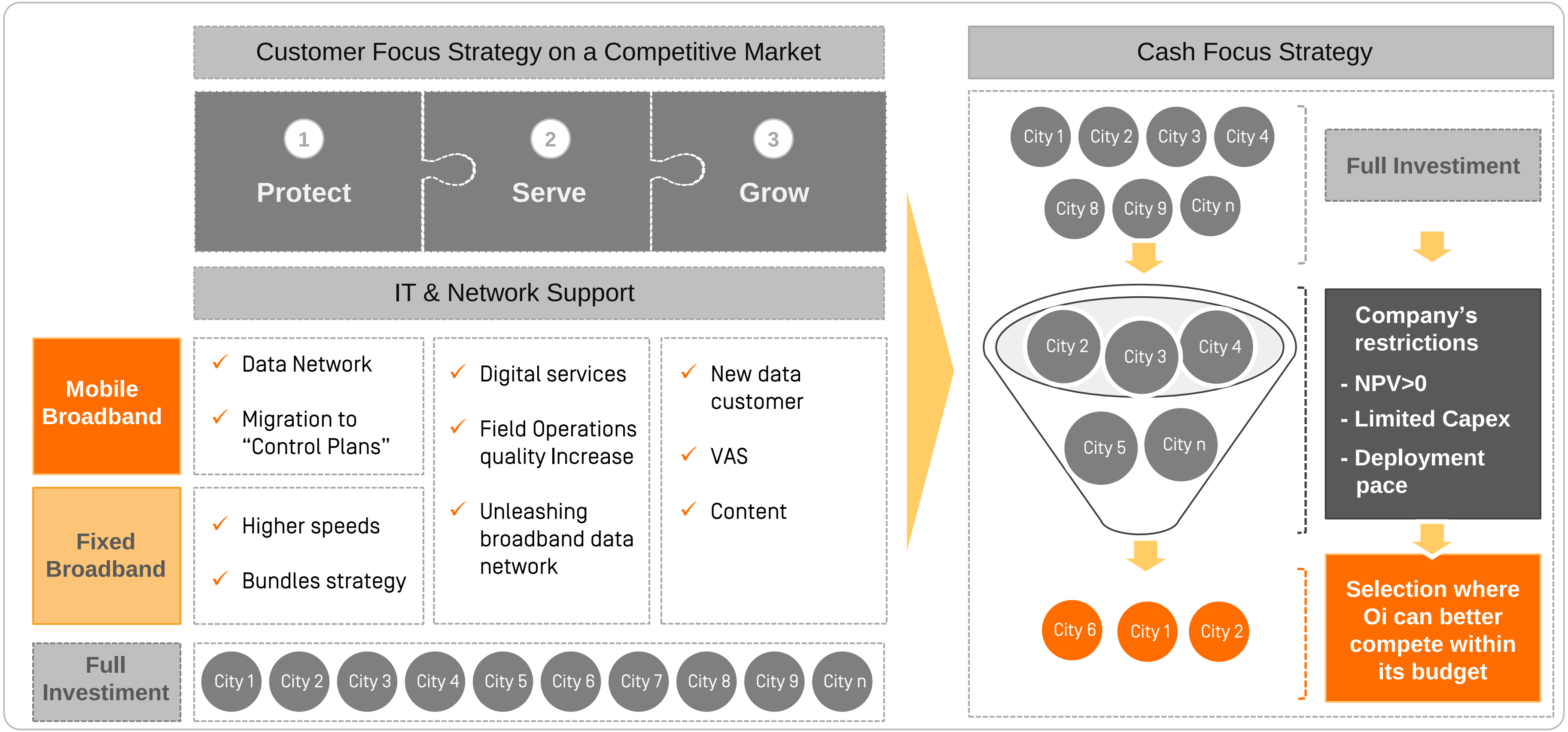


Example: *State of Santa Catarina*

Note: (1) Customer Premisses Equipments;
Source: Oi Strategy

Build up of the capital allocation strategy

OI´S STRATEGY IS TO FACE COMPETITION BY FOCUSING ON CUSTOMER SERVICE, ADDING VALUE TO THE COMPANY, LIMITED ONLY BY INVESTMENT RESTRICTIONS



Source: Oi Strategy

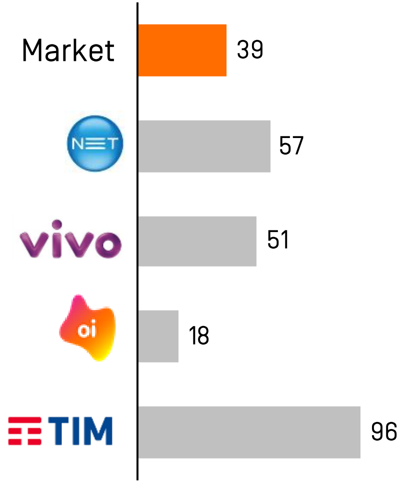
Build up of the capital allocation strategy

1 SPEED MIX BELOW THE MARKET AVERAGE MAKES THE COMPANY LESS COMPETITIVE AGAINST MAJOR PLAYERS AND EXPOSED TO LOCAL COMPETITORS ATTACKS

Protect Fixed

Oi needs higher speeds to compete with big competitors...

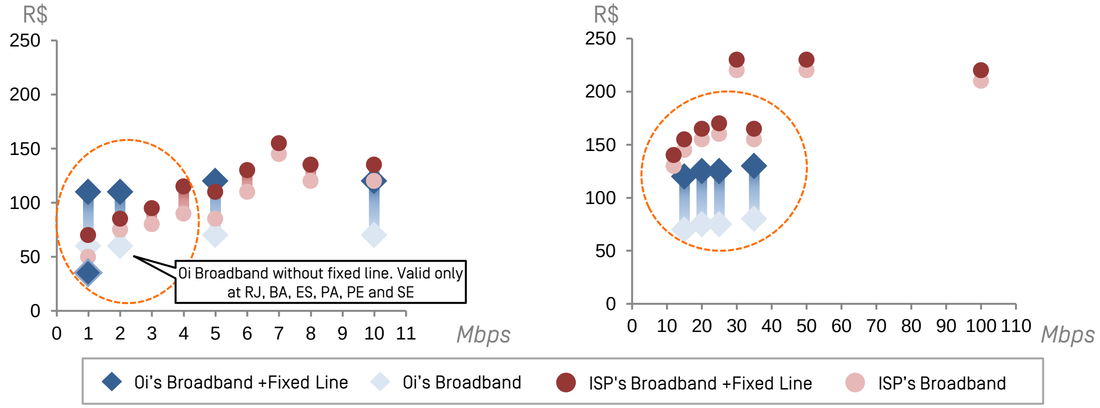
Accesses >12 Mbps
%



.... and upgrade broadband speeds in regions with local competition and/or protect customer base against future attacks

1 **Plans with Speed < 10 Mbps**
Monthly payment x Speed

2 **Plans with Speed > 10 Mbps**
Monthly payment x Speed



1 Oi is more expensive than local competitors in low speeds

2 Above 10 Mbps Oi is more competitive but for speed >35Mbps has no offers

Investments on Fixed Broadband improving speed mix make possible:

Customer Retention

+

Customer base monetization

Notes: (1) Considers all SCM (Multimedia Communication Services) accesses available at ANATEL ; (2) June 2017
Source: Anatel

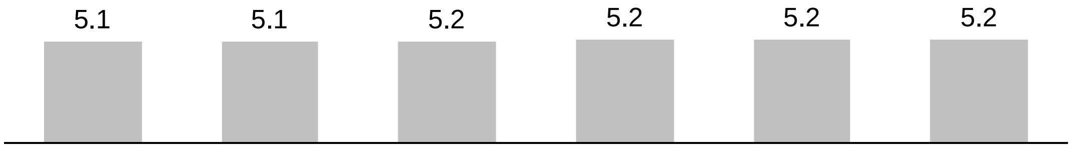
Build up of the capital allocation strategy

1 OI INVESTED IN BUNDLE BASE GROWTH DUE TO THE HIGHER ARPU AND LOWER CHURN

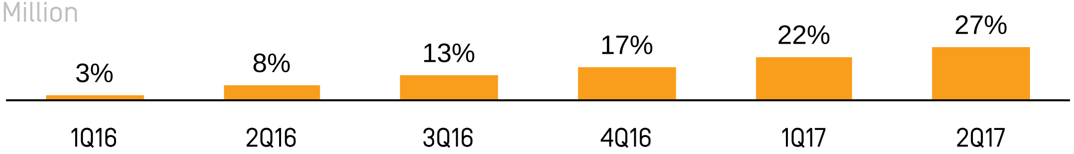
Protect Fixed

“Oi Total” Base
Million

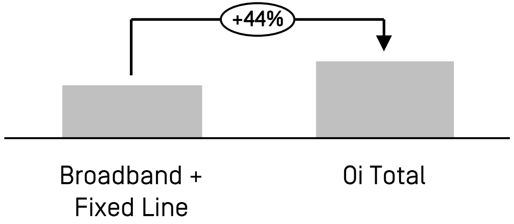
Oi B2C Broadband
Million



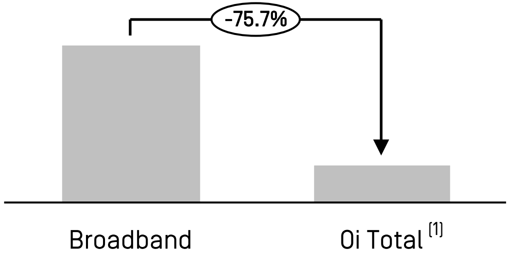
“Oi Total” Penetration in Oi’s Broadband
Million



ARPU – Aug/17



Churn (% Monthly)



Investments in Broadband improving speed mix make possible:

Bundles

+

Customer base monetization

Note: (1) Broadband churn for “Oi Total“ customers
Source: Oi B2C Marketing

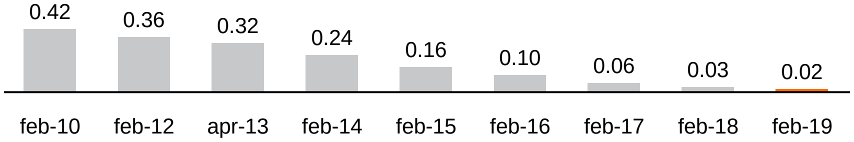
Build up of the capital allocation strategy

1 MTR REDUCTION AND HIGH USE OF WHATSAPP IMPLY SIM CARDS REDUCTION AND POSTPAID MIX INCREASE

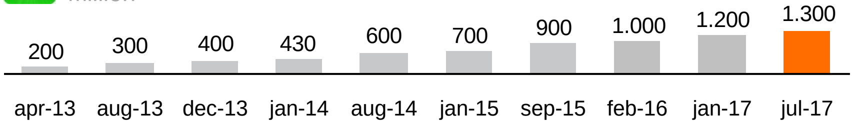
Protect Mobile

MTR reduction and high use of WhatsApp

MTR reduction
R$

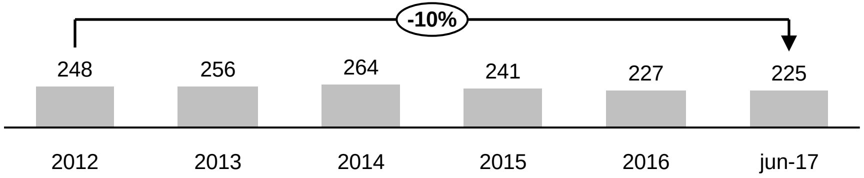


WhatsApp active users evolution– World
Million



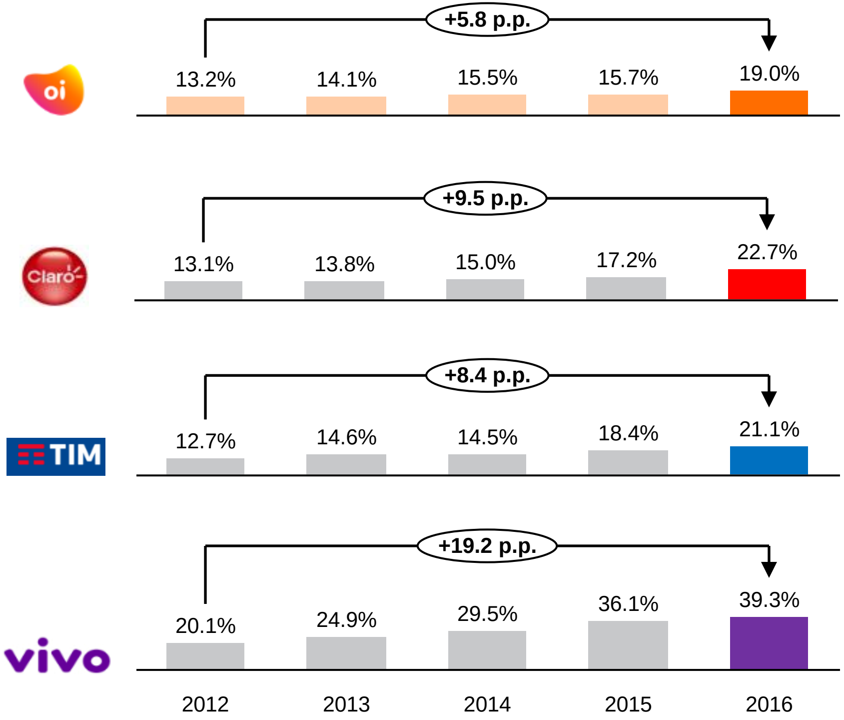
SIM cards evolution(1)

Million



Postpaid mix evolution(1)

% Postpaid



Notes: (1) Excludes Mini Modem and M2M
Source: Oi Controller Department, Statista, Anatel and Operators Press Release

Build up of the capital allocation strategy

1 WORLD INCREASINGLY CONNECTED WITH OTTS IMPLIES IN DATA REVENUE INCREASE

Protect Mobile

Brazilian app statistics

Brazilian youth navigate almost 3 hours a day

65% of Brazilian population > 13 years have an account

Brazil is the 3rd country with more searches

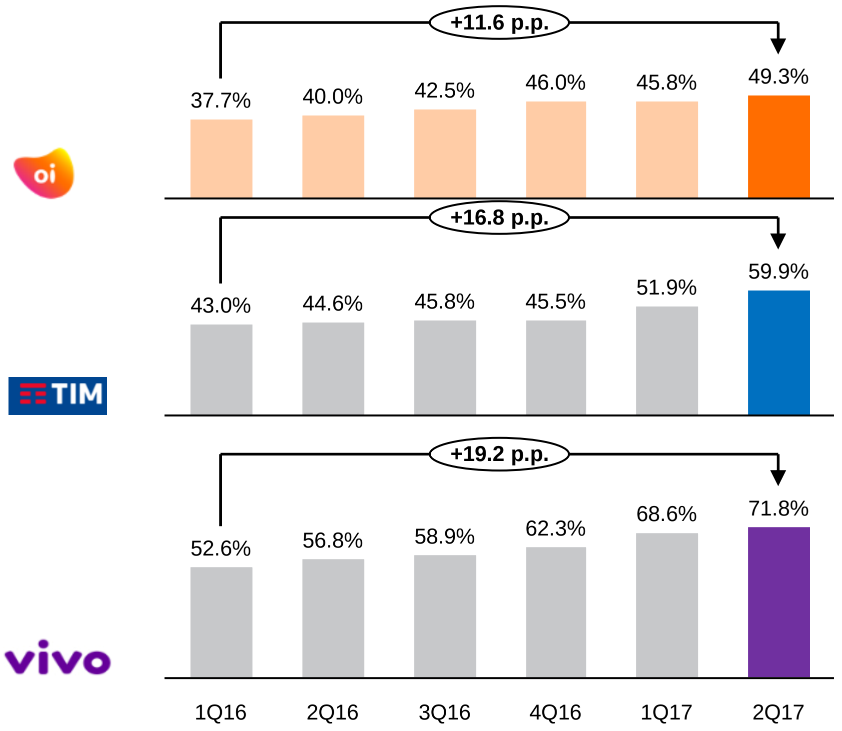
São Paulo is the city that uses the most in the world

Largest messages community in Brazil

Highest growth in Brazil

Data revenue mix has been increasing in recent years (1)

% of revenue data



Notes: (1) Claro does not disclose this information
Source: Oi Digital Department and Operators Press Release

Build up of the capital allocation strategy

1 TO IMPROVE MAIN KPIS AND INCREASE ARPU, INVESTMENTS IN MOBILE DATA NETWORK WILL BE REQUIRED

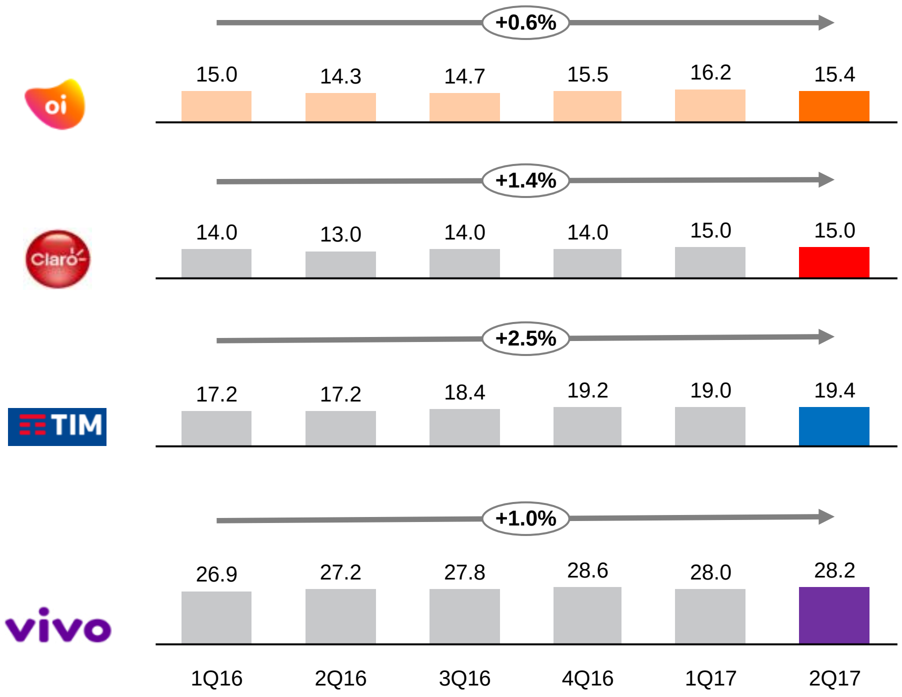
Protect Mobile

Main forces

- **MTR / On-net voice offers / Communities**
- **SIM cards / Multiplus Prepaid**
- **Voice Traffic**
- **Prepaid Mix**
- **Oi current gap**
  Data revenue / Mobile data network need

All forces reflect in ARPU increase

R$; % CAGR



Source: Operators Press Release

Build up of the capital allocation strategy

2 DIGITAL TRANSFORMATION: E-BILLING, E-CARE AND E-COMMERCE RESULTS

Serve Digital

Técnico Virtual: 24 hour technical support by App

- Innovative initiative launched by Oi for **fixed line, fixed broadband and pay TV customers**
- Oi solves **40% of the reported problems** in calls to Oi technical support by *Técnico Virtual* App

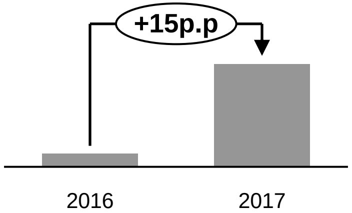
Oi Mais Empresas: Self Care solution for SMEs

1H17

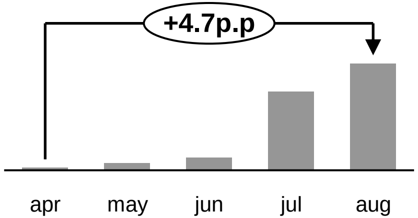
- **367k** Requests
- **88%** Are satisfied
- **56%** NPS

SMEs improving operational indicators:

E-CARE
% of services

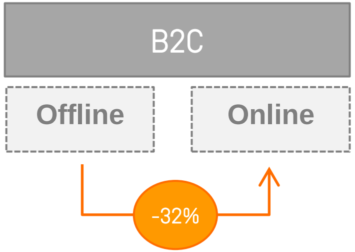


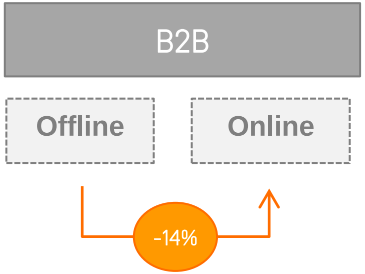
E-BILLING - 2017
% of pages



E-commerce impacts

Acquisition costs





Source: Oi B2B.

Build up of the capital allocation strategy

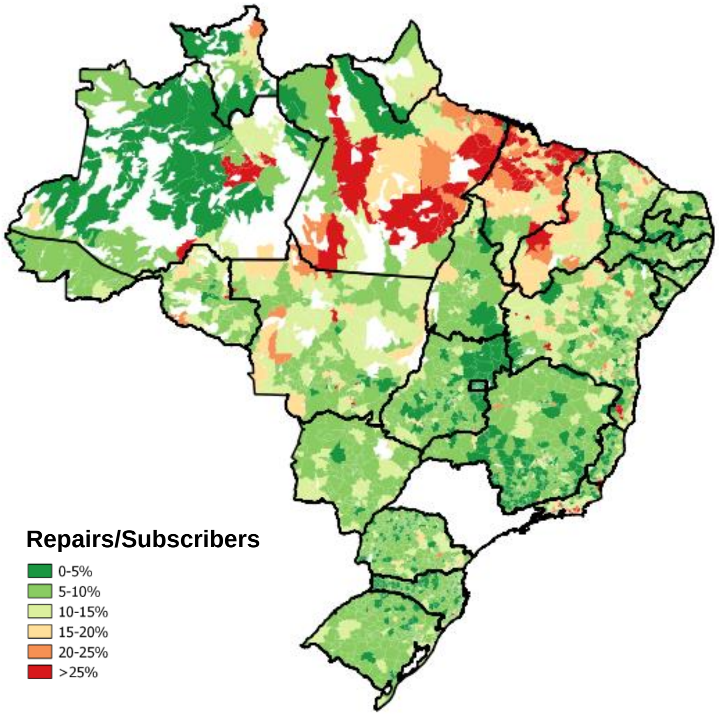
2 QUALITY OF SERVICE – FIXED SERVICES

Serve Fixed

Repairs/Subscribers

%

2017



Network solution impacts

Monthly Rates	Network Solution: FTTC	Network Solution: FTTH
Repairs/Subscribers (current average)	↓	↓↓
Churn (current avarage)	↓	↓↓

1. Deployment of different network solutions impacts on churn reduction and opex savings leverage
2. FTTH provides better connection stability and thus lower churn rate, compared to FFTC solution

Notes: (1) internal benchmarking; (2) Churn in local competition zone in 2017
Source: Oi Marketing

Build up of the capital allocation strategy

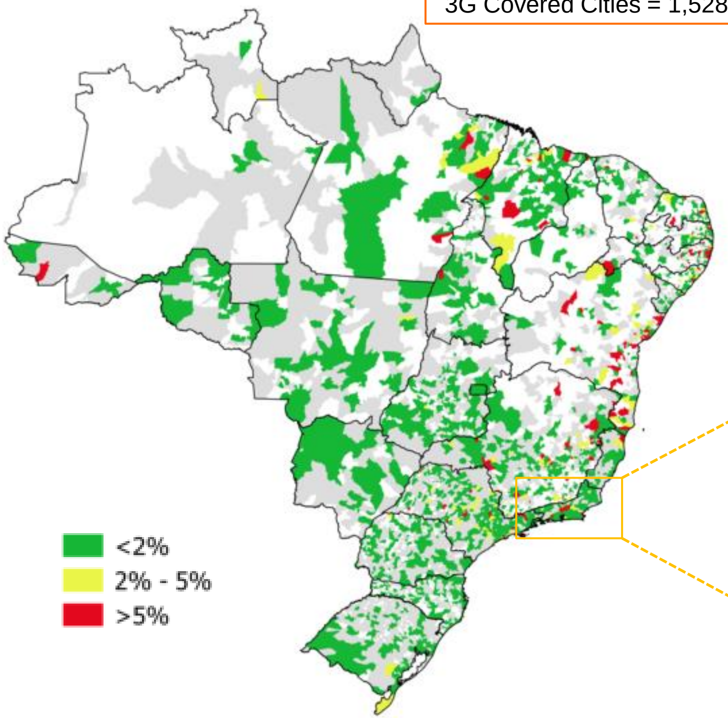
2 ALTHOUGH ONLY 8% OF THE CITIES PRESENT NETWORK CONGESTION, INCREASING DATA TRAFFIC WILL CAUSE FUTURE NETWORK EXHAUSTION

Serve Mobile

3G Data Network Congestion

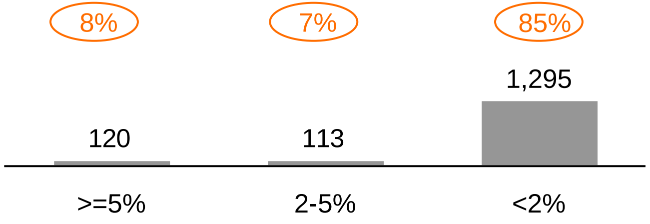
% - July 2017

3G Covered Cities = 1,528

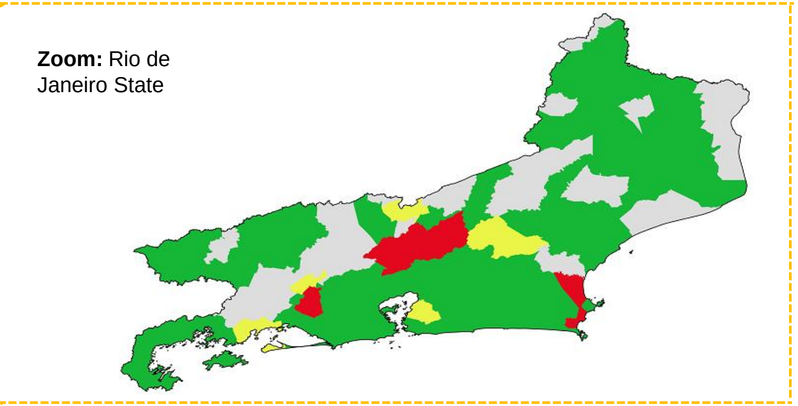


Histogram - 3G Data Network Congestion

July 2017



3G Data Network Congestion – Rio De Janeiro State



Source: Oi Engineering

Build up of the capital allocation strategy

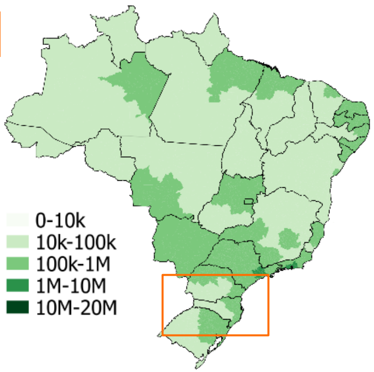
3 GROWING MARKET OPPORTUNITY FOR BOTH FIXED AND MOBILE BROADBAND

Grow Fixed & Mobile

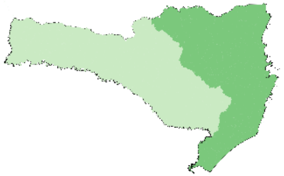
oi

Mobile – 4G enabled devices

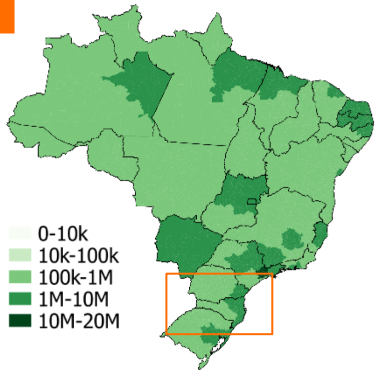
2015



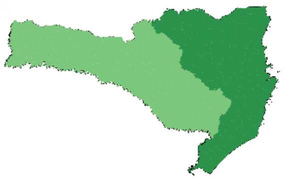
- Brazil: 14,650,370
- Santa Catarina: 554,783



2017

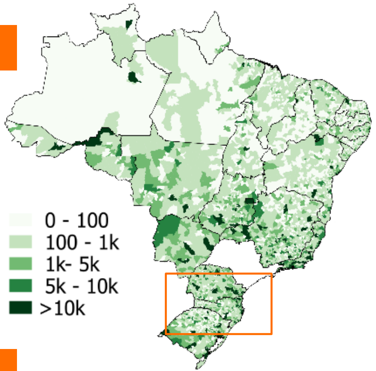


- Brazil: 84,112,987
- Santa Catarina : 3,206,531

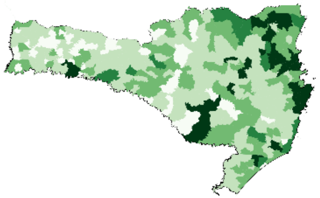


Fixed Broadband – Accesses

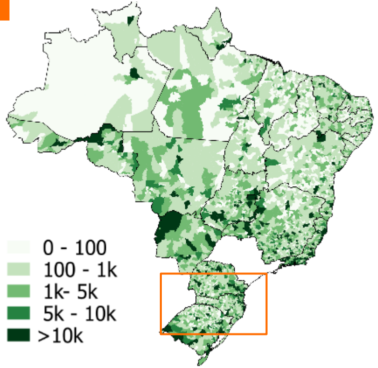
2012



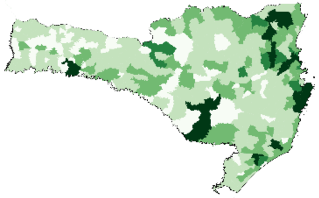
- Brazil[1]: 11,253,077
- Santa Catarina: 741,647



2017



- Brazil[1]: 18,094,382
- Santa Catarina: 1,287,896



(1) Excludes São Paulo
Source: ANATEL

Build up of the capital allocation strategy

CUSTOMER FOCUS STRATEGY IMPLEMENTATION IS BASED ON MOBILE 4G COVERAGE AND INCREASED FIXED BROADBAND BANDWIDTH

City 1 City 2 City 3 City 4 City 8 City 9 City n

Customer Focus Strategy on a Competitive Market

1 **Protect** | 2 **Serve** | 3 **Grow**

IT & Network Support

	Protect	Serve	Grow
Mobile Broadband	✓ Data Network ✓ Migration to "Control Plans"	✓ Digital services ✓ Field Operations quality Increase ✓ Unleashing broadband data network	✓ New data customer ✓ VAS ✓ Content
Fixed Broadband	✓ Higher speeds ✓ Bundles strategy		
Full Investment	City 1 City 2 City 3 City 4 City 5 City 6 City 7 City 8 City 9 City n		

Mobile Broadband Remedy: 4G 1800 MHz

✓ **Upgrade to 4G 1800 MHz via Refarming**

- Provide better experience to the end user
- Match state-of-the-art competition
- Improve mix evolution: from prepaid to control plans and from control plans to postpaid
- Oi Market capture opportunities:
  - Fair share of net adds in postpaid
  - Fair market share in prepaid

Fixed Broadband Remedy: Increased Bandwidth

✓ **Upgrade broadband speed offers** to effectively counteract competitors and protect our customer base against future attacks

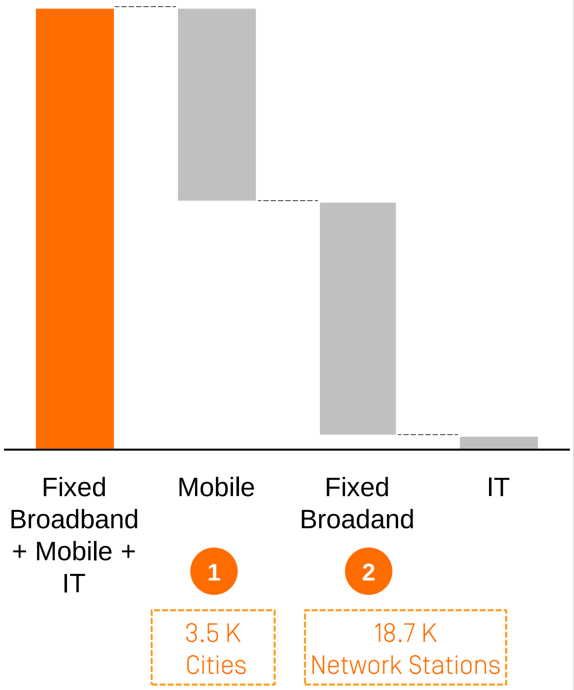
Source: Oi Strategy

Build up of the capital allocation strategy

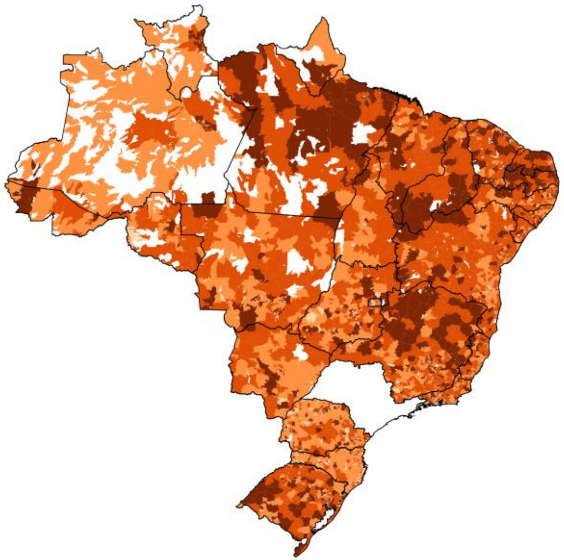
City 1 City 2 City 3 City 4
City 8 City 9 City n

CUSTOMER FOCUS STRATEGY IMPLEMENTATION WITH UNRESTRICTED CAPEX IMPLICATES IN A R$ XX BILLION INVESTMENT OVER 10 YEARS

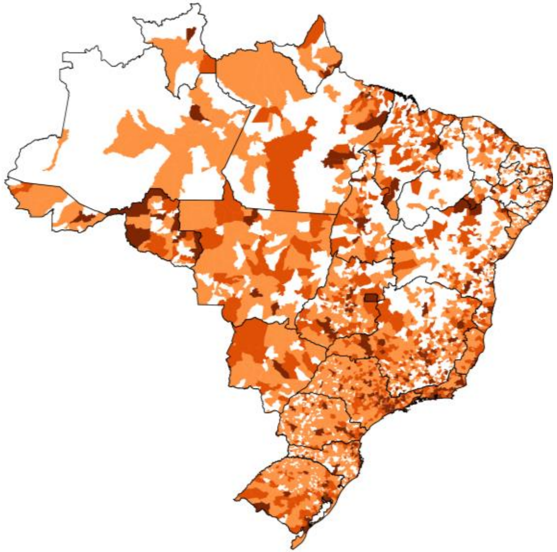
Total unrestricted Capex (10 years)
R$ Billion



1 **Fixed Broadband Capex (10 years)**
R$



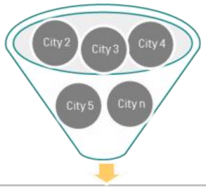
2 **Mobile Capex (10 years)**
R$



Source: Oi

Build up of the capital allocation strategy

CAPEX PRIORITIZATION WILL CONSIDER A NPV/IPV ANALYSIS OF EVERY PROJECT AND RESTRICTIONS ON EXECUTION

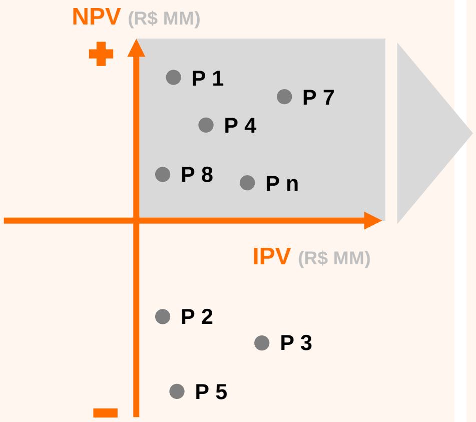


Prioritization Model

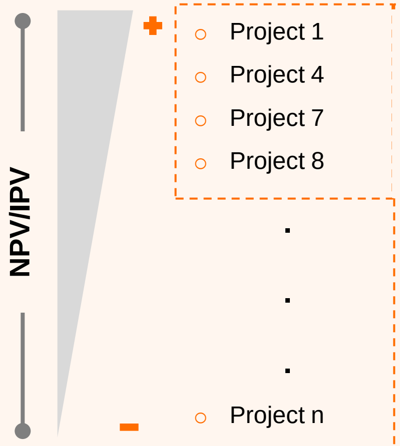
Concept

Financial analysis → **Financial Prioritization** → **Restrictions on execution**

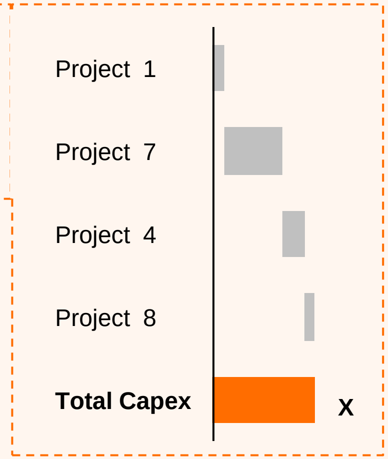
Project analysis according to financial results and Capex impact



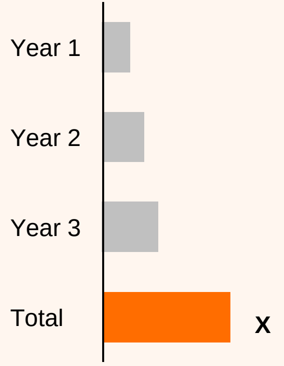
Rank projects with greater NPV/IPV



Project selection to compose Restricted Capex
R$ Billion



- **Limitation of additional deployment**



Source: Oi Strategy

AGENDA

B2C Mobile Demand

MOBILE DEMAND PROJECTIONS WERE DIVIDED IN TWO PARTS: 1) MARKET EVOLUTION AND OI MARKET CAPTURE IN BRAZIL, 2) BREAKDOWN OF OI'S PROJECTIONS PER CITY

1ª Phase: Market and Oi Evolution in Brazil → **Breakdown of Oi base and traffic per City**

Base | *Projections* | *Assumptions* | *Output*

Current

- Oi Traffic Profile by technology by product =>
- # SIM cards Market by technology of associated handset =>
- # Oi SIM cards by technology of associated handset =>
- # Market Base by product Pre and Postpaid =>

Market 2017-2027

- Market Traffic Growth Forecast (Cisco VNI) =>
- Technology Adoption Curve Projection (2G/3G/4G)
- Application of "Gap closure" on the market curve =>
- Market Projections considering world trends and Brazil =>

Oi Projections 2017-2027 – Brazil level

1. # Oi Average Traffic by technology and product
2. Oi Base Mix by technology
3. # Oi Base by product Investment Scenario
4. # Oi Base by product - Baseline Scenario

1 + 2 + 3: # Oi total traffic by technology by product – Investment Scenario

1 + 2 + 4: Oi total traffic by technology by product – Baseline Scenario

Oi Projections 2017-2027 - City

Countrywide projections allocation by product, technology, and city:

Exemples:

1) Demographic and social Gaps

2) Historical Data

3) Adequacy to the city network

Output

Δ Investment vs Baseline Scenarios:

Base

and

Traffic

By product, by technology and by city

Oi future traffic for Brazil will be consolidated based on the Traffic by product / technology / city that will come from the Demand Base already projected at the granularity of Cube and its BOU

Source: Oi Strategy

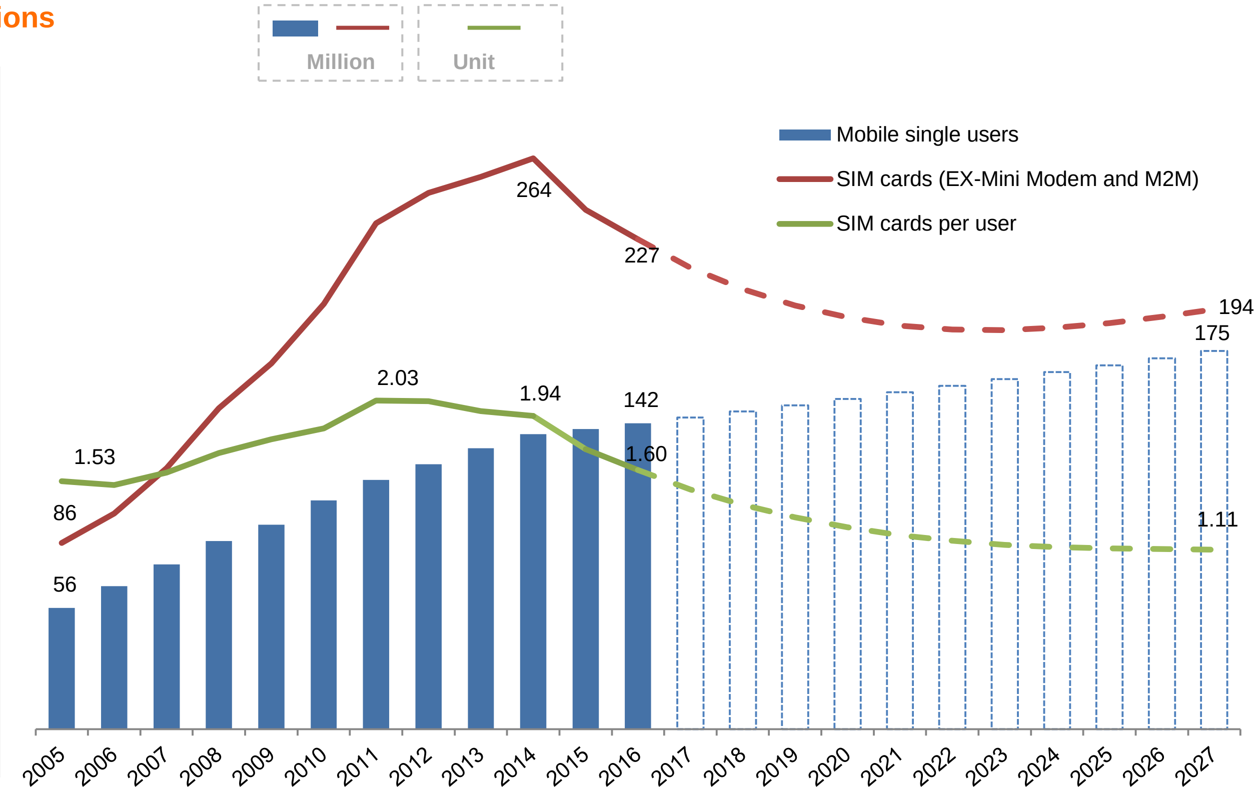
B2C Mobile Demand

BRAZIL MOBILE MARKET PROJECTIONS (EX-MINI MODEM AND M2M)

Single Users and SIM cards Projections

Assumptions:

- Population growth and aging IBGE Forecast until 2027;
- Historical penetration of mobile users in the population with 10+ years of PNAD (single users);
- Penetration forecast of single users reaches 90% of the population with 10+ years in 2027;
- Number of SIM cards per Prepaid user assumes, in 2027, the current number of Postpaid;
- Number of SIM cards per Postpaid user is constant.



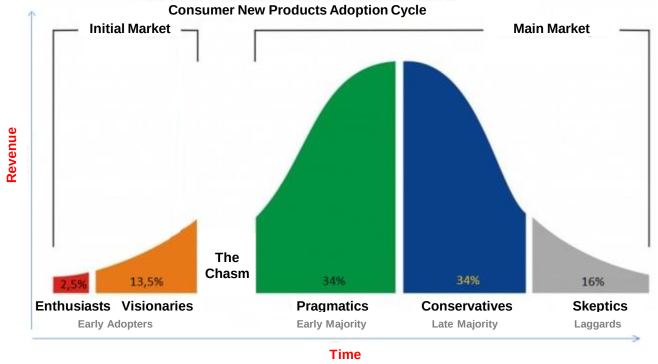
Source: Oi Strategy

B2C Mobile Demand

TECHNOLOGICAL EVOLUTION CURVE BEHAVIOR

Conceptual

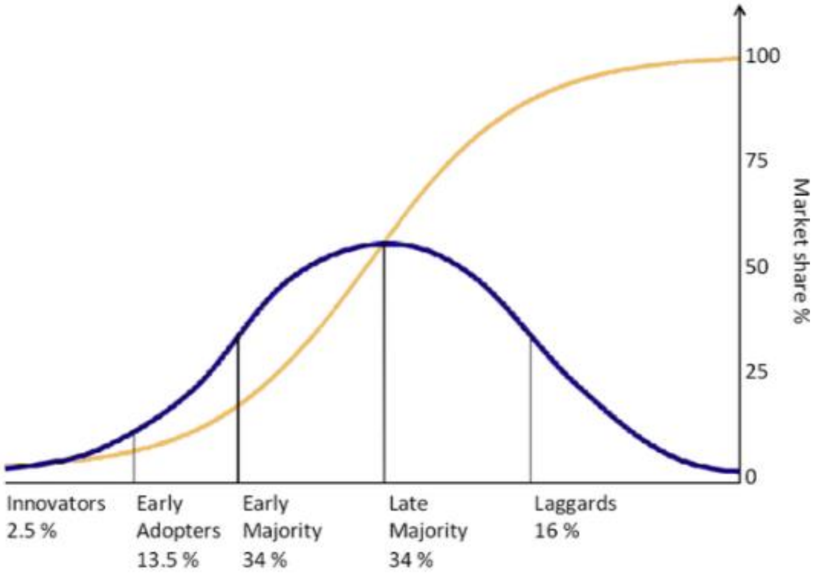
"New products" Adoption Curve



Geoffrey Moore, writer of the book "Crossing the Chasm", researched the adoption of new technologies by customers:

- **Enthusiasts** have great influence over others consumers
- **Visionaries** have innovators as reference
- **Pragmatics** adopt the innovation only after verifying that such product has a history of success
- **Conservatives** value the functionality and practicality of the product and are price sensitive
- **Skeptics** do not like to experience new things and only adopt innovation when they have no alternative

Accumulated Technological Evolution Curve



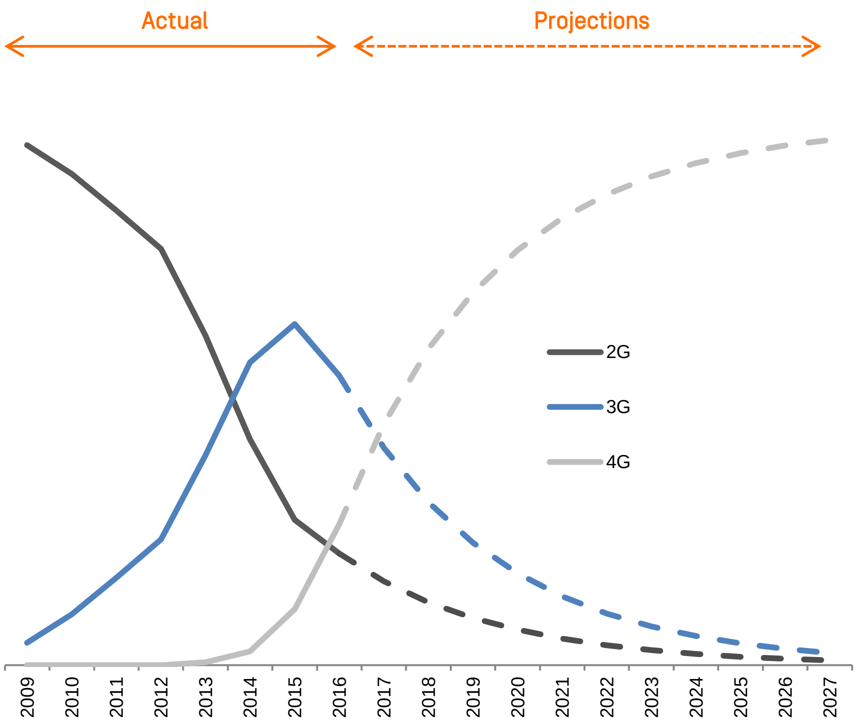
Summing up the clusters of the different consumers, the accumulated technological adoption curve over time is obtained (orange curve)

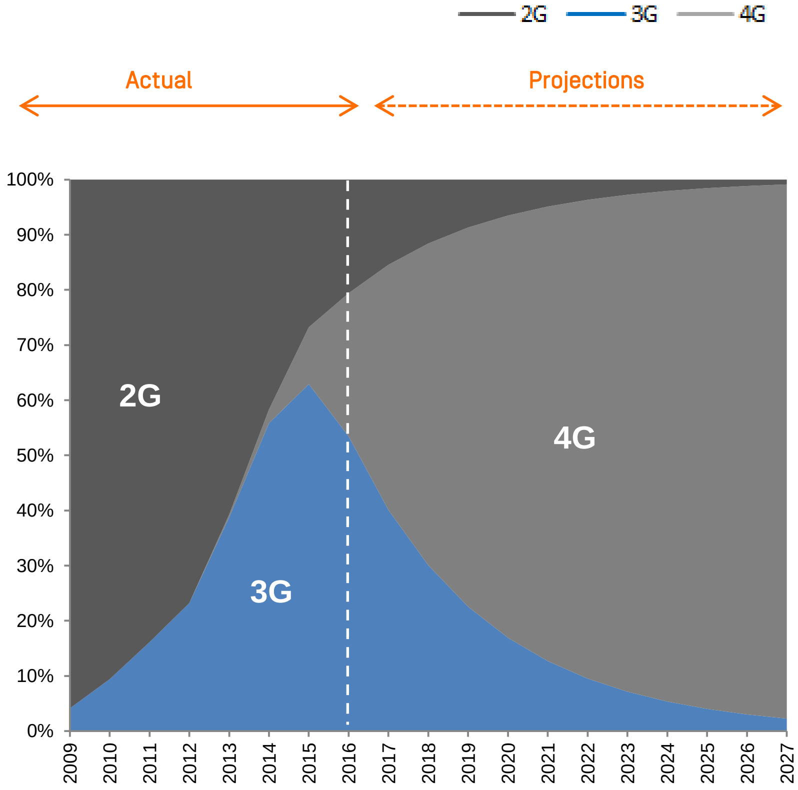
Source: Oi Strategy

B2C Mobile Demand

APPLYING THE TECHNOLOGICAL EVOLUTION CURVE THEORY, IT IS EXPECTED THAT 4G HANDSETS WILL DOMINATE PARTICIPATION IN 2027

Technological Evolution Curve



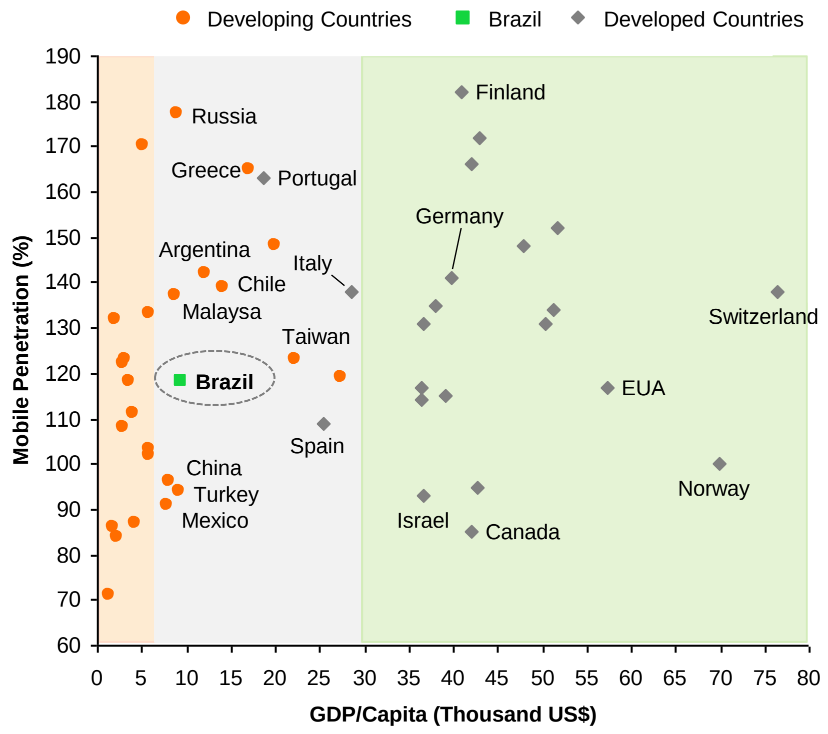


Source: Oi Strategy

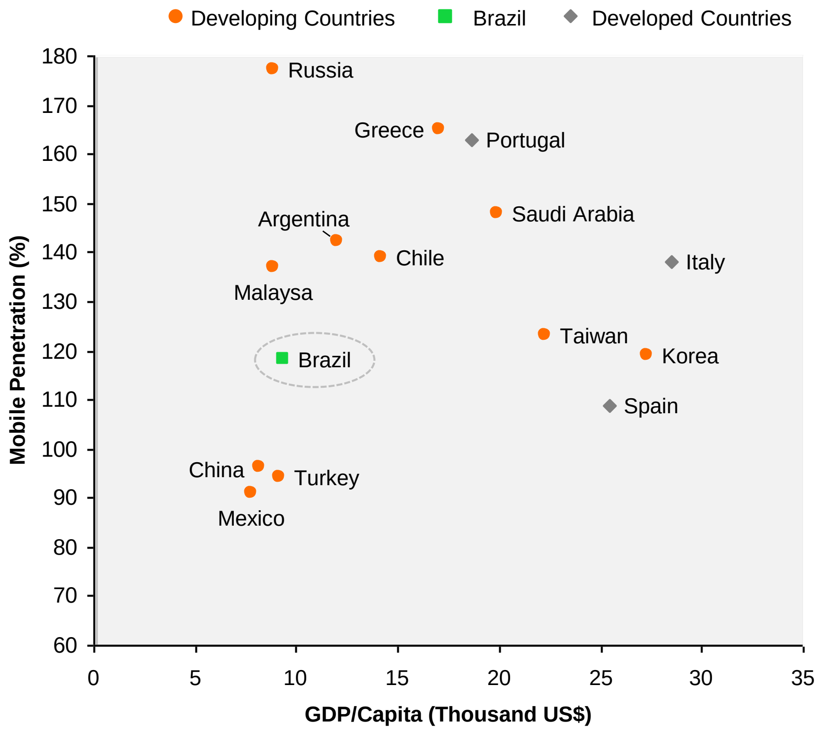
B2C Mobile Demand

ANALYZING THE GDP PER CAPITA RELATION VS MOBILE PENETRATION, A GROUP OF COUNTRIES TO PERFORM A BENCHMARKING STUDY WAS IDENTIFIED: “CLUSTER BRAZIL”

GDP per capita vs. Mobile penetration



Cluster Brazil: GDP per capita vs. penetration

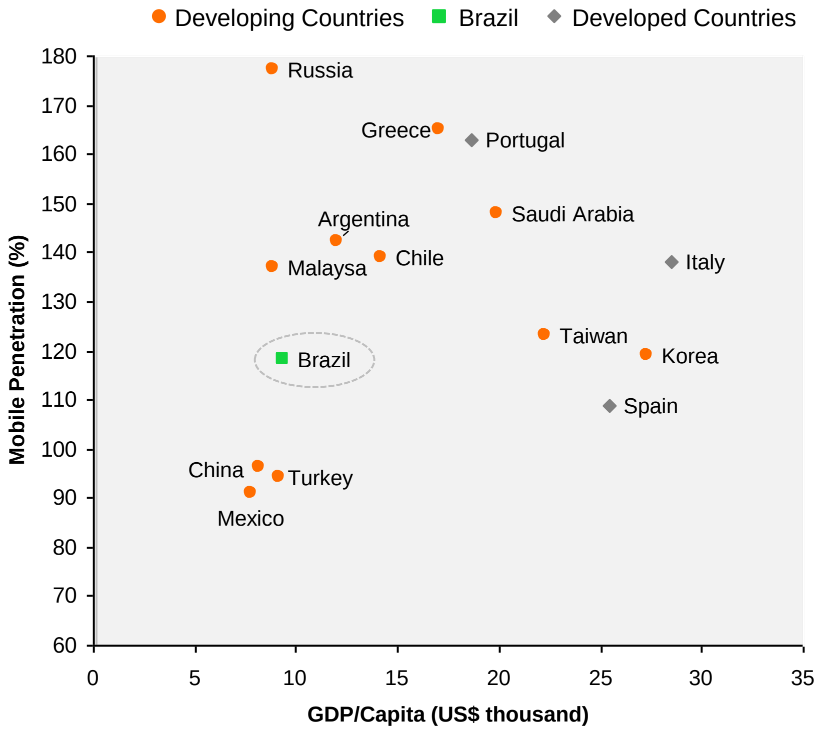


Source: Wireless Matrix, Oi Strategy I The Analysis Includes M2M and mini modem SIM cards

B2C Mobile Demand

ANALYZING THE GDP PER CAPITA RELATION VS. MOBILE PENETRATION AND POSTPAID MIX, COUNTRIES THAT HAVE A SIMILAR BEHAVIOR TO BRAZIL WERE IDENTIFIED

Cluster Brazil: GDP per capita vs. penetration



Postpaid Mix evolution [1] - %

	2011	2012	2013	2014	2015	2016	Variation 2016 vs 2011
Spain	62.5%	65.6%	68.7%	67.2%	73.6%	76.9%	14.4 p.p
Portugal	27.4%	27.2%	29.7%	36.4%	41.1%	42.9%	15.5 p.p
China	33.5%	34.5%	35.2%	35.0%	34.8%	34.7%	1.2 p.p
Brazil	19.5%	20.6%	22.9%	24.8%	28.8%	32.7%	13.2 p.p
Chile	25.5%	24.5%	25.4%	26.9%	28.2%	31.0%	5.5 p.p
Italy	19.4%	21.1%	21.7%	22.1%	22.7%	24.4%	4.9 p.p
Russia	8.6%	10.6%	11.6%	12.2%	12.8%	12.9%	4.3 p.p

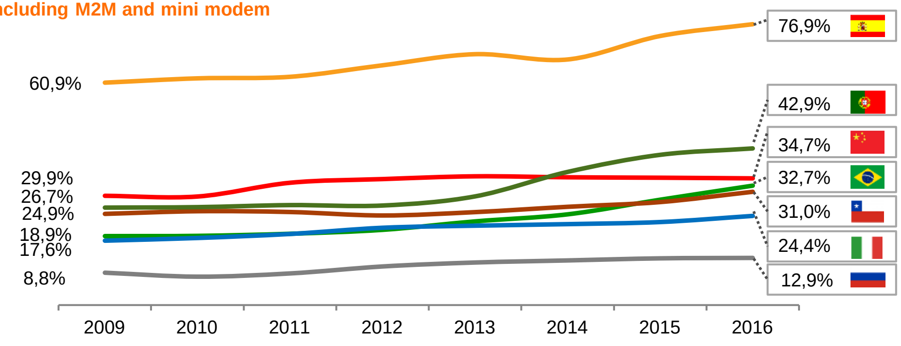
Note: (1) Includes M2M and mini modem
Source: Wireless Matrix, Oi Strategy

B2C Mobile Demand

PORTUGAL SHOWS BEST SIMILARITY WITH THE BRAZILIAN MIX CASE – IN 3 YEARS, BRAZIL SHOULD MATCH PORTUGAL´S 43% POSTPAID MIX, REACHING 50% ON 10 YEARS*

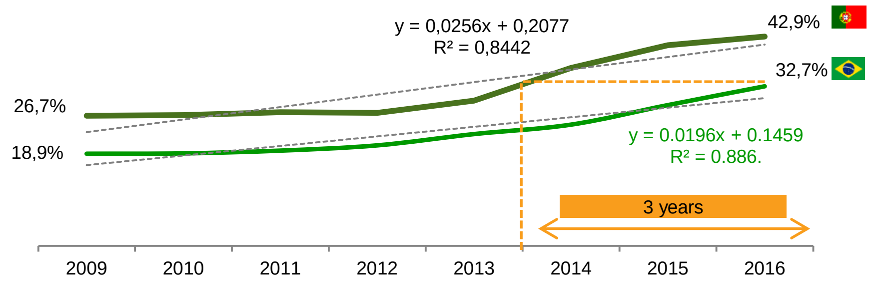
Postpaid mix evolution – Cluster Brazil (# SIM cards)

Including M2M and mini modem



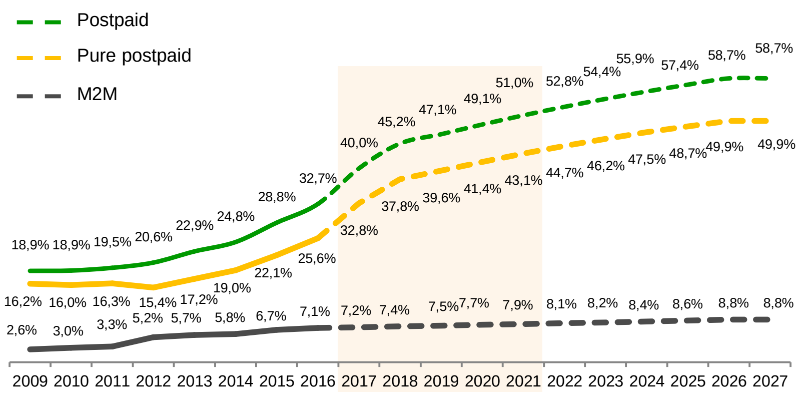
Postpaid mix evolution – Brazil vs Portugal

Including M2M and mini modem



Postpaid mix evolution – Brazil (# SIM cards)

Including M2M and mini modem



The projection of postpaid SIM cards mix curve of brazilian mobile market considered:

- Recent adoption curve of Portugal (last 3 years)
- Deceleration trend of mini-modem and M2M market

Note: * Excluding M2M

Source: Wireless Matrix, Oi Strategy I Wireless Matrix numbers do not exactly match with ANATEL

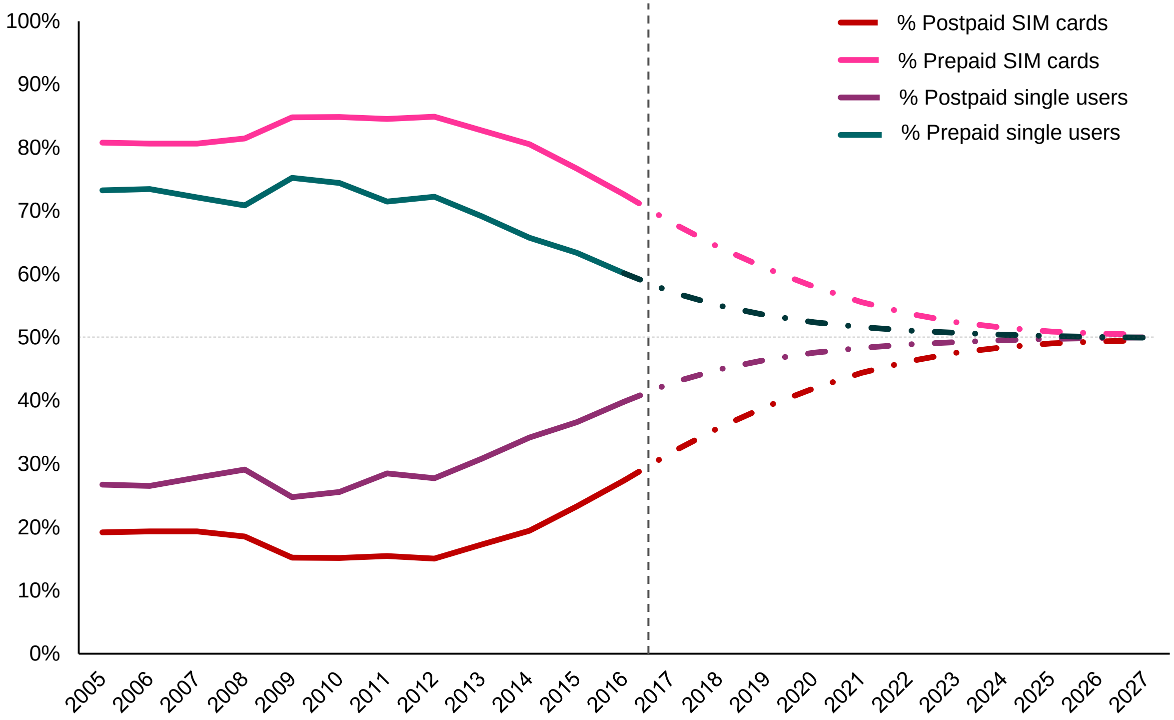
B2C Mobile Demand

MARKET PREPAID/POSTPAID MIX PROJECTIONS

Mix Prepaid/postpaid and Single Users (excluding M2M and modem)

Assumptions:

- A decrease in the number of Prepaid SIM cards per user, as a result of the community effect breakdown and SIM card consolidation, due to all-net offers;
- Prepaid / Postpaid Mix Projections based on the benchmark study, reaching 50% / 50% in 2027;
- In 2027, Prepaid and Postpaid will have, on average, the same number of SIM cards per user.



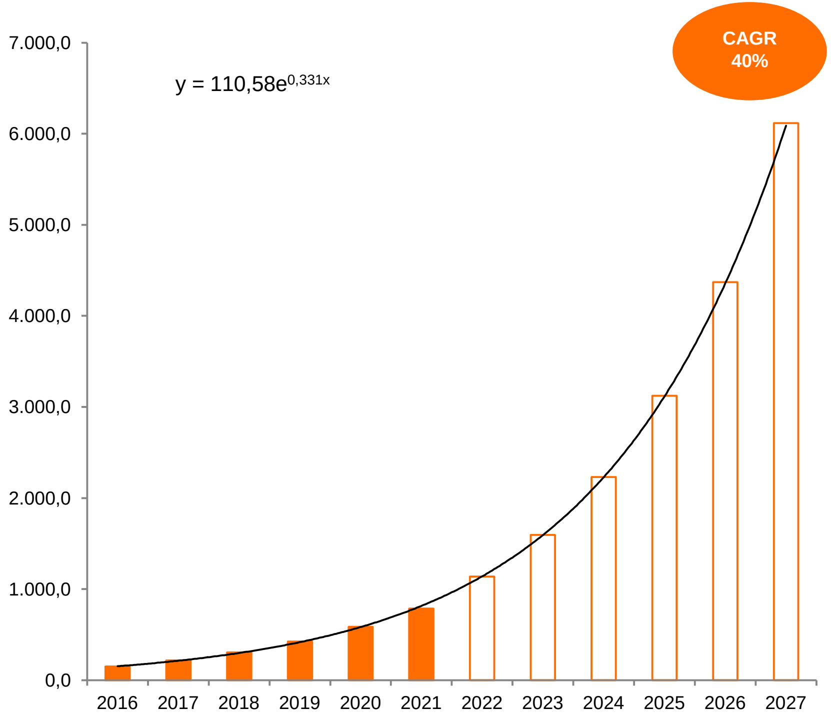
Source: Oi Strategy

B2C Mobile Demand

DATA TRAFFIC EXPANSION RESULTS : INVESTMENT SCENARIO

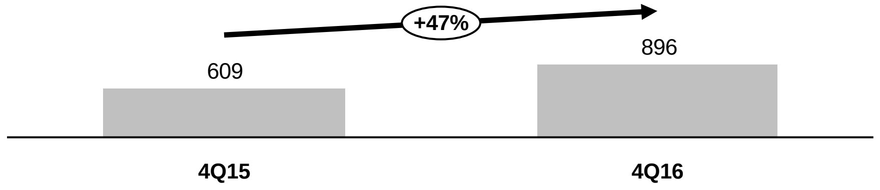
Brazil Mobile Data Traffic Forecast - Cisco VNI

Petabytes / month



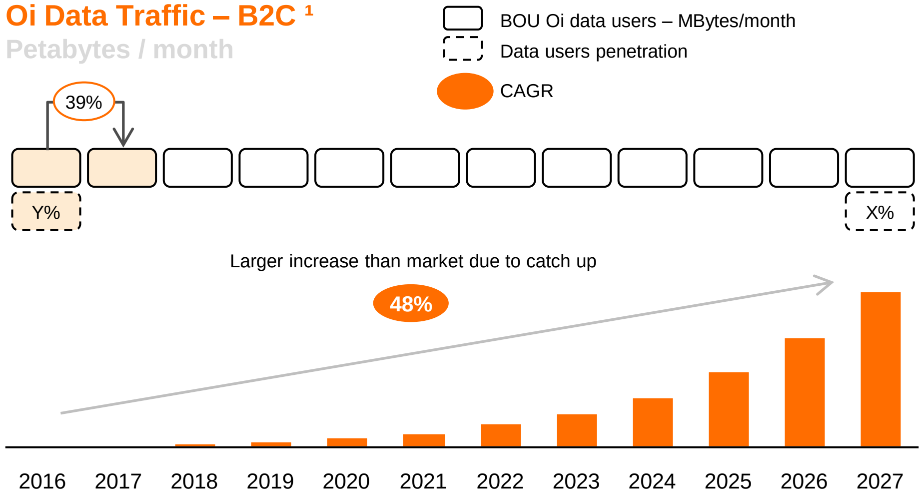
Benchmark “Operator T”– BOU per Data users

Mbytes / month



Oi Data Traffic – B2C [1]

Petabytes / month



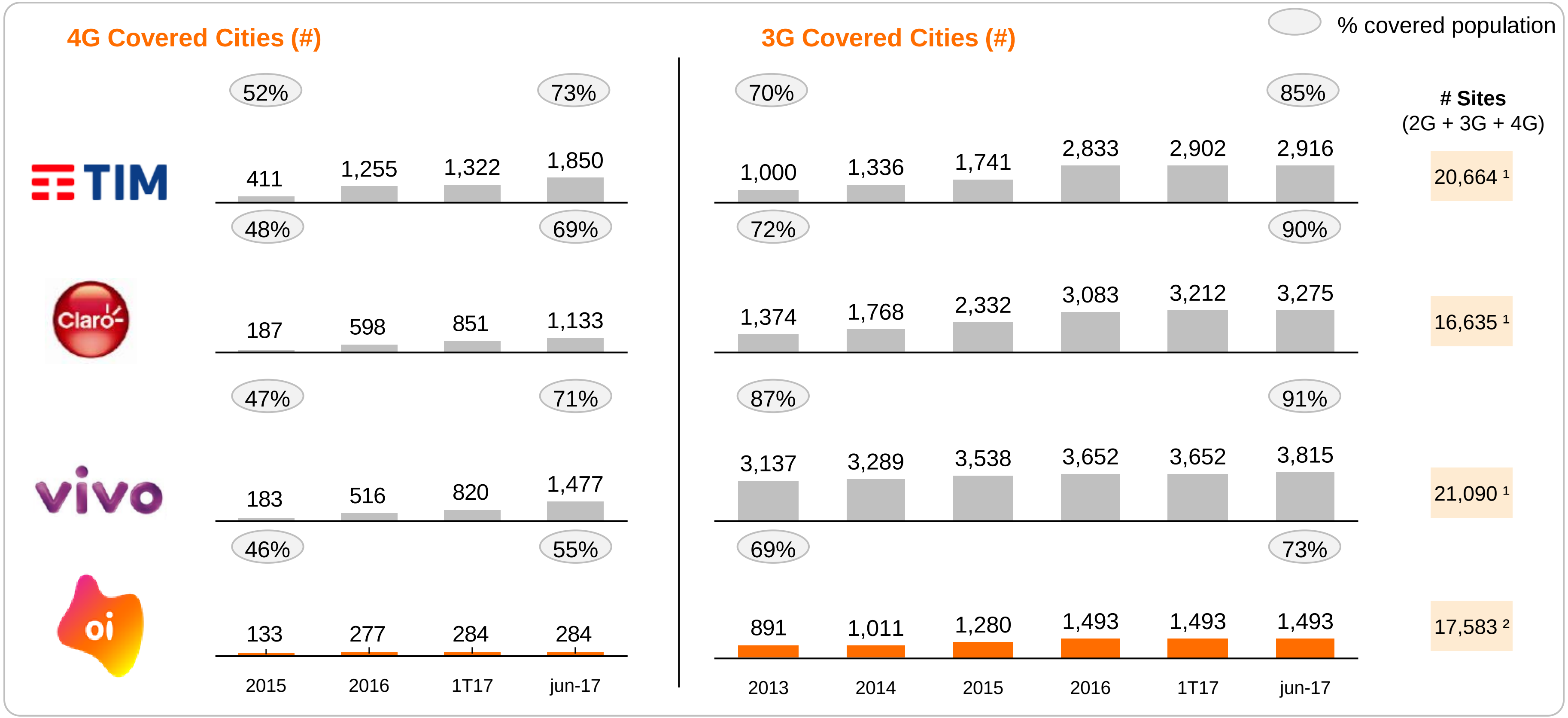
Notes: (1) Considers Oi Forecast 2017

Source: Cisco VNI; Oi Strategy

AGENDA

4G Expansion

CAPEX RESTRICTION REFLECTS IN OI'S 3G AND 4G COVERAGE GAP FACE COMPETITORS, WHICH SUSTAIN THEIR GROWTH IN THE 4G AT 1800 MHZ



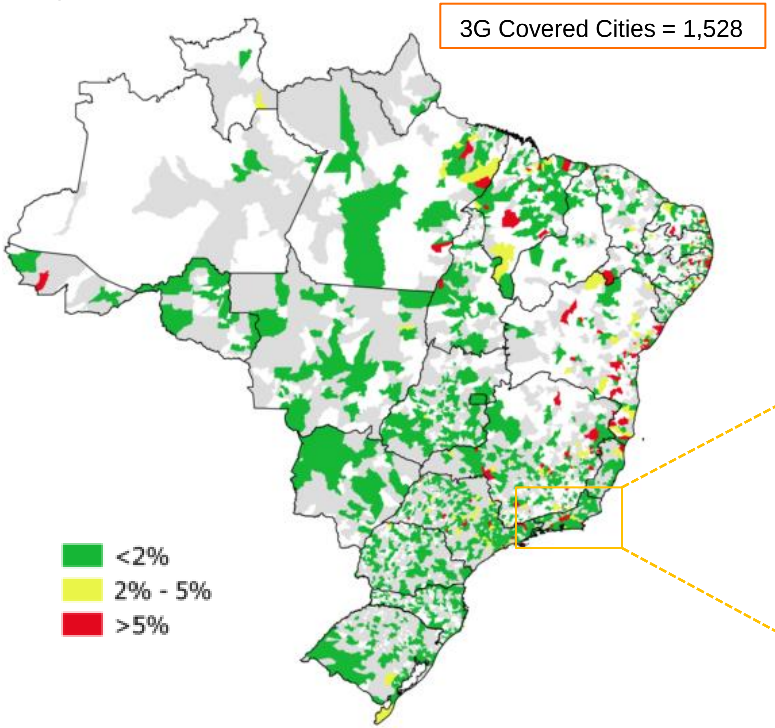
Notes: (1) May 2017 data from Teleco's website; (2) May 2017 data from Oi Engineering (2G = 13.804; only 3G or 3G / 4G = 403; only 4G = 11; Ran Sharing 4G TIM and Vivo = 3,678 = 17,896, of which 313 are in deployment) | Source: Oi Market Intelligence and Oi Demand Planning; Teleco

4G Expansion

ALTHOUGH ONLY 8% OF THE CITIES PRESENT NETWORK CONGESTION, INCREASING DATA TRAFFIC WILL CAUSE FUTURE NETWORK EXHAUSTION

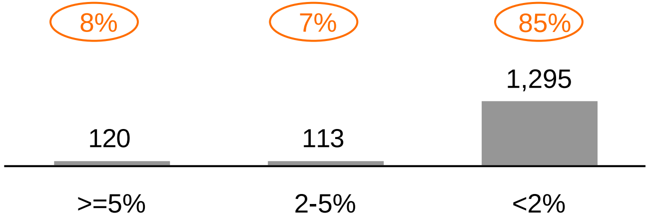
3G Data Network Congestion

% - July 2017

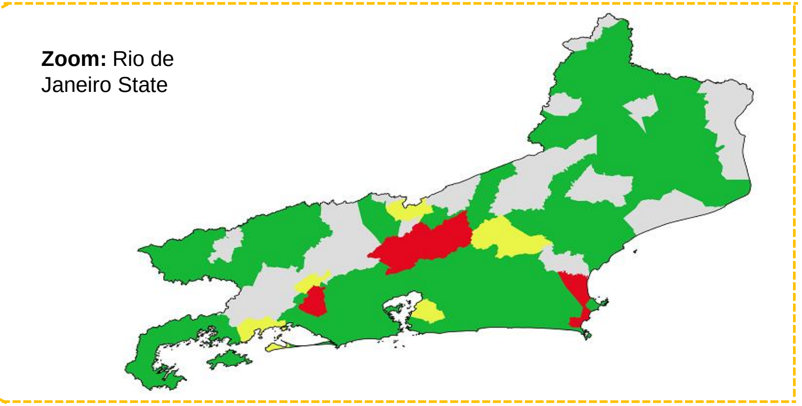


Histogram - 3G Data Network Congestion

July 2017



3G Data Network Congestion – Rio De Janeiro State



Source: Oi Engineering

4G Expansion

OI ENGINEERING REALIZED TESTS THAT SHOW AN IMPROVEMENT ON 3G NETWORK WHEN 4G NETWORK IS ACTIVATED

Average Throughput/User Percentage Change Before and After 4G (1)

Results showed positive impacts in the throughput/user...

- On average, the Throughput/User increased 13%
- On average, the payload had a slight decrease (-2%)
- The number of average users had a slight decrease (-2%)

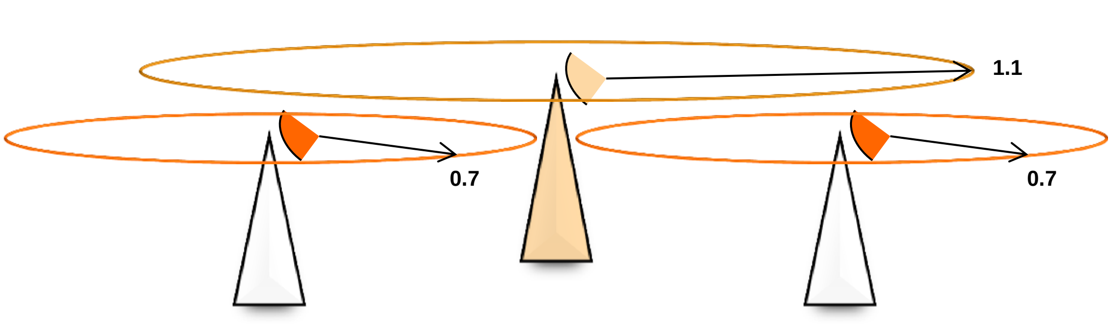
Conclusion:

- As expected, there is a trend for a slight decrease in payload and a slight decrease in average users (reflecting the 4G traffic transfer). The reflection is a 13% increase, on average, of Throughput / User.
- Due to the different behavior of each site (e.g. different profiles, different coverage…), some sites do not show the expected behavior. This can be due to several factors (e.g. few migrated 4G users, low 4G coverage, profile change when migrating heavy users to 4G...).

Notes: (1) Active sites when Oi is the operator with valid data in the Operation Controller System for comparison. The sample period between is Mar 16 to Dec 16.
Source: Oi Engineering

4G Expansion

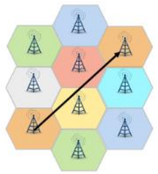
1800 MHz AND 2600 MHz COVERAGE COMPARISON



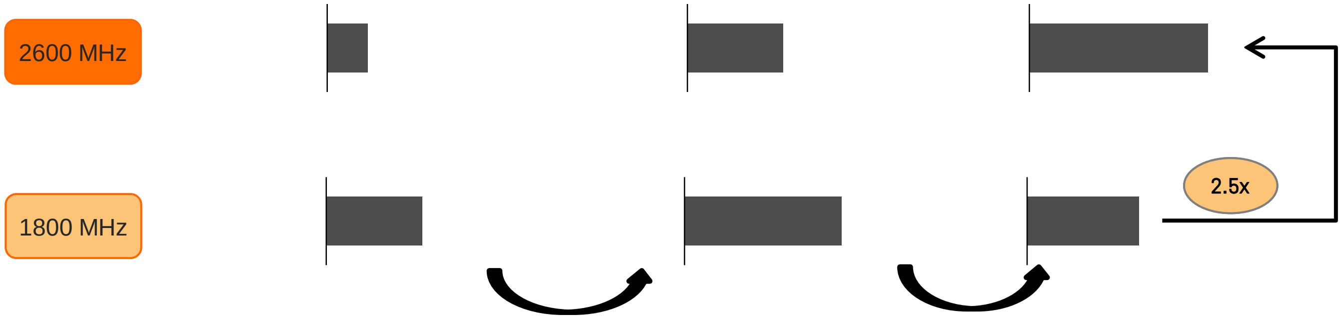
E-NodeB 4G 2600 MHz

E-NodeB 4G 1800 MHz

Network shapes like a beehive, with sites occupying areas of regular hexagons



Frequency	Coverage Radius	Coverage Area (1)	RequiredSites to cover 100 km^2
MHz	Km	Km^2 $\frac{3 \times \text{Radius}^2 \times \sqrt{3}}{2}$	= Covered Area/ Site coverage Area



- The site coverage radius increases with decreasing operating frequency
- Covering an area of **100 km^2 with 1800 MHz** instead of 2600 MHz would represent a **2.5x reduction in the number of sites**

Notes: (1) Circumscribed Hexagon Area
Source: Oi Engineering and Oi Strategy

4G Expansion

OI, AT 1800 MHZ, HAS THE BIGGEST BAND COMPARED TO COMPETITORS

	Oi 2600 MHz (Cap=60)	Oi 1900-2100 MHz (Cap=30)	Oi 1800 MHz (Cap=50)	Vivo 1800 MHz (Cap=50)	Tim 1800 MHz (Cap=40)	Claro 1800 MHz (Cap=45)
RJ	20	30	45	20	40	25
MG	20	20	40	20	30	40
MG (Sector 3)	20	20	40	30	20	20
ES	20	30	45	20	30	30
BA / SE	20	30	45	20	20	45
Nordeste	20	20	40	50	20	20
Norte / MA	20	20	40	25	40	20
MS (Sector 21)	20	30	30	40	30	30
MS (Sector 22 CTBC)	20	20	30	45	30	20
GO / TO (Sector 24)	20	30	30	20	30	30
GO (Sector 25 CTBC)	20	20	30	50	30	20
MT / DF / RO / AC	20	30	30	20	30	30
RS (Sector 29)	20	30	30	20	30	30
RS (Sector 30 CTMR)	20	30	30	50	20	30
SC	20	30	30	20	20	45
PR (Sector 19)	20	30	30	20	30	45
PR [Sercomtel]	20	30	30	30	30	40
SP [Area 11]	20	20	40	20	40	20
Inner SP [Less CTBC]	20	20	50	25	40	20
SP [CTBC]	20		50	20	40	20

Source: Oi Regulatory

4G Expansion

THE SITES EVOLUTION CAPTURES THE MAXIMUM POTENTIAL OF EXISTING SITES BEFORE IMPLEMENTING NEW SITES

Existing sites

1

Refarming 1800 MHz

- 4G 1800MHz board installation
- Requires less sites due to better 1800 MHz vs. 2600 MHz coverage;
- Uses 2G, 3G and 4G existing sites (Ran Sharing included)

2

Carrier Aggregation

- Increases capacity and connected users without deploying new sites by placing new RF transmitters
- Carrier Aggregation of 2600 MHz, 2100 MHz and 1800MHz frequencies

New sites

3

+ Sites

- New additional sites

4

Small Cell

- Used where traffic density results unreasonable site density for new sites deployment
- Intense localized demand fulfilment (hotspots)

Source: Oi Engineering and Oi Strategy

AGENDA

A – Oi's Current Situation

B – Market Context

C – Build up of the capital allocation strategy

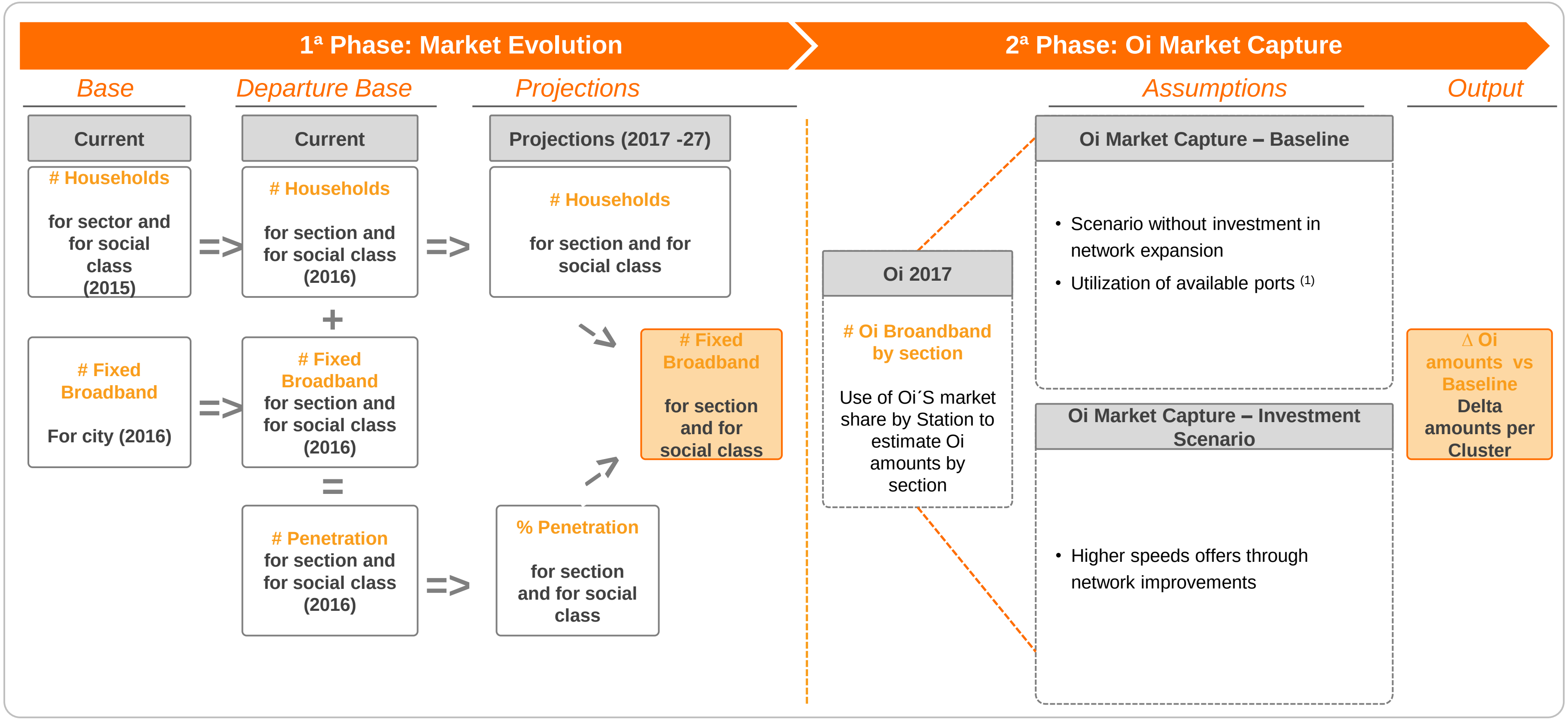
D – Detailed Analysis

- 1 – Mobile
- 2 – Fixed (B2C)
- 3 – IT

E – Consolidated Expected Results

B2C Fixed Broadband Demand

THE DEMAND PROJECTIONS WERE DIVIDED INTO TWO PARTS: HOUSEHOLD AND PENETRATION PROJECTION (PHASE 1) AND OI MARKET CAPTURE (PHASE 2)



Notes: (1) Velox EOP map Dez/16
Source: Oi Strategy and Oi Demand and Optimization Resources Department

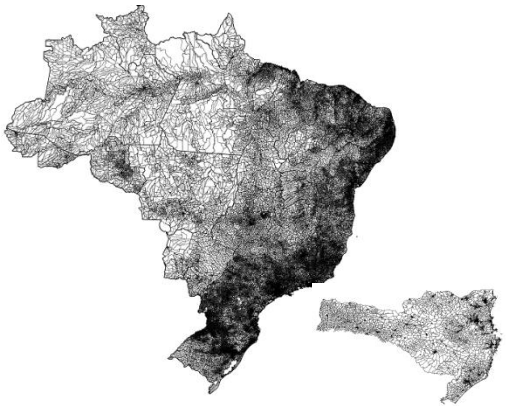
B2C Fixed Broadband Demand

GRANULAR PROJECTIONS BASED ON SOCIOECONOMIC PROFILE OF CENSUS SECTORS TO ESTABLISH THE DEMAND BY STATION CLUSTER

Granular Analysis Methodology – R1+R2

Concept

Census Sector → **Network Section** → **Station Cluster**



Example: Census Sector XYZ

253 K Census Sectors

62 K Network Sections

9.5 K Station Clusters

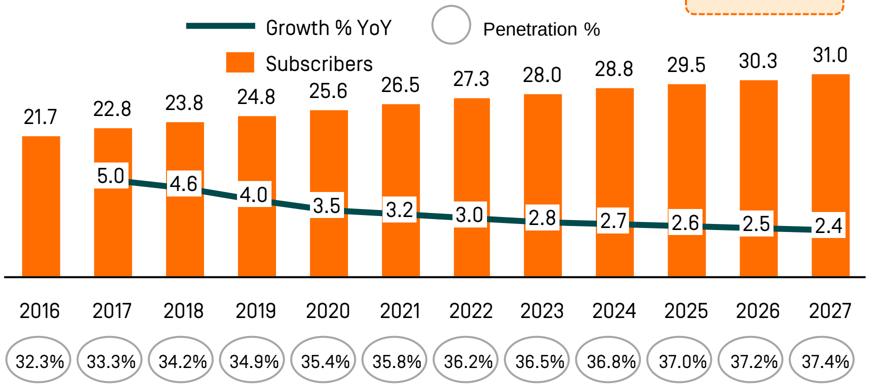
Source: Oi Strategy

B2C Fixed Broadband Demand

BRAZIL AND R1+R2 RESULTS

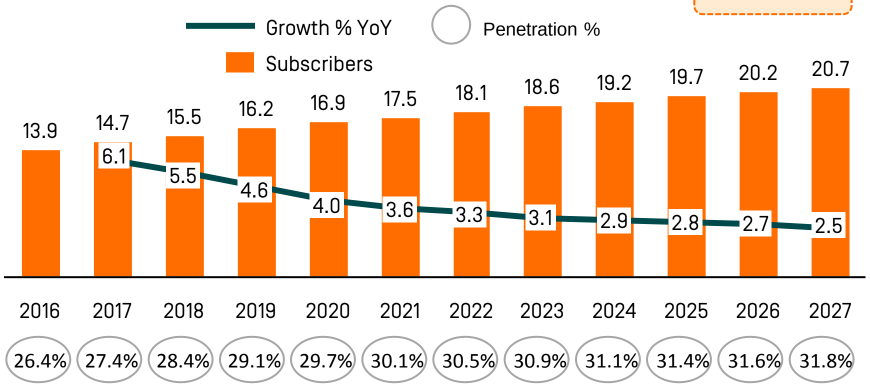
Fixed Broadband Market - Brazil

CAGR[(1)]: 3.3%



Fixed Broadband Market – R1 + R2

CAGR[(1)]: 3.7%



Results by Social Class - Brazil

	CAGR[(1)] %	HH 2016 %	Penetration %		
		67 MM	2016	2027	Var p.p
Brazil	3.3	100%	32.3%	37.4%	5.0 p.p
Class A	2.9	2.6%	76.0%	83.4%	7.4 p.p
Class B	3.1	22.3%	56.9%	64.5%	7.6 p.p
Class C	3.4	42.4%	33.6%	39.2%	5.7 p.p
Class DE	4.0	32.7%	10.5%	13.0%	2.5 p.p

Results by Social Class – R1 + R2

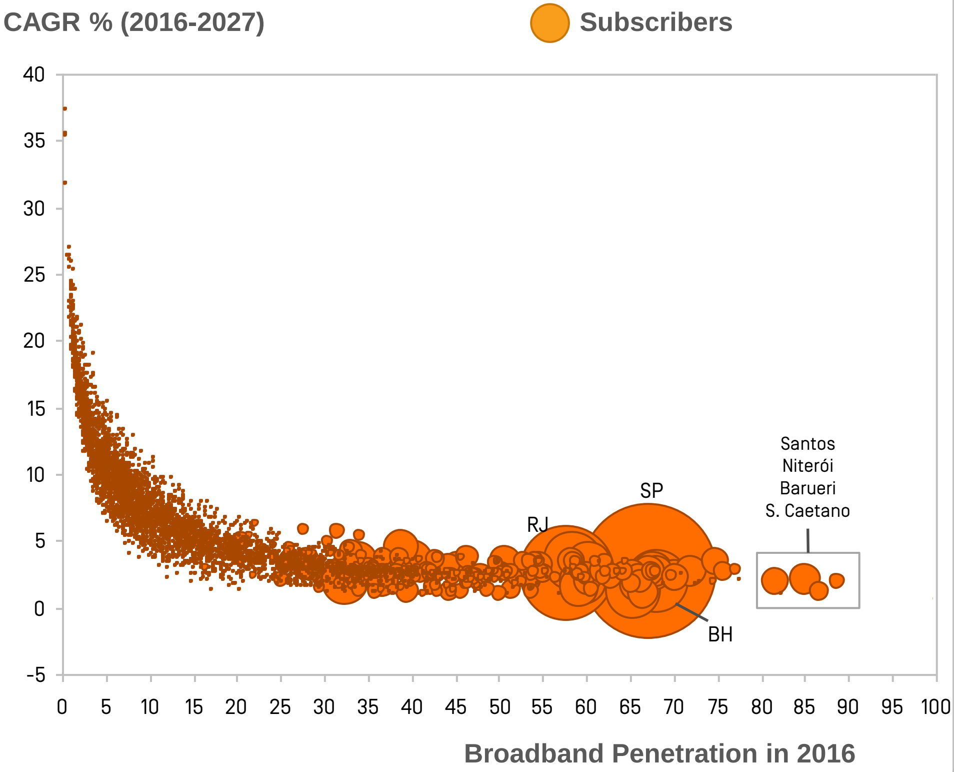
	CAGR[(1)] %	HH 2016 %	Penetration %		
		53 MM	2016	2027	Var p.p
R1 + R2	3.7	100%	26.4%	31.8%	5.4 p.p
Class A	3.0	2.2%	71.9%	79.9%	8.0 p.p
Class B	3.4	19.2%	51.2%	59.9%	8.7 p.p
Class C	3.9	41.2%	28.2%	34.7%	6.4 p.p
Class DE	4.5	37.4%	8.8%	11.4%	2.6 p.p

Notes: (1) CAGR from 2016 to 2027
Source: Oi Strategy

B2C Fixed Broadband Demand

RESULTS BY CITY

Cities matrix(1)



Histogram – Cities (1)

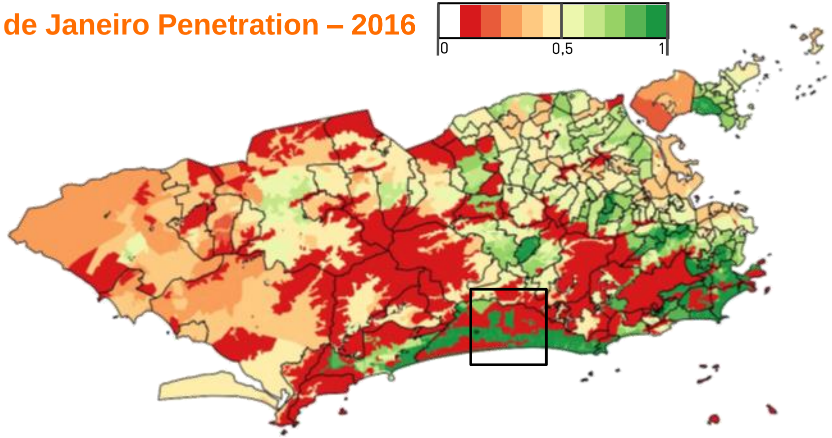
	From 0 to 3%	From 3% to 5%	From 5% to 10%	From 10% to 15%	From 15% to 30%	Above 30%
% Subscribers	67%	25.4%	6.4%	1.0%	0.4%	0.0%
# Cities	676	832	1,664	1,028	1,088	147
Penetration	51%	33.8%	11.6%	4.4%	1.8%	0.3%

Notes: (1) 135 cities are zeroed in 2016, São Gonçalo penetration = 20.5%, São Vicente penetration (SP) = 50.4%.
Source: Oi Strategy

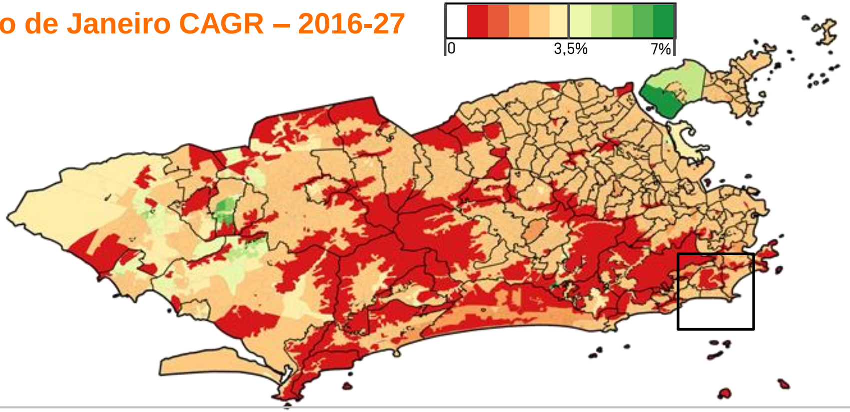
B2C Fixed Broadband Demand

EXAMPLE: CITY OF RIO DE JANEIRO BROADBAND MARKET BY CENSUS SECTOR

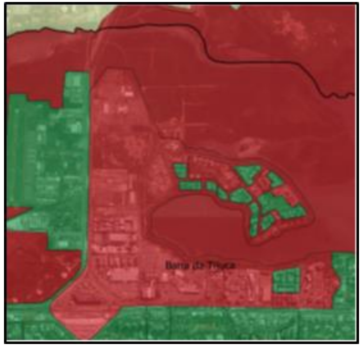
Rio de Janeiro Penetration – 2016



Rio de Janeiro CAGR – 2016-27



Detailing



Península (Barra da Tijuca)

New real estate developments may be without associated sections (Ex. Península, Vila Olímpica).

Ipanema

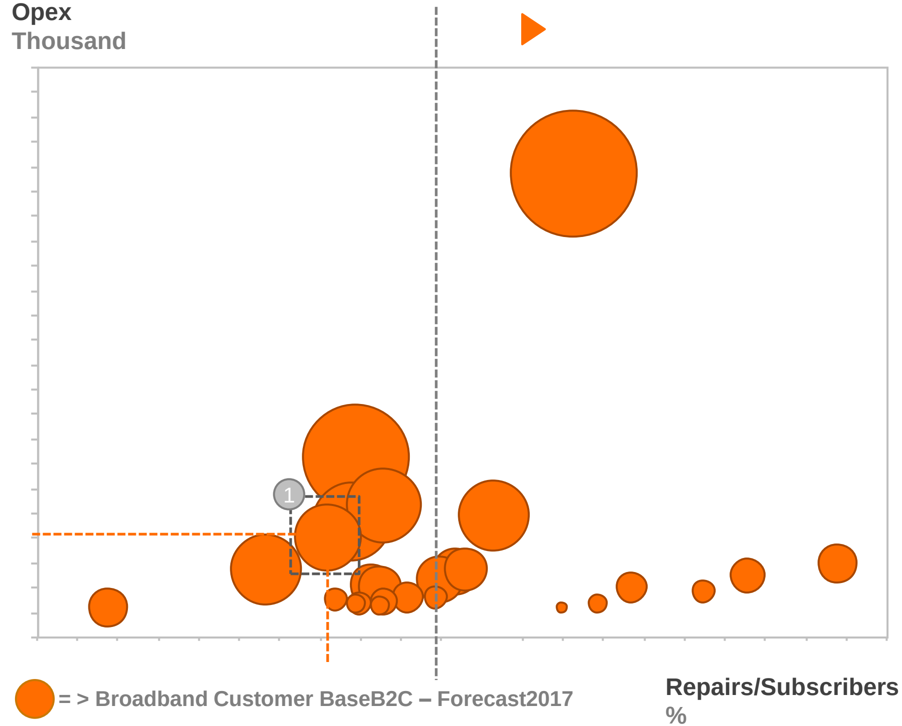
Strictly Business and Industrial regions without residential parcels do not have mapped sections. Example: Commercial and Public neighborhoods (Corner of Visconde de Pirajá Street with Garcia D'avila Street).

Source: Oi Strategy

B2C Fixed Broadband Demand

THE STATE EXAMPLE PRESENTS REPAIRS/SUBSCRIBERS BELOW BRAZIL AVERAGE, BUT HAS OPPORTUNITY TO REDUCE PLANT MAINTENANCE OPEX THROUGH NETWORK INVESTMENT

Repairs/Subscribers vs Opex – State View



1

State Example – Baseline Scenario 2017

Repairs/ Subs. (%)	Clusters #	Opex R$ MM	Plant Thousand
0-5%	30%	20%	30%
5-10%	54%	69%	65%
10-15%	11%	8%	4%
15-20%	3%	2%	1%
20-25%	1%	1%	0,1%
>25%	1%	1%	0,2%

Source: Operations – file 14-09

AGENDA

THE CURRENT SYSTEM REALITY OF OI CAUSES VARIOUS TYPES OF IMPACT ON DIFFERENT BUSINESS AREAS

ENVISAGED OVERHAUL OF IT ARCHITECTURE

	Mobile	Landline		Broadband		DTH	Fibre
CRM	Siebel 6.3	STC	SAC	STC	SAC	SINN	Siebel 8
Sales							
Order Mgmt				Velox	OMS		OM
Inventory	SISGEN			Granite	Objectel		Netwin
Activation	SIS Ativacio Movel	SIS Falhas	MASC	SIS Atvacao Fixa	ASAP Dados		SIS Atvacao Fixa
Work Force Mgmt		Click					
Billing	Arbor	SISRAF	SFA	SISRAF	SFA	SINN	Arbor
Receivables			SAG		SAG		
Collections	ICS		SCB		SCB		ICS

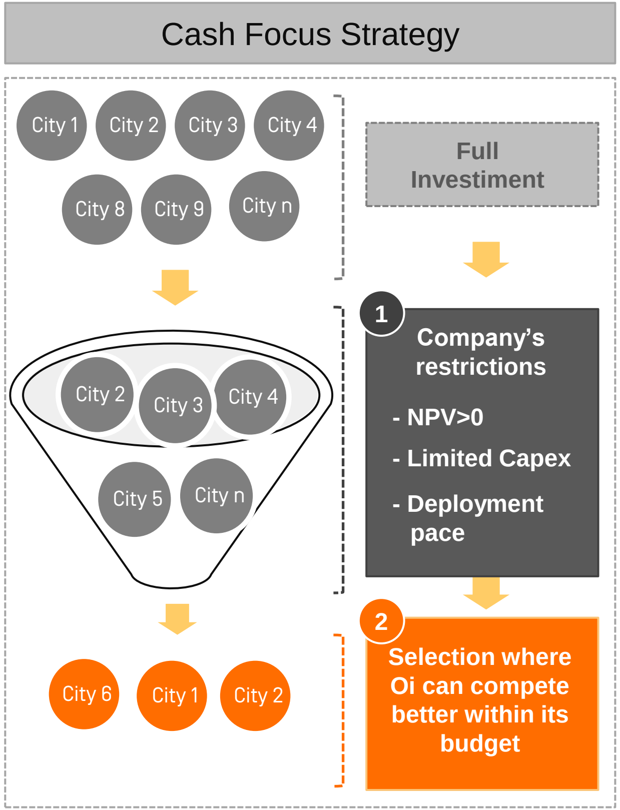
	Mobile	Landline	Broadband	DTH	Fibre
CRM	Unified Digital CRM				
Sales					
Order Mgmt					
Inventory	Unified Inventory System				
Activation	Unified Provisioning System				
Work Force Mgmt	Unified WFM				
Billing	Unified Billing				
Receivables					
Collections					

AGENDA

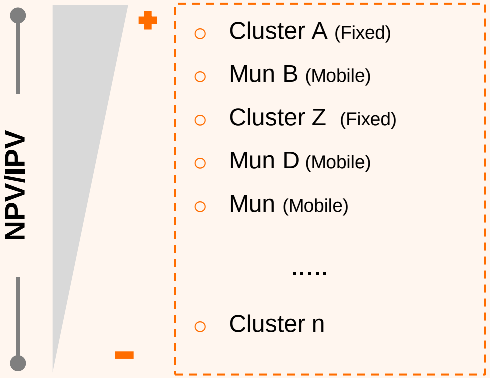
Strategy Results

CLUSTERS AND CITIES WERE PRIORITIZED

Work in Progress



Rank projects with greater NPV/IPV:



Capex restrictions:

Cities - Mobile

Clusters - Fixed

Source: Oi Strategy

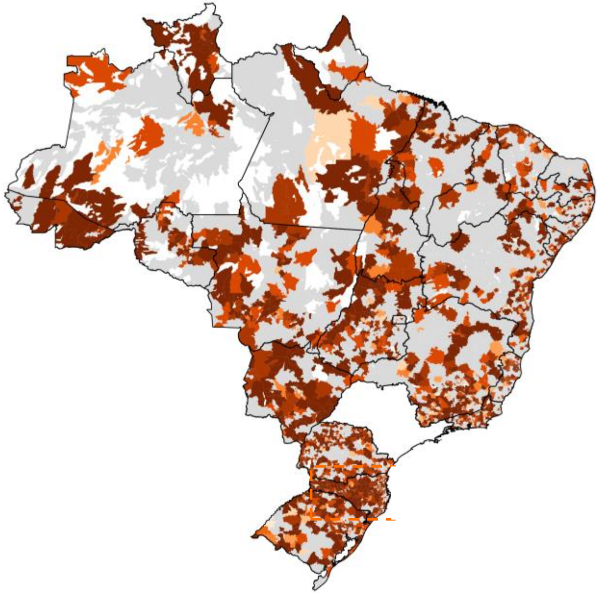
Strategy Results

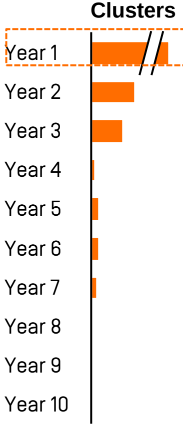
PRIORITIZATION MAP BY SCENARIO

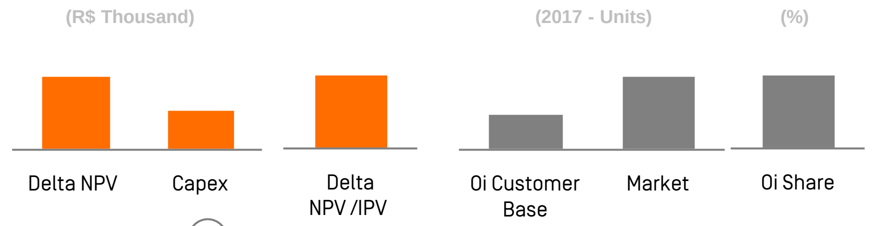
Work in Progress

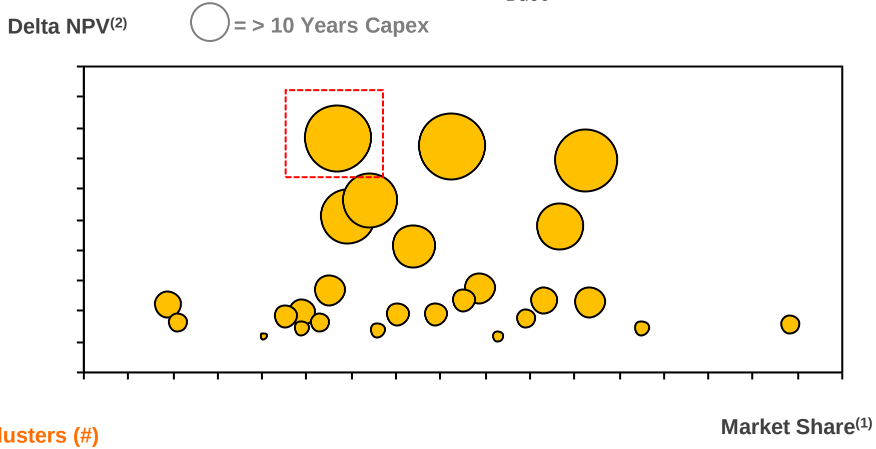
Fixed

Prioritization Map – Restricted Capex Scenario









Notes: (1) 2017 Market Share (B2C view); (2) States include clusters that have positive NPV and are prioritized in the first year

Source: Oi Controller Department

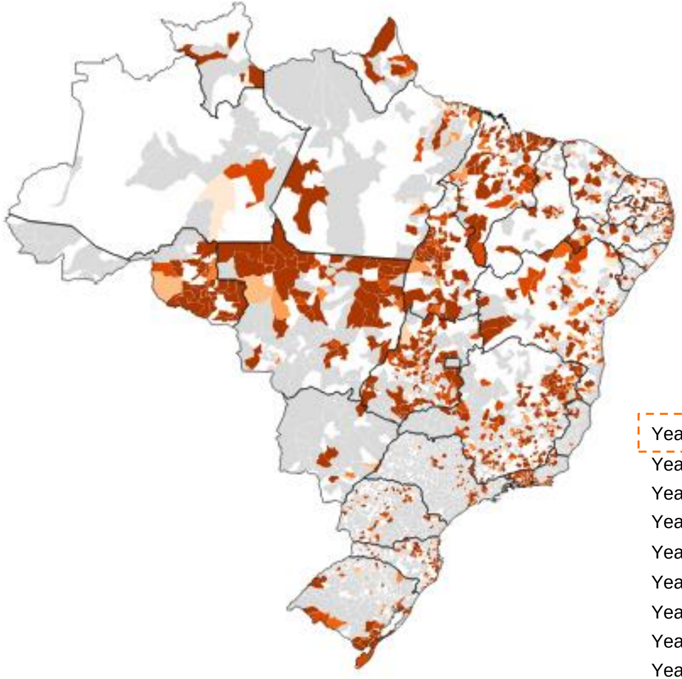
Strategy Results

PRIORITIZATION MAP OF THE RESTRICTED CAPEX SCENARIO

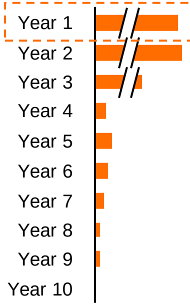
Work in Progress

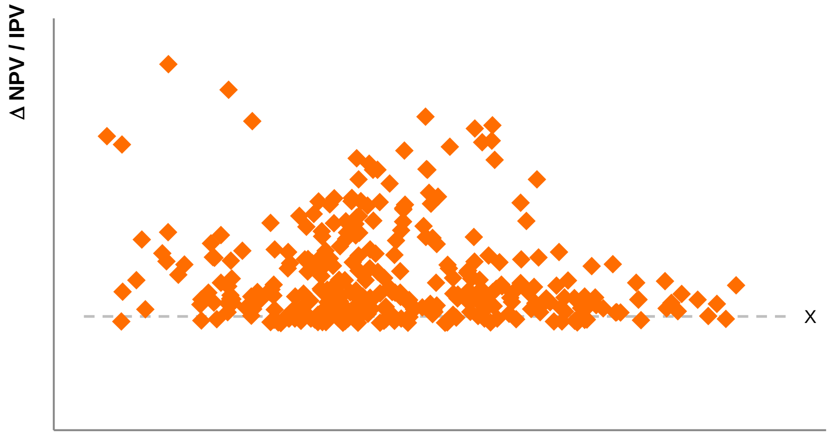
Mobile

Prioritization map – Restricted Capex Scenario [1]



Cities
#





Oi Customer Base in 2016

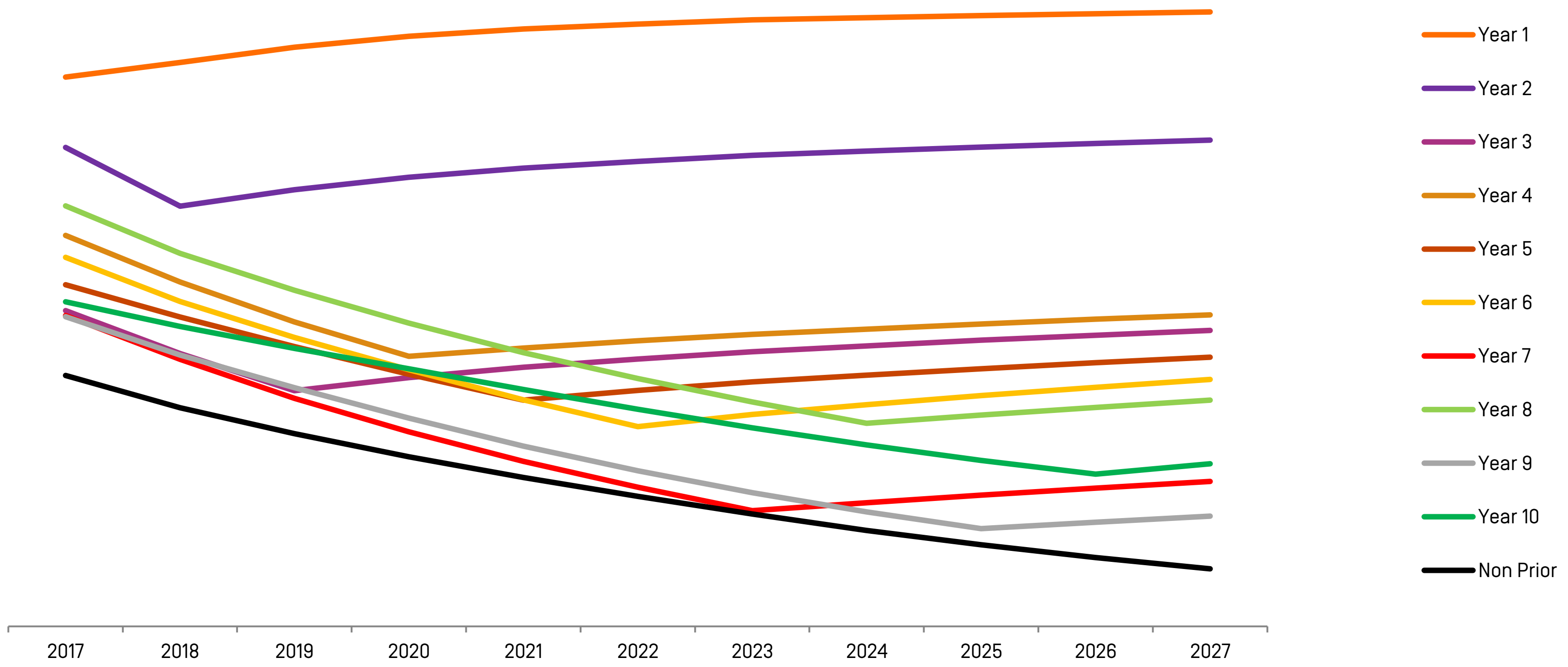
Note: (1) Cities in white = without coverage (2G, 3G ou 4G)
Source: Oi Controller Department

B2C MARKET SHARE RESULTS BY CLUSTER ACUMULATED AND PER YEAR OF PRIORITIZATION – RESTRICTED CAPEX SCENARIO

Work in Progress

Grow Fixed

B2C Fixed Broadband Market Share by prioritization group - Restricted Capex Scenario



Source: Oi Controller Department

Strategy Results

OI´S STRATEGY IS TO FACE COMPETITION BY FOCUSING ON CUSTOMER SERVICE, ADDING VALUE TO THE COMPANY, LIMITED ONLY BY INVESTMENT RESTRICTIONS

Customer Focus Strategy on a Competitive Market

1 Protect | 2 Serve | 3 Grow

IT & Network Support

	1 Protect	2 Serve	3 Grow
Mobile Broadband	✓ Data Network ✓ Migration to "Control Plans"	✓ Digital services ✓ Field Operations quality Increase ✓ Unleashing broadband data network	✓ New data customer ✓ VAS ✓ Content
Fixed Broadband	✓ Higher speeds ✓ Bundles strategy		
Full Investment	City 1, City 2, City 3, City 4, City 5, City 6, City 7, City 8, City 9, City n		

Cash Focus Strategy

City 1, City 2, City 3, City 4, City 8, City 9, City n

Full Investment

City 2, City 3, City 4, City 5, City n

Company's restrictions
- NPV>0
- Limited Capex
- Deployment pace

City 6, City 1, City 2

Selection where Oi can better compete within its budget

Source: Oi Strategy