

Investor Relations



CONFERENCE CALL

November 2012

3Q12

Execution of long term strategic plan on track, with several initiatives being implemented:



RESIDENTIAL

Bundled solutions with expansion in Broadband and Pay TV



PERSONAL MOBILITY

Growth in the postpaid segment and increased profitability of the prepaid base



BUSINESS CORPORATE

Market share gains by delivering end-to-end solutions

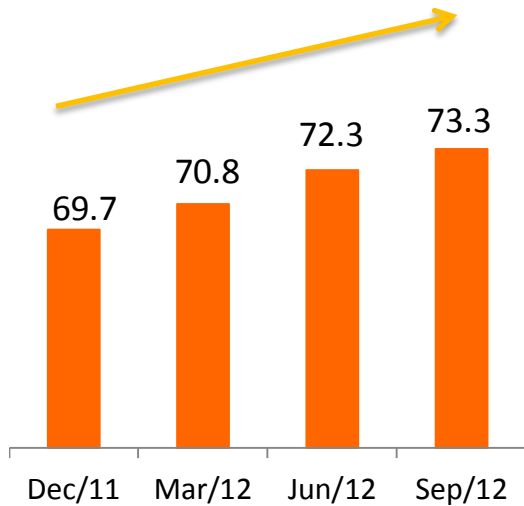
Substantial investments in recent quarters in quality, network speed and coverage, programming, sales channels and people.

IMPROVEMENT IN OPERATIONAL AND FINANCIAL PERFORMANCE REFLECTS THE EFFECTIVE EXECUTION OF THE STRATEGIC PLAN



1Q12: RGUs

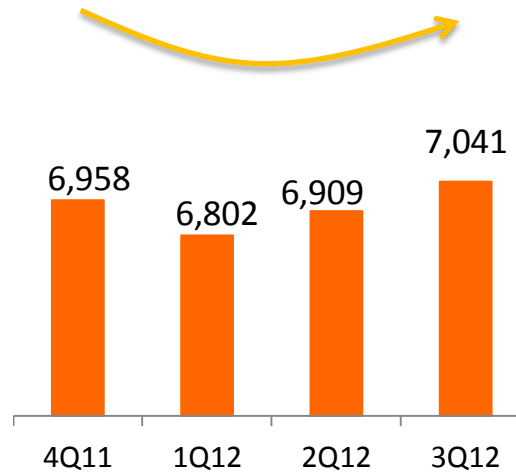
Total RGUs
(Million)



Consistent improvement
in operating metrics ...

2Q12: Net Revenue

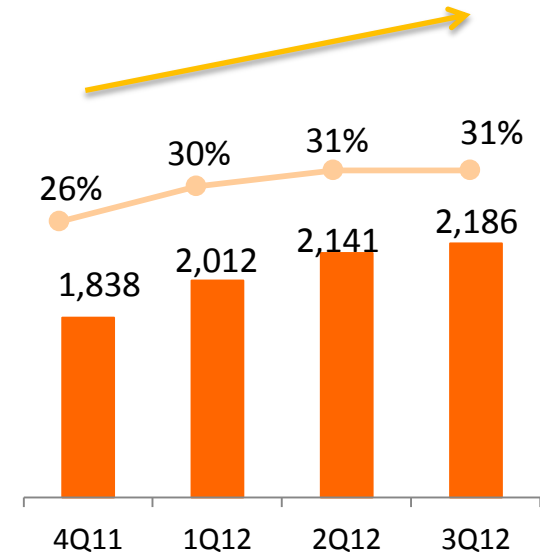
Proforma Net Revenue
(R\$ Million)



...resulted in the return of
revenue growth...

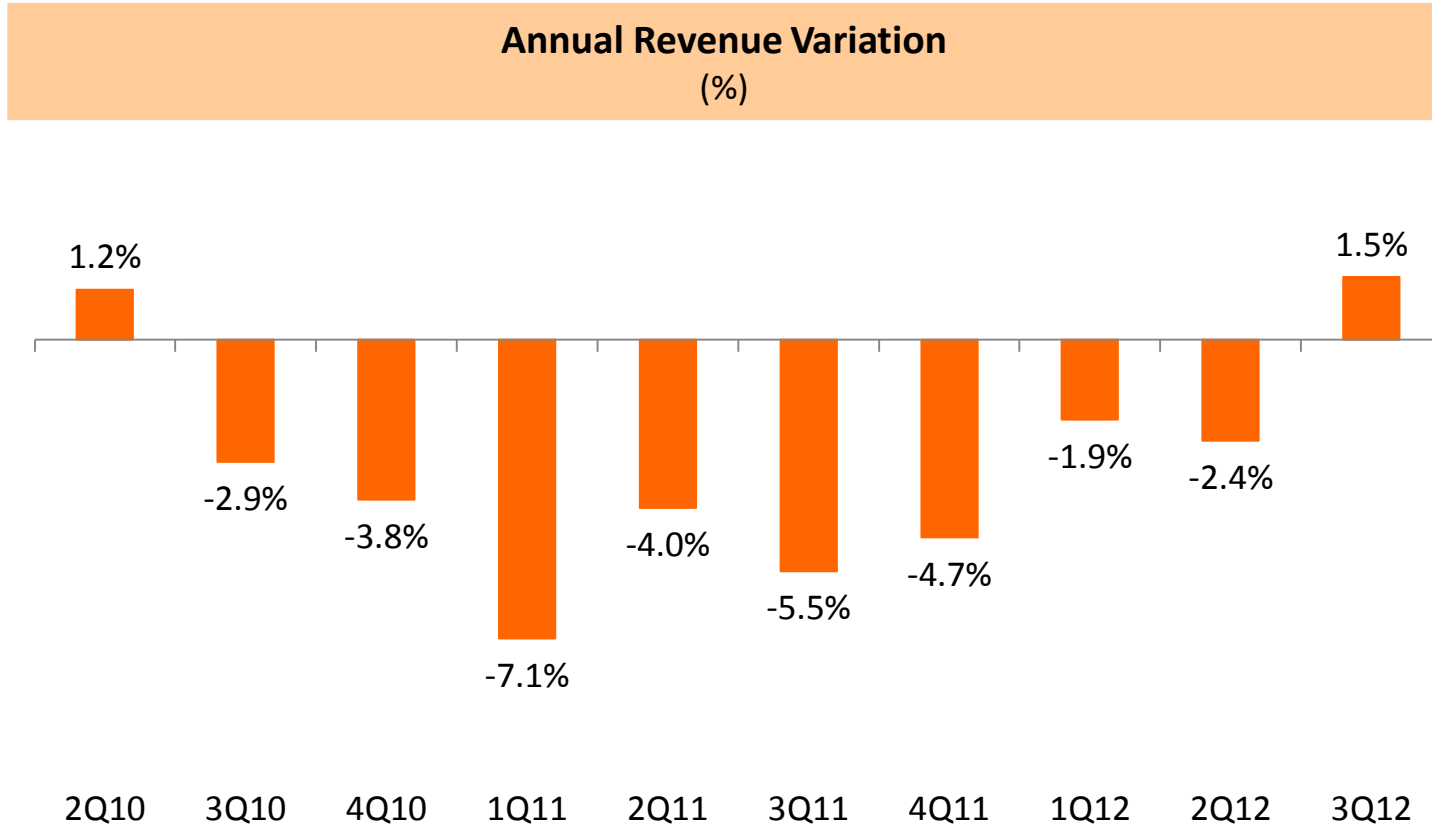
3Q12: EBITDA and EBITDA margin

Proforma EBITDA and Margin
(R\$ Million and %)



...generating ongoing
growth in EBITDA

YEAR - ON - YEAR INCREASE IN REVENUES



Strategic plan initiatives have translated into annual revenue growth after 2 years of decline

3Q12 OPERATING HIGHLIGHTS



Consistent growth in RGUs

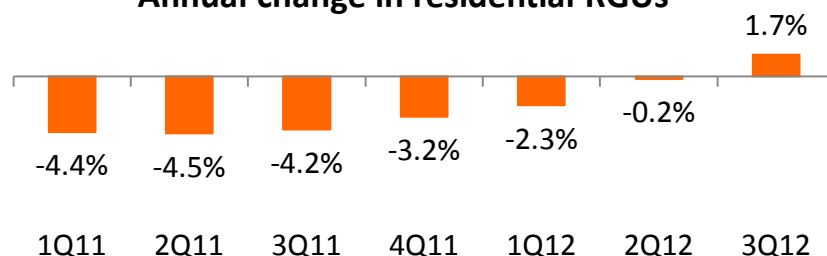
TOTAL RGUs

Sep/12: 73,265 th
(+9 % Y-o-Y)

RESIDENTIAL: Reversal of downtrend

Sep/12 : 18,189 th
(+2 % Y-o-Y)

Annual change in residential RGUs



MOBILITY: Growth in the postpaid segment and increased profitability of the prepaid base

Sep/12 : 45,568 th
(+12 % Y-o-Y)

BUSINESS / CORPORATE: Maintaining positive trends

Sep/12 : 8,782 th
(+16 % Y-o-Y)

RESIDENTIAL: FOCUS ON INCREASING THE NUMBER OF MULTI-PRODUCT CUSTOMERS AND ON GROWING ARPU



Reduction in the number of wireline disconnections...



...maintenance of the pace of growth in broadband...

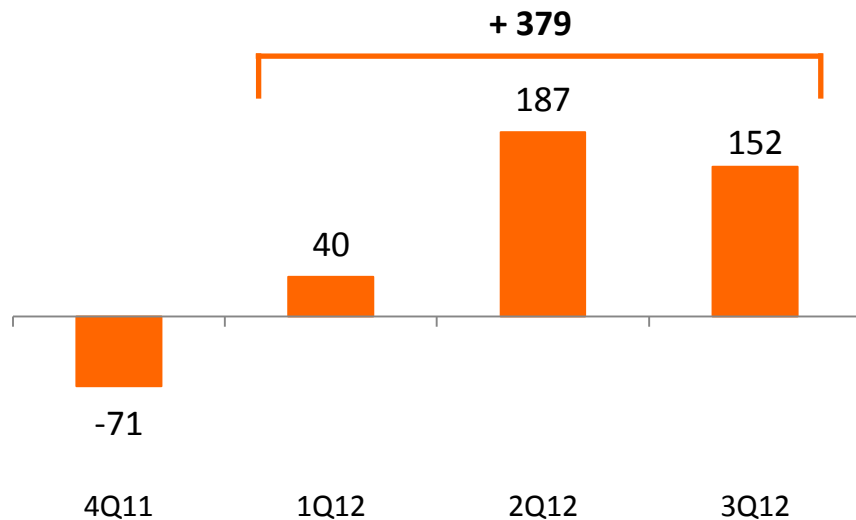


...acceleration of Pay TV additions...

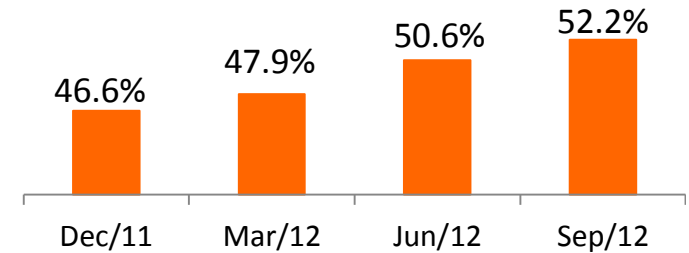


.. increase in the number of residential customers with more than one Oi product, resulting in ARPU growth

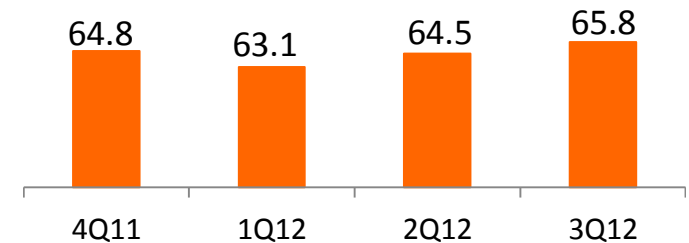
RGUs Additions (Disconnections), net
(Thousands)



% of households with more than 1 Oi product
(%)



Residential ARPU
(R\$)



PERSONAL MOBILITY: FOCUS ON CONTINUED GROWTH OF POSTPAID AND INCREASING PROFITABILITY OF PREPAID BASE



Continued strong pace of expansion in postpaid, which have higher ARPUs...

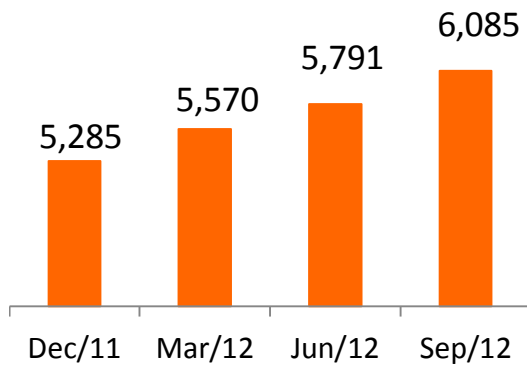


...focusing on increasing profitability of prepaid base

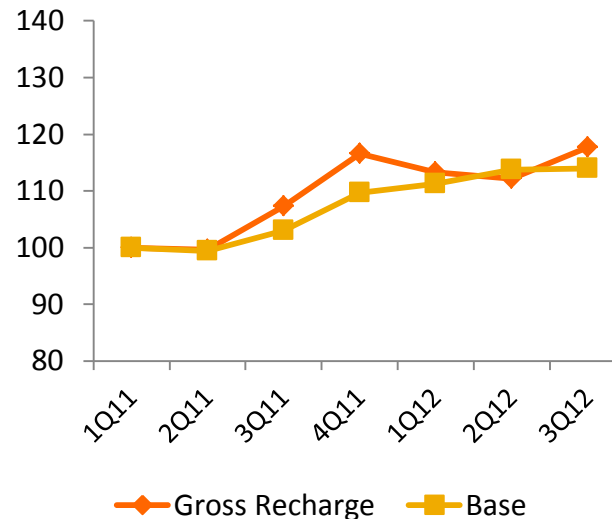


...sustainable increase in mobile client base, coupled with increase in ARPU

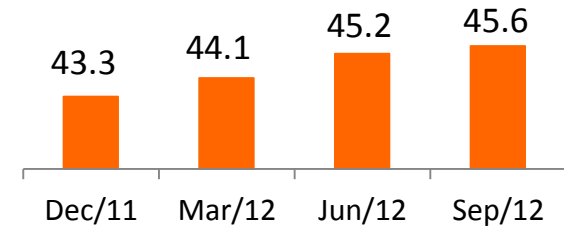
RGUs Postpaid (Thousands)



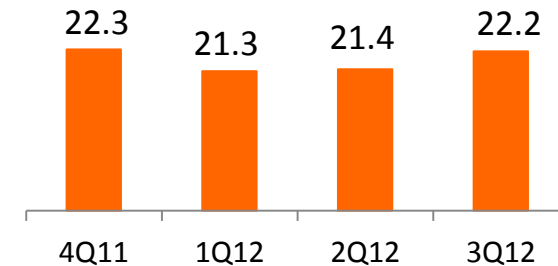
Gross Recharge vs. Prepaid Base
(Base 100)



Total RGUs
(Millions)



Mobile ARPU
(R\$)



IN 2012, OI ACHIEVED IMPORTANT MILESTONES IN MOBILE MARKET SHARE

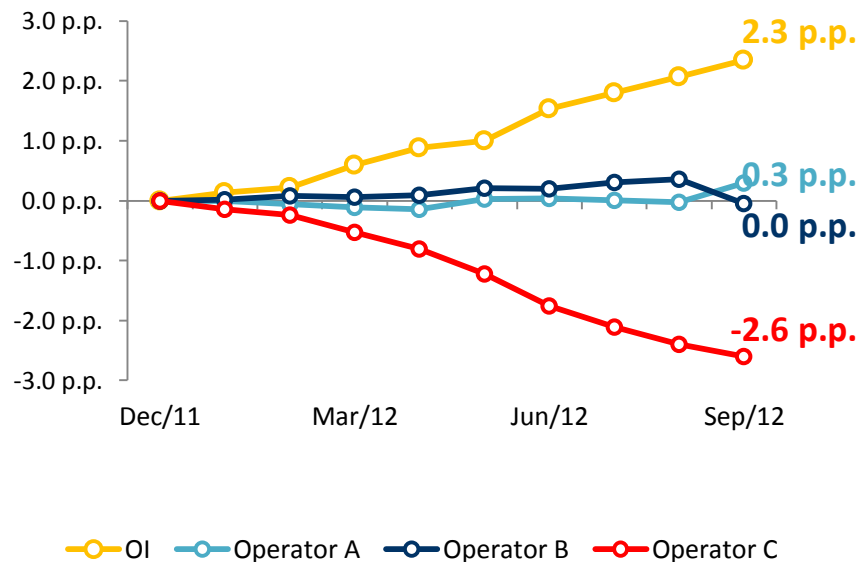
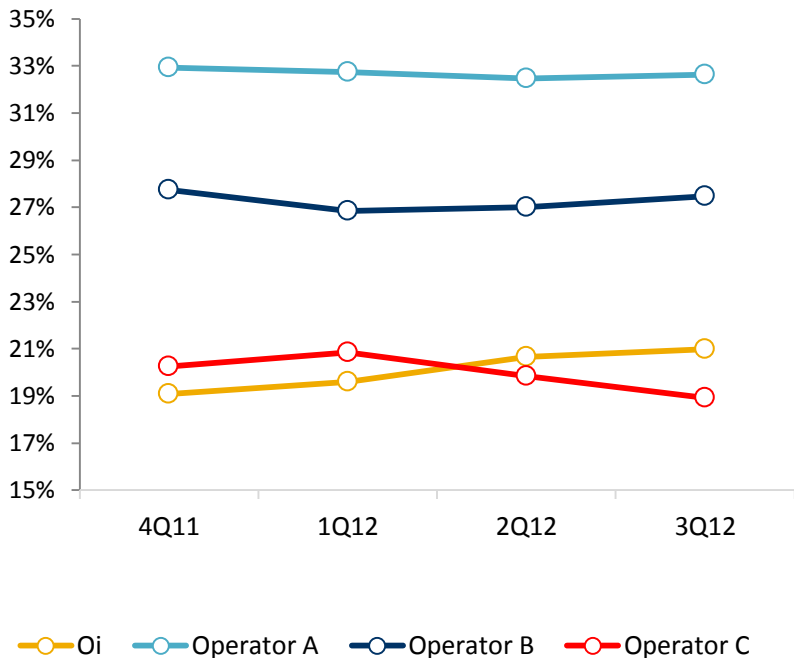


Oi now has the 3rd highest market share based on revenue

Only carrier to record a significant increase in market share in the postpaid segment

Trends in Market Share* Mobile Revenue in 2012

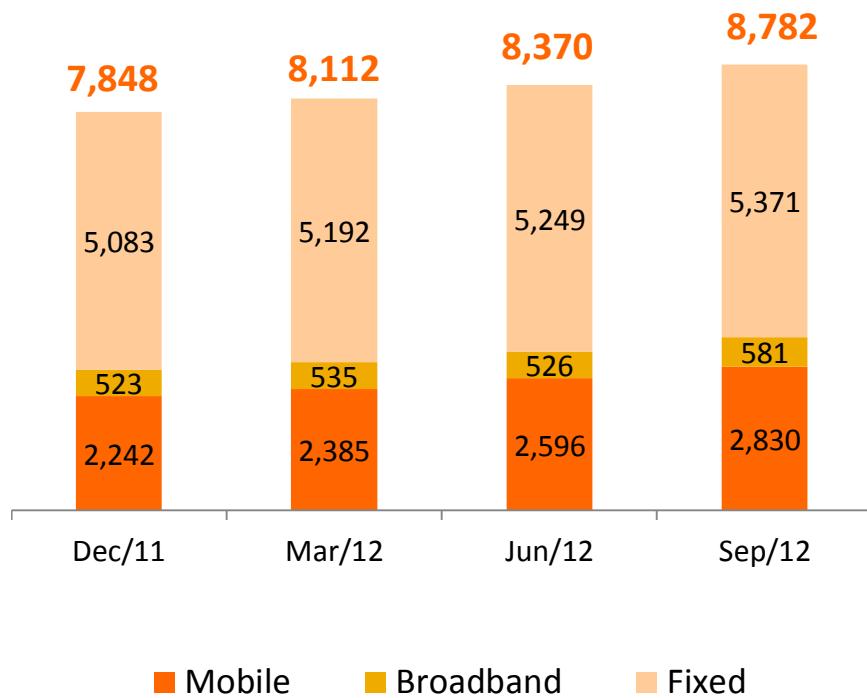
Trends in Market Share Postpaid RGUs in 2012



*Based on latest Earnings releases of carriers and Oi's internal information



Revenue Generating Units (RGUs) (Thousands)



Business

- Continued growth in wireline and broadband services
- Continued increase in mobile sales
- Expansion of portfolio of value-added services

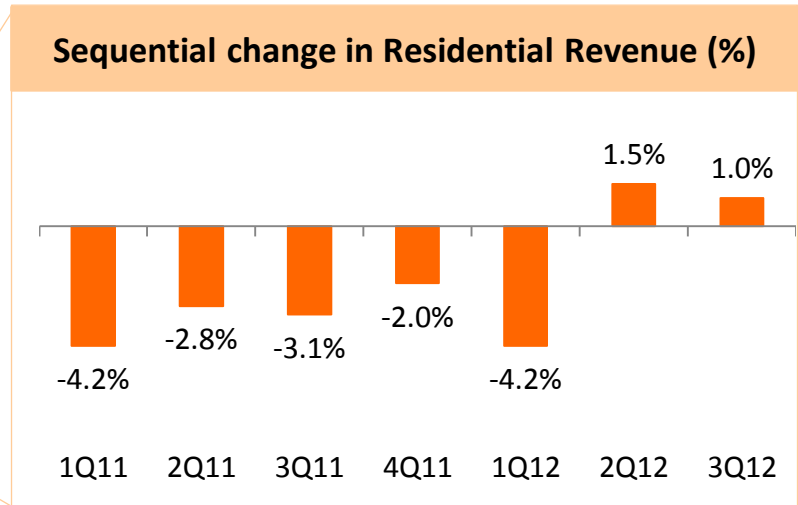
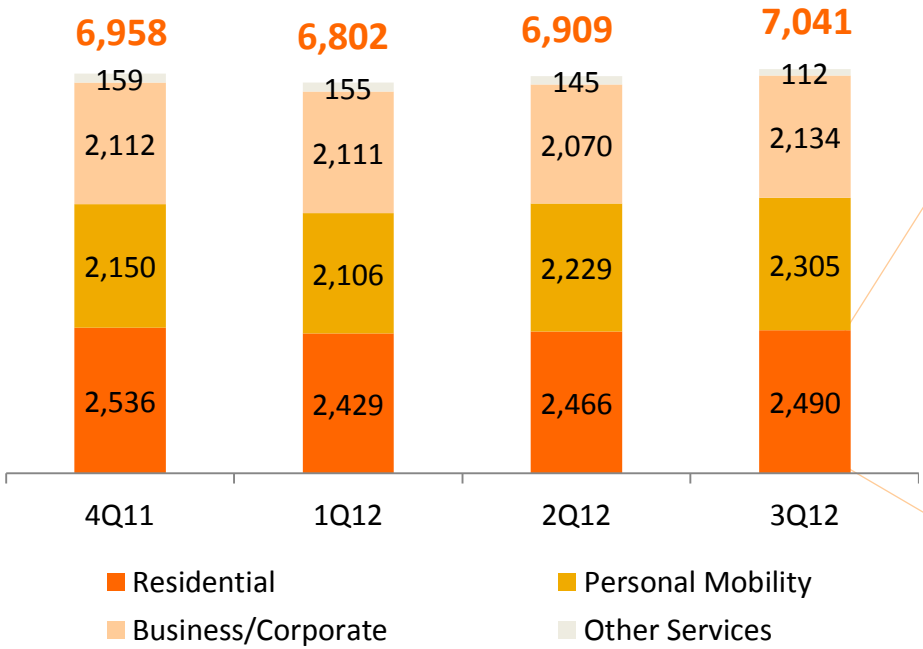
Corporate

- Launch of Oi Smart Cloud portal
- Infrastructure deals with Tribunal Superior do Trabalho and Caixa Econômica Federal
- New contracts in mobile



ANNUAL REVENUE GROWTH TREND RESUMES AS RESIDENTIAL REVENUES GROW SEQUENTIALLY

Net Revenue* (R\$ Million)

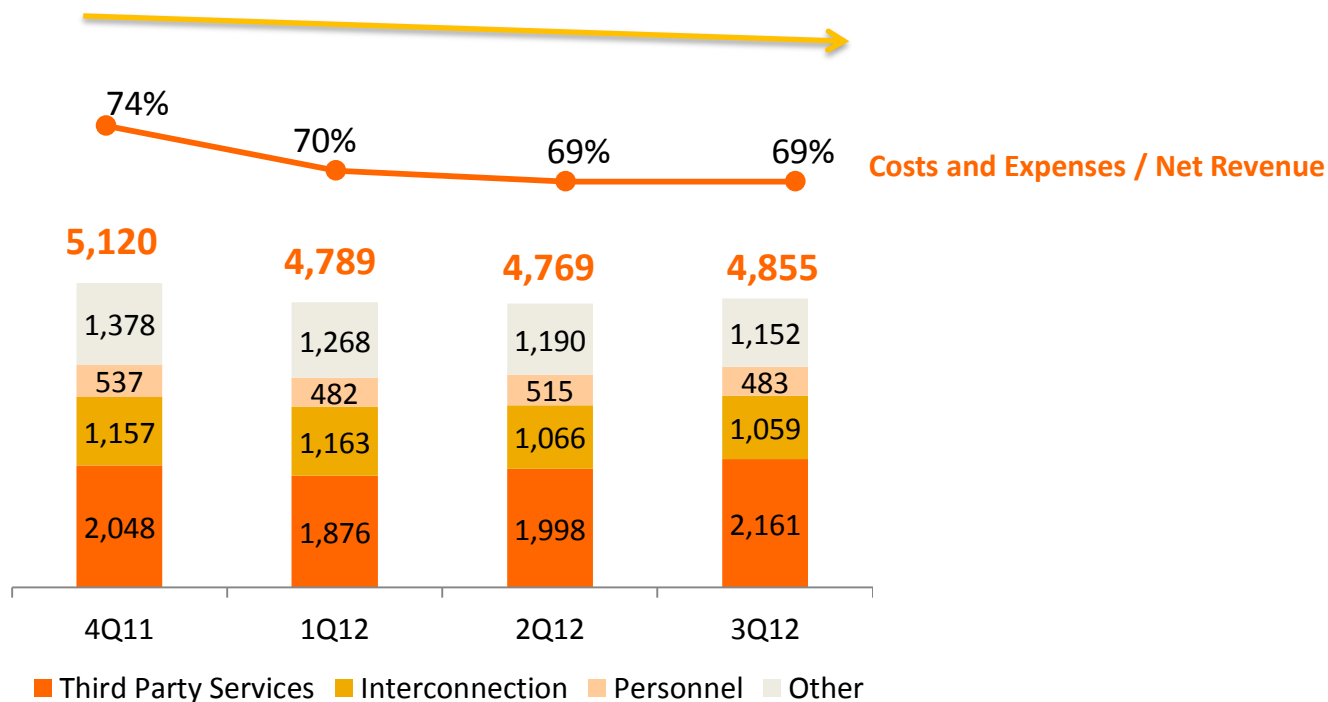


Performance is in line with Oi's long term strategic plan as revenue growth resumed along with the improvement in operational performance

*Results for 4Q11 and 1Q12 are Pro-forma



Operational Costs and Expenses* (R\$ Million)

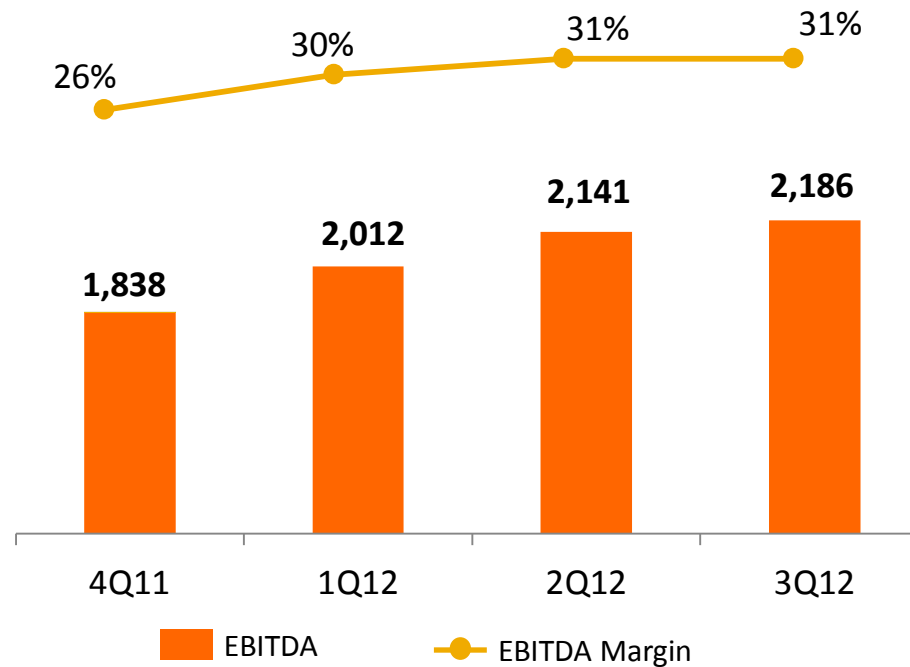


Operational Costs and Expenses amounted to R\$4.8 billion in 3Q12, stable sequentially, and in line with current phase of strategic plan

*Results for 4Q11 and 1Q12 are Pro-forma



EBITDA and EBITDA Margin* (R\$ Million and %)

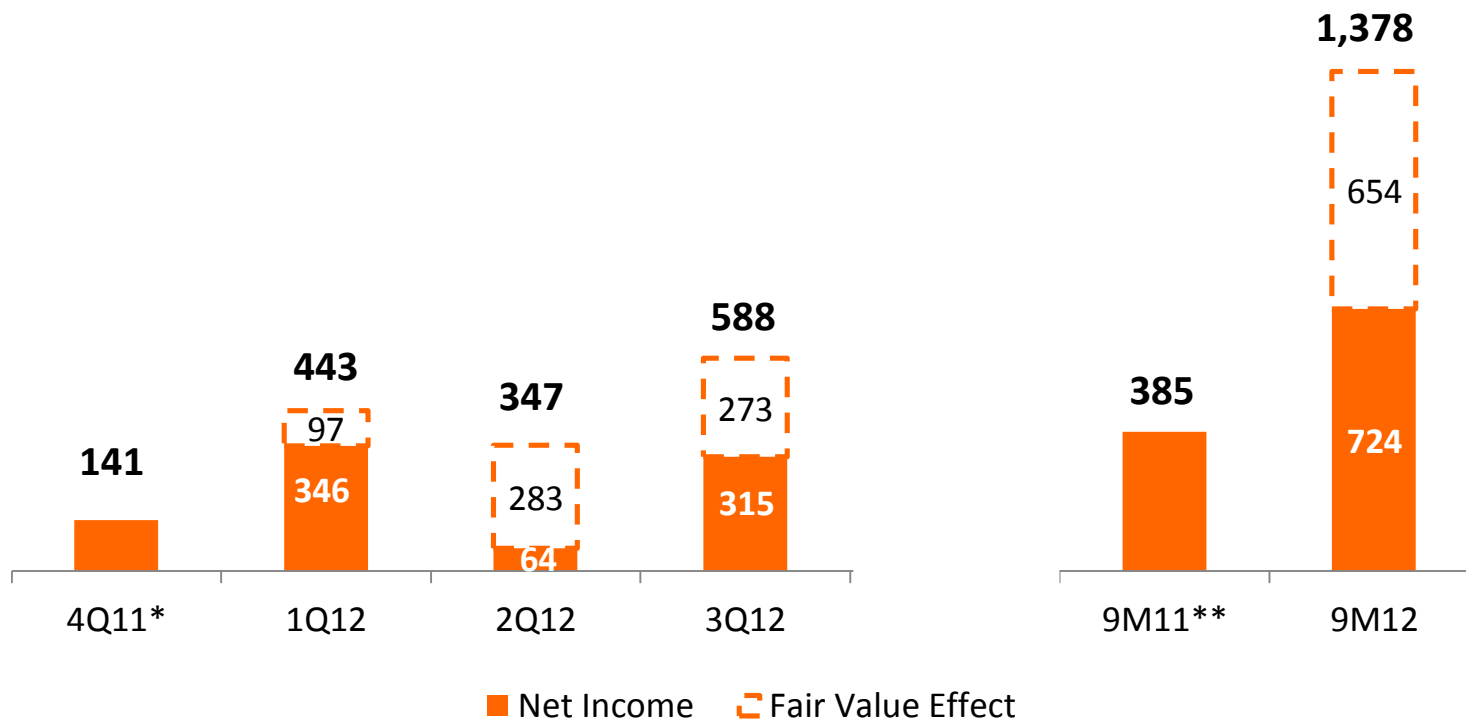


Revenue increase resulted in EBITDA growth of 2%, with stable margins

*Results for 4Q11 and 1Q12 are Pro-forma



Consolidated Net Income (R\$ Million)



Net income is still negatively impacted by the fair value amortization from the acquisition of Brasil Telecom. Without this effect, net income would have been R\$1.4 billion YTD

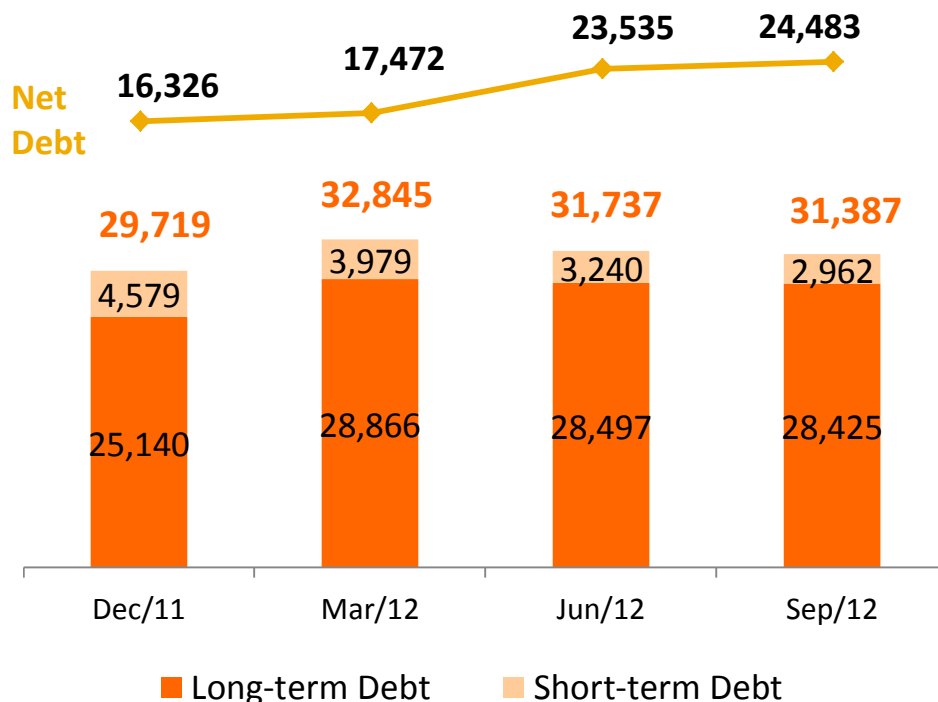
*BrT Results

** TNL Consolidated results

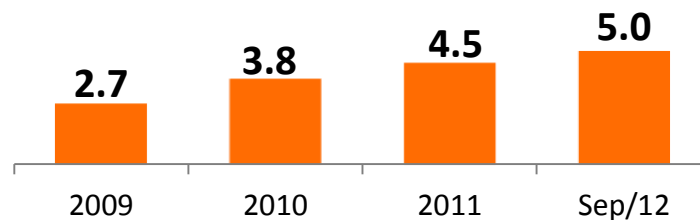
DEBT PROFILE



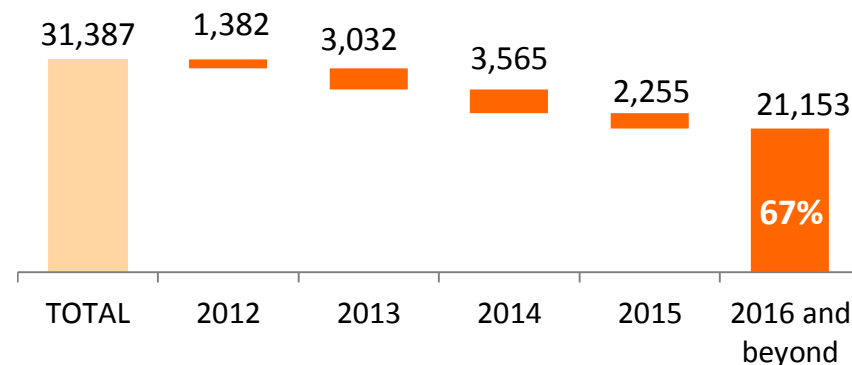
Gross Debt* (R\$ Million)



Average term of debt (years)



Repayment Schedule for Gross Debt (R\$ Million)

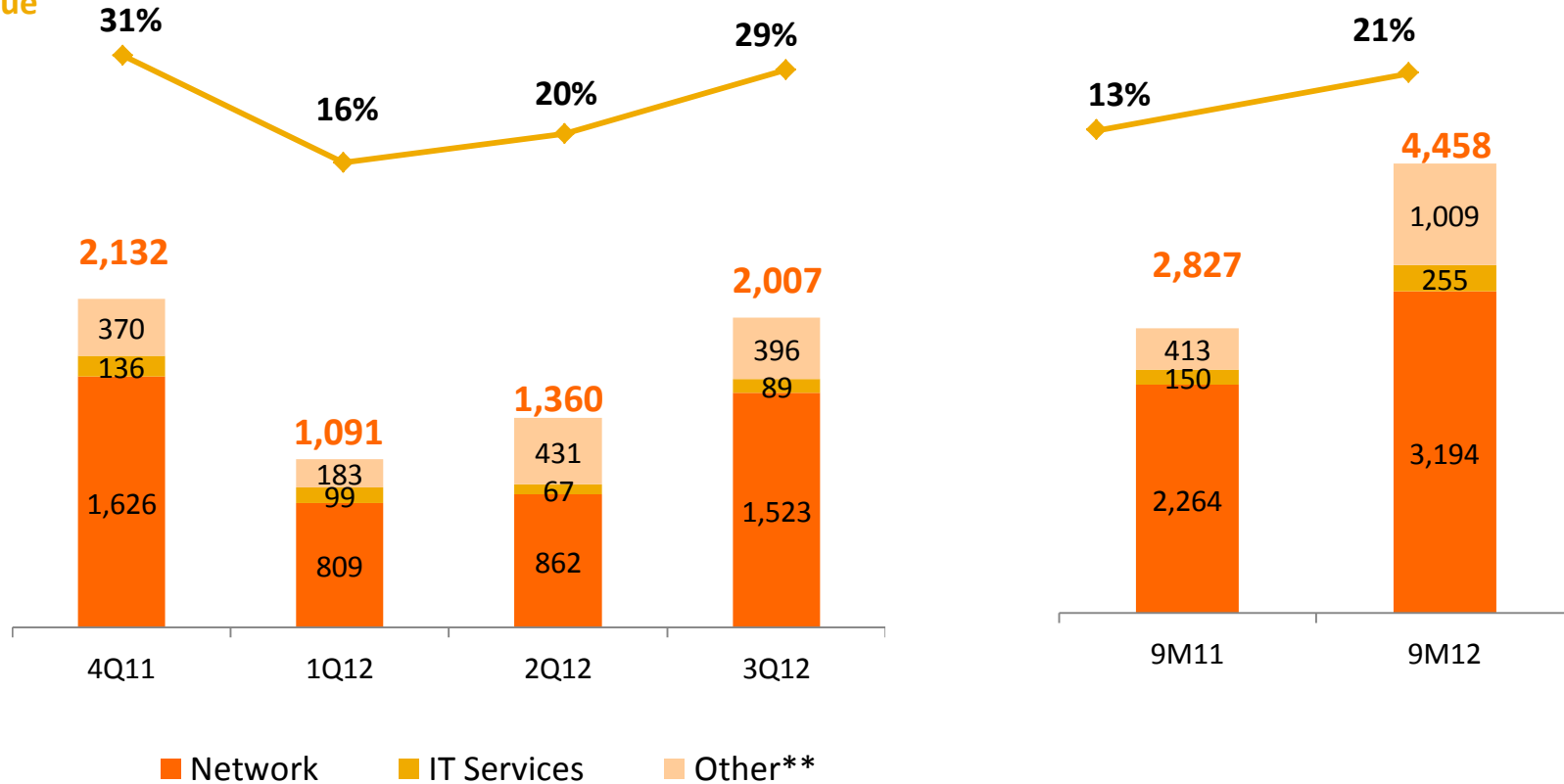


Oi's gross debt decreased R\$350 million in the quarter and its cost remain stable. The average term has been increased recently, and was at 5 years at quarter-end. The Net Debt/EBITDA ratio remain in line with guidance

*Results for 4Q11 and 1Q12 are Pro-forma



Capex / Net Revenue



Investments totalled R\$4,458 million YTD, up 58% y-o-y, in line with Capex guidance (R\$6 billion in 2012)

* Results for 4Q11, 1Q12, 9M11 and 9M12 are Pro-forma

** Includes 4G licence



This presentation contains forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and involve inherent risks and uncertainties. These statements are based on current plans, estimates and projections, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update publicly any of them in light of new information or future events.

Contatos RI

Bayard Gontijo	55 21 3131-2972	bayard.gontijo@oi.net.br
Marcelo Ferreira	55 21 3131-1314	marcelo.asferreira@oi.net.br
Cristiano Grangeiro	55 21 3131-1629	cristiano.grangeiro@oi.net.br
Patricia Frajhof	55 21 3131-1315	patricia.frajhof@oi.net.br
Matheus Guimarães	55 21 3131-2871	matheus.guimaraes@oi.net.br
Leonardo Mantuano	55 21 3131-1316	leonardo.mantuano@oi.net.br

Address:



R. Humberto de Campos, 425 – 7º andar
Leblon Rio de Janeiro - RJ



Visit Our Website: www.oi.com.br/ri



Twitter: www.twitter.com/oi_investors