

Oi S.A. Announces Tender Offer for Euro Bonds

RIO DE JANEIRO, RJ, BRAZIL, June 11, 2015 — Oi S.A., a *sociedade anônima* organized under the laws of the Federative Republic of Brazil (“Oi”) announced today that it has commenced an offer to purchase for cash (the “Tender Offer”) the notes of the series listed in the table below (collectively, the “Old Notes”) in an aggregate principal amount that will not result in an aggregate price to be paid for Old Notes tendered and accepted pursuant to the Tender Offer (the “Aggregate Purchase Price”) that exceeds an amount to be determined by Oi in its sole discretion (the “Maximum Purchase Amount”), subject to the terms and conditions contained in the Tender Offer Memorandum, dated June 11, 2015 (the “Offer Document”). The Tender Offer is conditioned upon, among other things, pricing of a new issue expected today of Oi Brasil Holdings Coöperatief U.A.’s notes (the “New Notes”), which will be unconditionally and irrevocably guaranteed by Oi, in an amount and on terms and conditions acceptable to Oi (the “New Notes Offering”). The Tender Offer is not conditioned upon any minimum participation of any series of Old Notes. The aggregate principal amount of Old Notes outstanding as of June 10, 2015 is approximately €2.1 billion.

The tender period (the “Tender Period”) will commence at 8:30 a.m., London time, on Thursday, June 11, 2015 and expire at 4:00 p.m., London time, on the same day. Unless extended or earlier terminated, the settlement of the Tender Offer is scheduled to occur on Wednesday, June 17, 2015 (the “Settlement Date”). The Old Notes subject to valid tenders in accordance with the terms and conditions of the Tender Offer (“Tender Orders”) may be subject to proration. Tender Orders made by holders who have submitted an equivalent-sized firm bid for the New Notes prior to the pricing of the New Notes Offering (“Preferred Tenders”) will be accepted before any other Tender Orders (“Non-Preferred Tenders”).

The pricing terms for the New Notes Offering and the aggregate principal amount of Preferred Tenders that Oi intends to accept, is expected to be announced at or around 5:00 p.m., London time, on Thursday, June 11, 2015, or as soon as reasonably practical thereafter. The Maximum Purchase Amount, including the portion thereof allocated to each series of Old Notes, the aggregate principal amount of Preferred Tenders and Non-Preferred Tenders of each series of Old Notes that have been accepted, and whether any proration has occurred is expected to be announced at or around 9:00 a.m., London Time, on Friday June 12, 2015, or as soon as reasonably practical thereafter. Tender Orders are expected to be accepted, subject to proration and the other terms and conditions as described in the Offer Document, at the time of such announcement.

The Purchase Price to be paid per €1,000 principal amount of each series of Old Notes that are accepted pursuant to the Tender Offer is indicated in the table below. Holders will also receive any accrued and unpaid interest on their Old Notes up to (but excluding) the Settlement Date. Payment will be made on the Settlement Date in Euros.

<u>Old Notes</u>	<u>Issuer</u>	<u>Outstanding Principal Amount as of June 10, 2015</u>	<u>ISIN</u>	<u>Purchase Price (per €1,000)</u>
5.625% Notes due 2016 (“ <u>5.625% Notes</u> ”)	Portugal Telecom International Finance B.V.	€600,000,000	XS0587805457	€1,033.50
4.375% Notes due 2017 (“ <u>4.375% Notes</u> ”)	Portugal Telecom International Finance B.V.	€500,000,000	XS0215828913	€1,045.75
5.242% Fixed Rate Notes due 2017 (“ <u>5.242% Notes</u> ”)	Portugal Telecom International Finance B.V.	€250,000,000	XS0441479804	€1,054.50
5.125% Notes due 2017 (“ <u>5.125% Notes</u> ”)	Oi S.A.	€739,900,000	XS0569301327	€1,075.75

You may only place Tender Orders for your Old Notes through any of Merrill Lynch International (“BofA Merrill Lynch”), HSBC Bank plc (“HSBC”), Banco Santander, S.A. (“Santander”) or BB Securities Limited (“BB Securities”) (collectively, the “Dealer Managers”). You will NOT be able to submit tenders through Euroclear Bank S.A./N.V., as operator of the Euroclear System or Clearstream Banking, société anonyme, Luxembourg. If a holder does not have an account with any Dealer Manager, such holder may do so through its broker, dealer, commercial bank, trust company, other financial institution or other custodian, that it customarily uses. HSBC, as the billing and delivering bank (in such capacity, the “Billing and Delivering Bank”), will consolidate all Tender Orders, and accept Old Notes for purchase pursuant to the Tender Offer on behalf of Oi, subject to proration as described in the Offer Document. Oi reserves the right, in its sole discretion, not to accept any or all Tender Orders and to terminate the Tender Offer for any reason.

Preferred Tenders must be in principal amounts of at least €100,000 and integral multiples of €1,000 in excess thereof. Non-Preferred Tenders (i) by a holder of 5.625% Notes or 5.125% Notes must be in principal amounts of at least €100,000 and integral multiples of €1,000 in excess thereof, and (ii) by a holder of 4.375% Notes or 5.242% Notes must be in principal amounts of at least €50,000 and integral multiples of €1,000 in excess thereof.

To the extent the Aggregate Purchase Price would exceed the Maximum Purchase Amount and proration occurs, preference will be given to Preferred Tenders. Such priority will apply, for each Preferred Tender, with respect to an amount of Tender Orders having a Purchase Price equal to the amount of New Notes ordered by such holder, subject to certain limits.

All Old Notes that are tendered pursuant to Tender Orders placed through a Dealer Manager and are accepted by Oi will be purchased by the Billing and Delivering Bank on behalf of Oi. There is no letter of transmittal for the Tender Offer. Failure to deliver Old Notes on time may result (i) in the cancellation of the relevant holder's Tender Order and in such holder becoming liable for any damages resulting from that failure and (ii) in the case of Preferred Tenders, cancellation of any allocation of New Notes in the New Notes Offering in respect of a holder's related order for New Notes. Holders will not have withdrawal rights with respect to any tenders of Old Notes in the Tender Offer. Old Notes accepted for purchase will be settled on a delivery versus payment basis in accordance with customary brokerage practices for corporate fixed income securities (i.e., a "desk to desk" or "broker to broker" trade).

The Tender Offer is only made to holders who represent that they either: (i) are not in the United States (as contemplated in Rule 903(a)(1) of Regulation S under the Securities Act of 1933, as amended (the "Securities Act")), and are not a "U.S. person" (as defined in Rule 902(k) of Regulation S) or (ii) are a dealer or other professional fiduciary organized, incorporated, or (if an individual) resident in the United States holding a discretionary account or similar account (other than an estate or trust) for the benefit or account of a non-U.S. person (as contemplated by Rule 902(k)(2)(i) of Regulation S).

The Tender Offer is subject to Oi's right, at its sole discretion and subject to applicable law, to extend, terminate, withdraw, or amend the Tender Offer at any time. Each of Oi and the Billing and Delivering Bank reserves the right, in the sole discretion of each of them, not to accept tenders for any reason.

D.F. King will act as Information Agent in connection with the Tender Offer. The Offer Document may be downloaded from the Information Agent's website at <http://sites.dfkingltd.com/oi> or obtained from the Information Agent by mail at 85 Gresham Street, London EC2V 7NQ, United Kingdom, by phone at +44 20 7920 9700 or by email at oi@dfkingltd.com. The Offer Document may also be obtained from any of the Dealer Managers. Questions regarding the Tender Offer may be directed to the Information Agent, any of the Dealer Managers or HSBC, as Billing and Delivery Bank.

The Dealer Managers for the Tender Offer are:

Merrill Lynch International

2 King Edward Street
London EC1A 1HQ
United Kingdom
Tel: +44 207 995 2929
Attention: Kulwant Bhatti

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom
Tel: +(44) 20 7992-6237
Attn: Liability Management Group

Banco Santander, S.A.

Avenida de Cantabria, s/n
28660 Boadilla Del Monte
Madrid, Spain
Tel: + 44 20 7756 6909
Attention: Liability Management

BB Securities Limited

4th Floor, Pinners Hall
105-108 Old Broad Street
London EC2N 1ER
United Kingdom
Tel: +(44) 207-367-5832
Attn: Operations Department

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About Oi S.A.

Oi is one of the main integrated telecommunications service providers in Brazil.

Important Notice

This announcement is not an offer to purchase or a solicitation of an offer to sell the Old Notes. The Offer will be made only by and pursuant to the terms of the Offer Document, as may be amended or supplemented from time to time.

The distribution of materials relating to the Tender Offer and the transactions contemplated by the Tender Offer may be restricted by law in certain jurisdictions. The Tender Offer is void in all jurisdictions where it is prohibited. If materials relating to the Tender Offer come into your possession, you are required by Oi to inform yourself of and to observe all of these restrictions. The materials relating to the Tender Offer, including this communication, do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the Tender Offer be made by a licensed broker or dealer and a Dealer Manager or any affiliate of a Dealer Manager is a licensed broker or dealer in that jurisdiction, the Tender Offer shall be deemed to be made by the Dealer Manager or such affiliate on behalf of Oi in that jurisdiction. Owners who may lawfully participate in the Tender Offer in accordance with the terms thereof are referred to as "holders."

The New Notes have not been and will not be registered under the Securities Act, and may not be offered or sold in the U.S. without registration under the Securities Act or pursuant to an applicable exemption from such registration. This announcement does not constitute an offer to sell, or the solicitation of offers to buy, any security and shall not constitute an offer, solicitation or sale of any security in any jurisdiction in which such offer, solicitation or sale would be unlawful.