IRISH LISTING PARTICULARS

Oi Brasil Holdings Coöperatief U.A.

(*Cooperative with excluded liability organized under the laws of the Netherlands*)

€600,000,000 5.625% Notes due 2021

Unconditionally Guaranteed by

Oi S.A.

(*Incorporated in the Federative Republic of Brazil*)

Oi Brasil Holdings Coöperatief U.A., or Oi Netherlands, a cooperative with excluded liability (*cooperatie met uitgesloten aansprakelijkheid)* organized under the laws of the Netherlands, is offering €600.0 million aggregate principal amount of its 5.625% Notes due 2021, or the Notes. Interest on the Notes is payable annually in arrears on June 22 of each year, beginning on June 22, 2016. The Notes will mature on June 22, 2021. The Notes will be unconditionally and irrevocably guaranteed by Oi S.A., or Oi.

Oi Netherlands or Oi, may, at its option, redeem the Notes, in whole or in part, at any time from time to time prior to their maturity, by paying a redemption price equal to the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the applicable "make-whole" amount, plus, in each case, additional amounts, if any, and, in the case of clause (1) only, accrued interest to but excluding the redemption date. The Notes may also be redeemed, in whole but not in part, at 100% of their principal amount plus accrued interest and additional amounts, if any, to but excluding the redemption date, at any time upon the occurrence of specified events relating to Brazilian or Dutch tax law, as set forth in this offering memorandum. See "Description of the Notes—Redemption and Repurchase."

If a specified change of control event as described herein occurs, unless Oi Netherlands or Oi has previously exercised its option to redeem the Notes, Oi Netherlands or Oi will be required to offer to purchase the Notes at the price described in this offering memorandum. See "Description of the Notes—Redemption and Repurchase—Repurchase of the Notes upon a Change of Control."

The Notes will be senior unsecured obligations of Oi Netherlands, ranking equal in right of payment with all of its other existing and future senior unsecured debt. The guarantee will be a senior unsecured obligation of Oi, ranking equal in right of payment with all of its other existing and future senior unsecured debt.

There is currently no public market for the Notes. Application has been made to the Irish Stock Exchange for the approval of this offering memorandum as Listing Particulars and for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC.

Investing in the Notes involves risks. See "Risk Factors" beginning on page 15.

Price for the Notes: 99.380% plus accrued interest, if any, from June 22, 2015.

The Notes and the guarantee have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended, or the Securities Act, or the securities laws of any state or any other jurisdiction and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act, or Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only to qualified institutional buyers in accordance with Rule 144A under the Securities Act, or Rule 144A, and outside the United States to non-U.S. persons in accordance with Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain restrictions on transfer of the Notes, see "Notice to Investors." The Notes do not have the benefit of any exchange offer or registration rights.

The Notes are being offered pursuant to an exemption from prospectus requirements under the Directive 2003/71/EC (as amended), or the Prospectus Directive, of the European Union, and this offering memorandum has not been approved by a competent authority within the meaning of that Directive.

Delivery of the Notes is expected to be made on or about June 22, 2015 to investors in book-entry form through a common depositary for Euroclear Bank S.A./N.V., or Euroclear, and Clearstream Banking, *société anonyme*, or Clearstream.

Global Coordinators

BB Securities | **BofA Merrill Lynch** | **HSBC** | **Santander**

Joint Book-Running Managers

Bradesco BBI | **Citigroup** | **Deutsche Bank**

BNP PARIBAS | **BTG Pactual** | **Itaú BBA**

The date of these listing particulars is June 19, 2015.

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Neither we nor the initial purchasers have authorized anyone to provide you with any information different from that contained in this offering memorandum. If given or made, any such other information or representation shall not be relied on as having been authorized by us or the initial purchasers. None of Oi, Oi Netherlands or the initial purchasers is making an offer of the Notes in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate as of any date other than the date on the front of this offering memorandum.

Unless otherwise indicated or the context otherwise requires:

- all references to "our company," "we," "our," "ours," "us" or similar terms are to Oi S.A. and its consolidated subsidiaries;
- all references to "Oi Netherlands" or the "issuer" are to Oi Brasil Holdings Coöperatief U.A.;
- all references to "Oi" are to Oi S.A.;
- all references to "Brazil" are to the Federative Republic of Brazil; and
- all references to the "Brazilian government" are to the federal government of the Federative Republic of Brazil.

This offering memorandum has been prepared by us solely for use in connection with the proposed offering of the Notes described in this offering memorandum. This offering memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Notes. Distribution of this offering memorandum to any person other than a prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure or any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this offering memorandum, agrees to the foregoing and to make no photocopies of this offering memorandum or any documents referred to in this offering memorandum.

The initial purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the initial purchasers as to the past or future. We have furnished the information contained in this offering memorandum regarding us and the Notes. Notwithstanding any investigation that the initial purchasers may have conducted with respect to the information contained herein, such initial purchasers assume no responsibility for the accuracy or completeness of any such information.

None of the U.S. Securities and Exchange Commission, or the SEC, any state securities commission or any other regulatory authority, has approved or disapproved the Notes nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense.

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. The Irish Stock Exchange's Global Exchange Market takes no responsibility for the contents of this offering memorandum, makes no representations as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this offering memorandum.

We and the issuer accept responsibility for the information contained in these Listing Particulars and to the best of our knowledge and belief (which we have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and contains no omission likely to affect the import of such information.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. See "Plan of Distribution" and "Notice to Investors."

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC (IN THIS CAPACITY, THE "STABILIZING MANAGER") (OR ANY PERSON ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE ANY STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE, AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT COMMENCED WILL BE CARRIED OUT IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS. SEE "PLAN OF DISTRIBUTION."

In making an investment decision, prospective investors must rely on their own examination of our company and the terms of the offering, including the merits and risks involved.

The contents of this offering memorandum are not, and prospective investors should not construe anything in this offering memorandum as, legal, business or tax advice. Each prospective investor should consult its own legal, tax or other advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Notes under applicable law.

This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to herein will be made available to prospective investors upon request to us or the initial purchasers.

NOTICE TO PROSPECTIVE INVESTORS WITHIN BRAZIL

THE NOTES (AND RELATED GUARANTEE) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED WITH THE BRAZILIAN SECURITIES COMMISSION (*COMISSÃO DE VALORES MOBILIÁRIOS*), OR THE CVM. THE NOTES MAY NOT BE OFFERED OR SOLD IN BRAZIL, EXCEPT IN CIRCUMSTANCES THAT DO NOT CONSTITUTE A PUBLIC OFFERING OR UNAUTHORIZED DISTRIBUTION UNDER BRAZILIAN LAWS AND REGULATIONS. THE NOTES (AND RELATED GUARANTEE) ARE NOT BEING OFFERED INTO BRAZIL. DOCUMENTS RELATING TO THE OFFERING OF THE NOTES, AS WELL AS INFORMATION CONTAINED THEREIN, MAY NOT BE SUPPLIED TO THE PUBLIC IN BRAZIL, NOR BE USED IN CONNECTION WITH ANY PUBLIC OFFER FOR SUBSCRIPTION OR SALE OF THE NOTES TO THE PUBLIC IN BRAZIL.

NOTICE TO PROSPECTIVE INVESTORS IN THE NETHERLANDS

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in the Netherlands other than to qualified investors as defined in the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER RSA 421-B WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In any European Economic Area, or EEA, member state that has implemented the Prospectus Directive (as defined below), this communication is addressed only to and is directed only at qualified investors in that member state within the meaning of the Prospectus Directive.

This offering memorandum has been prepared on the basis that any offer of Notes in any member state of the EEA (which we refer to herein as a "relevant member state") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make any offer within the EEA of Notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the issuer, the guarantor or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. None of the issuer, the guarantor or the initial purchasers have authorized, nor do they authorize, the making of any offer (other than permitted public offers) of Notes in circumstances in which an obligation arises for the issuer, the guarantor or the initial purchasers to publish a prospectus for such offer.

Each person in a relevant member state who receives any communication in respect of, or who acquires any Notes under, the offer of Notes contemplated by this offering memorandum will be deemed to have represented, warranted and agreed to and with us and each initial purchaser that:

(A) it is a "qualified investor" within the meaning of the law in that relevant member state implementing Article 2(1)(e) of the Prospectus Directive; and

(B) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant member state other than "qualified investors" (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any relevant member state other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state), and includes any relevant implementing measure in the relevant member state and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

This offering memorandum is only being distributed to, and is only directed at, (i) persons who are outside the United Kingdom or (ii) in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (1) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, or (2) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). The Notes are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Notes will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this offering memorandum or any of its contents.

INCORPORATION BY REFERENCE

We are incorporating by reference into this offering memorandum the following information contained in documents that we have filed with or furnished to the SEC:

- our annual report on Form 20-F for the year ended December 31, 2014, which we refer to as the Oi Annual Report, and which we filed with the SEC on May 6, 2015; and

- our (1) unaudited condensed consolidated interim financial statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014, and (2) Management's Discussion and Analysis of Financial Condition and Results of Operations for the first quarter of 2015, each of which is contained in a Form 6-K which we furnished to the SEC on June 9, 2015, which we refer to as the First Quarter Report.

Incorporation by reference of information contained in the Oi Annual Report and the First Quarter Report means that (1) this information is considered part of this offering memorandum, and (2) we can disclose important information to you by referring to the portions of the Oi Annual Report that we incorporate by reference and the First Quarter Report.

The portions of the Oi Annual Report that we incorporate by reference and the First Quarter Report contain important information about our company and our results of operations and financial condition and are an important part of this offering memorandum.

Any statement contained in the portions of the Oi Annual Report that we incorporate by reference and the First Quarter Report will be deemed to be modified or superseded for purposes of this offering memorandum to the extent that a statement contained herein modifies or supersedes that statement.

You should read "Available Information" for information on how to obtain the Oi Annual Report and the First Quarter Report or other information relating to our company.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

All references herein to "*real*," "*reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil. All references to "U.S. dollars," "dollars" or "US$" are to U.S. dollars. All references to the "euro," "euros" or "€" are to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

On June 8, 2015, the exchange rate for *reais* into U.S. dollars was R$3.1190 to US$1.00, based on the selling rate as reported by the Central Bank of Brazil (*Banco Central do Brasil*), or the Brazilian Central Bank. The selling rate was R$3.2080 to US$1.00 on March 31, 2015, R$2.6562 to US$1.00 on December 31, 2014, R$2.2630 to US$1.00 on March 31, 2014, R$2.3426 to US$1.00 on December 31, 2013 and R$2.0435 to US$1.00 on December 31, 2012, in each case, as reported by the Brazilian Central Bank. The *real*/U.S. dollar exchange rate fluctuates widely, and the selling rate on June 8, 2015 may not be indicative of future exchange rates. See "Exchange Rates" for information regarding exchange rates for the *real* since January 1, 2010.

Solely for the convenience of the reader, we have translated some amounts included in "Summary Financial and Other Information," "Capitalization" and in this offering memorandum (1) from *reais* into U.S. dollars using the selling rate as reported by the Brazilian Central Bank on March 31, 2015 of R$3.2080 to US$1.00, or from euros into *reais* using the selling rate as reported by the Brazilian Central Bank on March 31, 2015 of R$3.4457 to €1.00. These translations should not be considered representations that any such amounts have been, could have been or could be converted from *reais* into U.S. dollars or from euros into *reais* at that or at any other exchange rate.

Financial Statements

Oi Financial Statements

We maintain our books and records in *reais*. The financial information of Oi contained in this offering memorandum has been derived from the records and financial statements of Oi, and includes our unaudited condensed consolidated interim financial statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014, which are incorporated into this offering memorandum by reference to the First Quarter Report, and our audited consolidated financial statements as of December 31, 2014 and 2013 and for each of the years ended December 31, 2014, 2013 and 2012, which are incorporated into this offering memorandum by reference to the Oi Annual Report.

We prepare our consolidated financial statements in accordance with accounting practices adopted in Brazil, or Brazilian GAAP, which are based on:

- Brazilian Law No. 6,404/76, as amended by Brazilian Law No. 9,457/97, Brazilian Law No. 10,303/01, and Brazilian Law No. 11,638/07, which we refer to collectively as the Brazilian Corporation Law;
- the rules and regulations of the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, and the Brazilian Federal Accounting Council (*Conselho Federal de Contabilidade*); and
- the accounting standards issued by the Brazilian Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*), or the CPC.

Brazilian GAAP differs in certain important respects from accounting principles generally accepted in the United States, or U.S. GAAP. Differences between Brazilian GAAP and U.S. GAAP where applicable to Oi are summarized in note 30 to our audited consolidated financial statements, which are incorporated into this offering memorandum by reference to the Oi Annual Report.

Oi Netherlands Financial Statements

We have not included any financial statements for Oi Netherlands in this offering memorandum. Oi Netherlands will not publish financial statements, except for its audited financial statements which Oi Netherlands is required to file under the laws of the Netherlands with the Chamber of Commerce. In addition, Oi Netherlands does not intend to furnish to the trustee or the holders of the Notes any financial statements of, or other reports relating to, Oi Netherlands.

Special Note Regarding Non-GAAP Financial Measures

The body of generally accepted accounting principles is commonly referred to as GAAP. For this purpose, a non-GAAP financial measure is generally defined by the SEC as one that purports to measure historical or future financial performance, financial position or cash flows but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measure. From time to time, we may disclose so-called non-GAAP financial measures, primarily Adjusted EBITDA, which in our case comprises net income (loss) *plus* (i) financial income (expenses), net, (ii) depreciation and amortization expenses, (iii) income tax and social contribution, and (iv) net loss of discontinued operations, net of taxes. The non-GAAP financial measures described in this offering memorandum are not a substitute for the GAAP measures of earnings. Our determination of Adjusted EBITDA does not purport to be SEC or CVM-compliant.

Our management believes that disclosure of Adjusted EBITDA provides useful information to investors, financial analysts and the public in their review of our operating performance and their comparison of our operating performance to the operating performance of other companies in the same industry and other industries.

Market Share and Other Information

We make statements in this offering memorandum about our market share and other information relating to the telecommunications industry in Brazil. We have made these statements on the basis of information obtained from third-party sources and publicly available information that we believe are reliable. This information has been sourced from the Brazilian federal telecommunications regulator (*Agência Nacional de Telecomunicações*), or ANATEL. We accept responsibility for accurately reproducing the information, and as far as we are aware and able to ascertain from information published by ANATEL, no facts have been omitted which would render such reproduced information inaccurate or misleading. Notwithstanding any investigation that we may have conducted with respect to the market share, market size or similar data provided by third parties or derived from industry or general publications, we assume no responsibility for the accuracy or completeness of any such information.

Rounding

We have made rounding adjustments to reach some of the figures included in this offering memorandum. As a result, numerical figures shown as totals in some tables may not be arithmetic aggregations of the figures that precede them.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains forward-looking statements. Some of the matters discussed concerning our business operations and financial performance include forward-looking statements within the meaning of the U.S. Securities Act of 1933, as amended, or the Securities Act, or the U.S. Securities Exchange Act of 1934, as amended, or the Exchange Act.

Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" and similar expressions are forward-looking statements. Although we believe that these forward-looking statements are based upon reasonable assumptions, these statements are subject to several risks and uncertainties and are made in light of information currently available to us.

Many important factors could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- the effects of intense competition in Brazil and the other countries in which we have operations and investments;
- material adverse changes in economic conditions in Brazil or the other countries in which we have operations and investments;
- the Brazilian government's telecommunications policies that affect the telecommunications industry and our business in Brazil in general, including issues relating to the remuneration for the use of our network in Brazil, and changes in or developments of ANATEL regulations applicable to us;
- the cost and availability of financing;
- the general level of demand for, and changes in the market prices of, our services;
- our ability to implement our corporate strategies in order to expand our customer base and increase our average revenue per user;
- political, regulatory and economic conditions in Brazil;
- inflation in Brazil and fluctuations in exchange rates;
- the outcomes of legal and administrative proceedings to which we are or become a party;
- changes in telecommunications technology that could require substantial or unexpected investments in infrastructure or that could lead to changes in our customers' behavior; and
- other factors identified or discussed under "Item 3. Key Information—Risk Factors" in the Oi Annual Report and under "Risk Factors" in this offering memorandum.

Our forward-looking statements are not guarantees of future performance, and our actual results or other developments may differ materially from the expectations expressed in the forward-looking statements. As for forward-looking statements that relate to future financial results and other projections, actual results will be different due to the inherent uncertainty of estimates, forecasts and projections. Because of these uncertainties, potential investors should not rely on these forward-looking statements.

We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

SUMMARY

This summary highlights information presented in greater detail elsewhere in this offering memorandum. This summary is not complete and does not contain all the information you should consider before investing in the Notes. You should carefully read this entire offering memorandum and the Oi Annual Report and the First Quarter Report, which are incorporated by reference herein, including "Risk Factors" included herein and "Item 3. Key Information—Risk Factors" in the Oi Annual Report, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the First Quarter Report, our unaudited condensed consolidated interim financial statements as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 included in the First Quarter Report, "Item 5: Operating and Financial Review and Prospects," included in the Oi Annual Report, and our audited consolidated financial statements as of December 31, 2014 and 2013 and for the years ended December 31, 2014, 2013 and 2012 included in the Oi Annual Report, before investing. See "Presentation of Financial and Other Information" included herein and in the Oi Annual Report for information regarding our audited consolidated financial statements, exchange rates and other introductory matters.

Overview

We are one of the main integrated telecommunications service providers in Brazil with approximately 73.6 million revenue generating units, or RGUs, as of March 31, 2015. We operate throughout Brazil and offer a range of integrated telecommunications services that include fixed-line and mobile telecommunication services, network usage (interconnection), data transmission services (including broadband access services), Pay-TV (including as part of double-play, triple-play and quadruple-play packages), internet services and other telecommunications services for residential customers, small, medium and large companies and governmental agencies. We own approximately 347,000 kilometers of installed fiber optic cable, distributed throughout Brazil. Our mobile network covers areas in which approximately 93.0% of the Brazilian population lives and works. According to ANATEL, as of March 31, 2015, we had a 17.8% market share of the Brazilian mobile telecommunications market and, as of March 31, 2015, we had a 35.8% market share of the Brazilian fixed-line market. As part of our convergence strategy, we offer more than one million Wi-Fi hotspots in public places, such as airports and shopping malls.

Our traditional fixed-line telecommunications business in Brazil includes local and long-distance services, network usage services (interconnection) and public telephones, in accordance with the concessions and authorizations granted to us by ANATEL. We are one of the largest fixed-line telecommunications companies in Brazil in terms of total number of lines in service as of March 31, 2015. We are the main fixed-line telecommunications services provider in our service areas, which comprises the entire Brazilian territory except for the State of São Paulo, having approximately 15.9 million fixed lines in service as of March 31, 2015, and a market share participation of 56.8% of the total fixed lines in service in our service areas as of March 31, 2015.

We offer a variety of high-speed data transmission services in our fixed-line service areas, including services offered by our subsidiaries BrT Serviços de Internet S.A., or BrTI, and Brasil Telecom Comunicação Multimídia Ltda. Our broadband services, primarily utilizing Asymmetric Digital Subscriber Line, or ADSL, technology, are marketed under the brand name "*Oi Velox*." As of March 31, 2015, we had 5.8 million ADSL subscribers, representing 43.7% of our fixed lines in service as of that date. Additionally, we provide voice and data services to corporate clients throughout Brazil.

We offer mobile telecommunications services throughout Brazil. Based on our 47.9 million mobile subscribers as of March 31, 2015, we believe that we are one of the main mobile telecommunications service providers in Brazil. Based on information available from ANATEL, as of March 31, 2015, our market share was 17.8% of the total number of mobile subscribers in Brazil.

We offer subscription television services under our "*Oi TV*" brand. We deliver subscription television services throughout our fixed-line service areas using direct-to-home, or DTH, satellite technology. In Belo Horizonte, Poços de Caldas, Uberlândia and Barbacena in the State of Minas Gerais, we use a hybrid network of fiber optic and bidirectional coaxial cable. In December 2012 and January 2013, we introduced delivery of *Oi TV* through our fixed-line network in Rio de Janeiro and Belo Horizonte, respectively.

We also operate a call center business for the sole purpose of providing services to our company and our subsidiaries.

Our Strengths

Integrated national presence and brand recognition

We are the only provider of telecommunications services in Brazil with a fully integrated national presence, offering a variety of convergent products, marketed exclusively under the brand "*Oi*." As of March 31, 2015, we had approximately 73.6 million RGUs and networks covering a population of approximately 171 million people.

Since 2009, we have offered all of our services under the brand "*Oi*" and we believe that this uniform branding has contributed to the creation of a simpler and more universally recognizable corporate identity, resulting in strong brand recognition, and the position of our brand among the 20 most valuable brands in Brazil in the last five years, according to Interbrand. In 2014, the brand "*Oi*" was one of the brands most recognized by consumers in the category of mobile operators, and was the most recognizable brand in the broadband category, according to the newspaper *Folha de São Paulo*'s Top of Mind survey. We have supported and sponsored major events such as the FIFA World Cup, the Confederations Cup, Rio + 20 and Rock in Rio.

We believe that our extensive national presence through our fixed and mobile operations, our market position and awareness of the "*Oi*" brand represent a strong competitive advantage in Brazil because it increases the loyalty of our customer base, as well as our average revenue per user, or ARPU, which contribute to the expansion of our business.

We have a large and diversified infrastructure

We believe that our telecommunications backbone and WiFi network are the largest in Brazil. We estimate we own approximately 347,000 kilometers of fiber optic cable. Our fiber optic network is distributed throughout Brazil, providing, in our understanding, voice and internet services to more than 12 million households in approximately 4,800 municipalities (*municípios*), which are analogous to counties in the U.S. We estimate our WiFi network has more than one million hotspots that offer data packets, optimizing our resources. In addition, we have satellite coverage that allows us to offer Pay-TV services. In June 2013, the SES-6 (a satellite leased by us) went into orbit improving coverage as well as increasing our Pay-TV capacity, which substantially increased the number of channels, pay-per-view services and interactive services that we offer and improved the quality and coverage of our Pay-TV signal. Additionally, the SES-6 has allowed us to offer a greater number of channels in high definition (HD) and transmit all of our content in digital format.

We believe that our network capillarity and broad coverage will allow us to expand in municipalities in Brazil with higher economic growth potential and lower market penetration where our competitors do not yet have a significant presence.

We have a strong commitment to sustainability initiatives

For the fifth consecutive year, we are part of the Carbon Efficient Index (*Índice de Carbono Eficiente*) of the BM&FBOVESPA. In addition, in 2013, we became part of the NYSE Dow Jones Sustainability Index, in the category "Emerging Markets." We have been part of the UN Global Compact since 2009, committing ourselves to upholding best practices in human rights, labor relations, environment and anticorruption.

We sponsor *Instituto Oi Futuro*, which is a social responsibility organization founded in 2001 to support culture, sustainability and educational programs, using IT and communication to promote social transformation.

Our Strategies

The principal components of our strategy are:

Consolidate our business model by offering our subscribers new and convergent services

We intend to grow by offering convergent services. The convergence of telecommunication services is a trend in the industry and we offer convergent services through bundles of fixed-line, mobile, broadband and Pay-TV services. We believe that such strategy of bundling services has and will continue to increase sales, leading to increased ARPU and reduced

customer acquisition costs. Furthermore, we believe that offering bundled services with a focus on quality sales and services increases customer loyalty, resulting in lower churn rates (the rates at which customers disconnect services).

We intend to leverage our network capillarity to grow our broadband and Pay-TV services subscription base, as we believe that these services have a low level of penetration in certain regions of Brazil and there is relatively little competition in certain regions of the country. For example, we do not face significant competition in 93.4% of the approximately 4,850 municipalities in which we operate and in many municipalities, we are currently the only telecommunications service provider. A significant part of the population that we serve have a prior relationship with us through our fixed-line services and we believe that we have the potential to grow our broadband and Pay-TV businesses by offering these services to these segments of the population. Therefore, we believe we are positioned to serve any increased demand for these services in these municipalities and we intend to continue to use our fixed-line business as an anchor to cross-sell our other services.

With respect to the mobile market, our strategy is to continue to focus on the pre-paid segment, which accommodates the profile of Brazilian consumers, reduces customer acquisition costs and provides us cash flows without the risk of payment default. In addition, we plan to continue to promote the increased usage of voice and data in this segment through active and personalized marketing campaigns targeted at stimulating customer purchases of credits for use in our pre-paid services, or "recharging." We have adopted a strict policy for maintaining our customers' accounts that focuses on profitability and terminates the service of customers who remain in default after a certain period.

With respect to the post-paid segment, our objective is to acquire new, high quality customers through our adoption of effective sales methods, ensuring the growth of a healthy and profitable customer base, that, in addition to providing increased demand for mobile data, will provide opportunities to offer bundled services, such as internet and voice.

In order to continue the strengthening of our relationships with our corporate customers, we have focused on improving the quality of our services and our sales channels. We have also focused on innovative solutions for our customers through services that they have not yet contracted, including cloud computing. We believe these efforts will increase our revenue per customer (share of wallet), improving our results of operations.

Improve our operational efficiency with network and infrastructure management focused on three pillars: network, operation and IT

Our main objective includes the gradual development of our fiber optic network as well as the improvement of the network's current profitability to better allocate our investments, to converge our services (Single Edge and IMS) and to improve data traffic. In connection with our strategy to optimize our network, we will continue to better allocate our investment and reduce operational costs. The sharing of the 4G network with TIM is an example of successfully improving infrastructure rationalization since it allowed us to expand our 4G coverage without incurring significant operating costs. Additionally, we have modernized our legacy network, migrated voice and data traffic from our 2G network to our 3G network and expanded the capacity to offload traffic from our Wi-Fi network as well as the synergies from sharing of the network.

We will continue adopting a centralized network management model to increase control of the services we provide to our customers. Our center of operations in Rio de Janeiro is completely integrated and operates without interruptions. Our operational efficiency and quality of field services have shown consistent increases as a result of adopting strategic actions, such as reducing our field operating centers from 20 to three during 2013. We have implemented Workforce Management – Click, or Click, the principal focus of which is on the services supply chain as well as planning, schedule modifications in real time, resource management and communications with our customers. Click improves the rate at which installations are successfully completed, increases productivity, reduces complaints and lowers operating costs.

We develop our IT architecture to converge, standardize, integrate and simplify the business processes and development of our services, and we adopt the most flexible solutions for our customers. In the short-term, we intend to continue optimizing and reorganizing our internal processes with the goal of significantly reducing the quantity of our programs and applications as well as the related costs to maintain these programs and applications. We have also prepared productivity benchmarks with the goal of achieving improved services from our software and operational teams. In the long-term, we intend to consolidate the portfolio of applications, transforming our IT architecture into an instrument to converge,

standardize, integrate and simplify the business process and development of our services as well as to improve significantly the time-to-market of our services and reduce our operating costs.

Improve our cash flow profile, better allocate capital expenditures and optimize our capital structure through financial discipline

We will continue exploring initiatives to maintain our financial discipline to improve our cash flow profile, better allocate capital expenditures and optimize our capital structure. We have sold non-core operating assets, which has improved our financial flexibility, generated savings and added value for our shareholders. Our processes for carrying out investments are highly efficient, utilizing management and control tools (geo-location and performance metrics) based on maps defining technology priorities (2G vs. 3G vs. 4G, and DSL vs. fiber optics). In order to implement our 4G services quickly, economically and with the lowest environmental impact, we developed, together with Tim Celular S.A., an infrastructure sharing model called "RAN Sharing." We intend to use the RAN Sharing model to reduce costs that would otherwise be necessary since it allows us to comply with certain regulatory obligations using half of the infrastructure to offer our services.

This strategy allows us to better allocate investments with respect to potential risk and reward. We will continue to focus on reducing our indebtedness by streamlining investments, reducing operational and financial costs and improving profitability.

Disposition of PT Portugal

On June 2, 2015, we sold all of the share capital of PT Portugal, SGPS, S.A., or PT Portugal, to Altice Portugal S.A., or Altice Portugal, for a purchase price equal to the enterprise value of PT Portugal of €6,900 million, subject to adjustments based on the financial debt, cash and working capital of PT Portugal on the closing date, plus an additional earn-out amount of €500 million in the event that the consolidated revenues of PT Portugal and its subsidiaries (as of the closing date) for any single year between the year ending December 31, 2015 and the year ending December 31, 2019 is equal to or exceeds €2,750 million. We refer to this transaction as the PT Portugal Disposition.

In connection with the closing, Altice Portugal disbursed €5,789 million, of which €869 million will be utilized by PT Portugal to prepay outstanding indebtedness in that amount, and €4,920 million were paid to our company in cash. We expect to use the net cash proceeds of the PT Portugal Disposition for the repayment of indebtedness of our company or to carry out corporate transactions that aim to consolidate the telecommunications sector in Brazil, including the acquisition of interests in other mobile operators.

In anticipation of the PT Portugal Disposition, PT Portugal transferred Portugal Telecom International Finance B.V., or PTIF, its wholly-owned finance subsidiary, to Oi. As a result of this transfer, the indebtedness of PTIF, which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements as of December 31, 2014 and March 31, 2015, was reclassified as indebtedness of our company. As of March 31, 2015, the indebtedness of PTIF (excluding intercompany loans) was €4,535 million (R$15,628 million). In addition, in connection with the PT Disposition, PTIF assumed all obligations under PT Portugal's outstanding 6.25% Notes due 2016, of which €400 million (R$1,378 million) principal amount was outstanding on March 31, 2015.

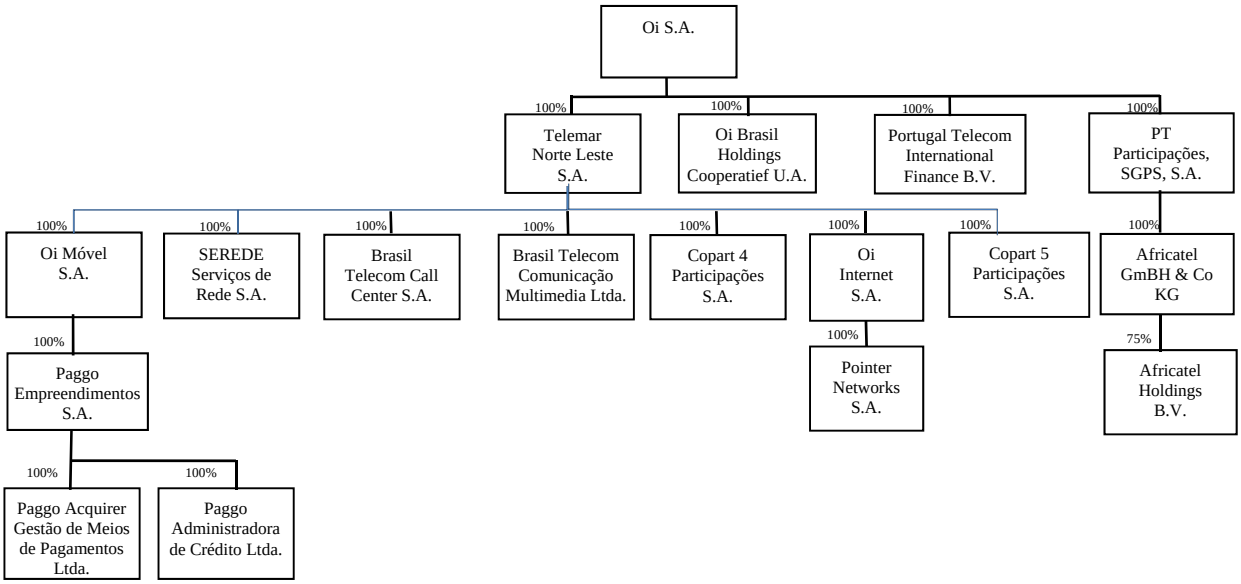
In addition, PT Portugal transferred to Oi all of the outstanding share capital of PT Participações, SGPS, S.A., or PT Participações, which holds our direct and indirect interests in Africatel Holdings B.V., or Africatel, and TPT—Telecomunicações Públicas de Timor, S.A., or TPT, which provides telecommunications, multimedia and IT services in Timor Leste.

Africatel, in which we own a 75% interest, holds our interests in telecommunications companies in Africa, including telecommunications companies in Angola, Cape Verde, Namibia, and São Tomé and Principe. On September 16, 2014, our board of directors authorized our management to take the necessary measures to market our shares in Africatel. As a result, as of December 31, 2014 and March 31, 2015, we recorded the assets and liabilities of Africatel as held-for sale, although we do not record Africatel as discontinued operations in our income statement due to the immateriality of the effects of Africatel on our results of operations. Due to the many risks involved in the ownership of these interests, particularly our interest in Unitel, although we are committed to such sale, we cannot predict when the sale of these assets may be completed. For a

discussion of our risks related to our investments in Unitel, see "Item 3. Key Information—Risk Factors—Risks Relating to Our African and Asian Operations" in the Oi Annual Report.

Corporate Structure

The following chart presents our corporate structure and principal operating subsidiaries as of June 8, 2015.



Oi Netherlands

Oi Netherlands is a direct wholly-owned subsidiary of Oi. Oi Netherlands is a cooperative with excluded liability (*cooperatie met uitgesloten aansprakelijkheid)* established and organized under the laws of the Netherlands on April 20, 2011. Oi Netherlands is registered in the Dutch Commercial Register under number 52578518. Oi Netherlands' principal executive office is located at Naritaweg 165, 1043 BW, Amsterdam, The Netherlands and its phone number is + 31-20-572 2300.

The sole member of Oi Netherlands is Oi. As of June 8, 2015, Oi Netherlands had a member's capital of €18,000.

The articles of association of Oi Netherlands provide for a board of directors composed of not less than one member. All directors of Oi Netherlands are appointed by Oi. The directors of Oi Netherlands are Trust International Management (T.I.M.) B.V. and Flavio Nicolay Guimarães. Mr. Guimarães is an executive officer of Oi. Mr. Guimarães's business address is Rua Humberto de Campos, 425, 8th floor, Leblon, Rio de Janeiro, RJ, Brazil 22430-190. Trust International Management (T.I.M.) B.V.'s address is Naritaweg 165, 1043 BW, Amsterdam, The Netherlands. As directors of Oi Netherlands, Trust International Management (T.I.M.) B.V. and Mr. Guimarães act in accordance with the interests of Oi, the sole member of the Issuer, subject to compliance with customary fiduciary duties of directors of Dutch companies.

Under Oi Netherlands' articles of association, Oi Netherlands is permitted to engage in any act or activity that is not prohibited under any law for the time being in force in the Netherlands.

Oi Netherlands does not have subsidiaries or hold any equity investments. Oi Netherlands does not have any operations independent from Oi. Oi Netherlands' obligations under the Notes have been fully and unconditionally guaranteed by Oi. Accordingly, the ability of Oi Netherlands to pay principal, interest and other amounts due on the Notes will depend upon the financial condition and results of operations of Oi and its consolidated subsidiaries.

The financial statements of Oi Netherlands are fully consolidated in the consolidated financial statements of Oi. Oi Netherlands will not publish financial statements, except for its audited financial statements which Oi Netherlands is required to file under the laws of the Netherlands with the Chamber of Commerce. In addition, Oi Netherlands does not intend to furnish to the trustee or the holders of the Notes any financial statements of, or other reports relating to, Oi Netherlands.

There are no potential conflicts of interest between any duties owed to Oi Netherlands by its directors or officers and their private interests and other duties.

Our principal executive office is located at Rua Humberto de Campos No. 425, 8th floor–Leblon, 22430-190 Rio de Janeiro, RJ, Brazil, and our telephone number at this address is +55 (21) 3131-2918. The registered address of our directors is Rua do Lavradio, 71, 2nd floor–Centro, 20230-070 Rio de Janeiro, RJ, Brazil. We adhere to good corporate governance procedures.

SUMMARY OF THE OFFERING

The following summary contains basic information about the Notes and the guarantee and is not intended to be complete. It does not contain all of the information that is important to you. For a more complete understanding of the Notes, please refer to the section of this offering memorandum entitled "Description of the Notes."

Issuer	Oi Brasil Holdings Coöperatief U.A.
Guarantor	Oi S.A.
Notes	€600.0 million aggregate principal amount of 5.625% Notes due 2021.
Issue price	99.380% of the aggregate principal amount.
Maturity date	June 22, 2021.
Interest rate	The Notes will bear interest from June 22, 2015 at the rate of 5.625% per annum, payable annually in arrears on each interest payment date.
Interest payment dates	Interest on the Notes will be payable annually on June 22 of each year, beginning on June 22, 2016.
Ranking	The Notes will be senior unsecured obligations of Oi Netherlands ranking equal in right of payment to other existing and future senior unsecured debt of Oi Netherlands. As of March 31, 2015, Oi Netherlands had outstanding debt in the aggregate amount of US$1,507 million. Oi's guarantee will be senior unsecured obligations of Oi ranking: • equal in right of payment to other existing and future senior unsecured debt of Oi; • senior in right of payment to Oi's subordinated debt; and • effectively subordinated to debt of Oi's subsidiaries (other than Oi Netherlands) and to secured debt of Oi to the extent of the value of the assets securing such debt. As of March 31, 2015, our company had consolidated debt of R$51,624 million (US$16,092 million), including financial obligations classified as liabilities of assets held for sale that have been reclassified as loans and financings as a result of the completion of the PT Portugal Disposition, of which R$45,712 million (US$14,249 million) was unsecured debt of Oi and R$5,912 million (US$1,843 million) was secured debt of Oi or debt of Oi's subsidiaries (other than Oi Netherlands).
Additional amounts	Any and all payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or other governmental charges of any nature imposed by Brazil, the Netherlands or by the jurisdictions in which any paying agents appointed by Oi are organized or the location where payment is made, or any political subdivision thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, Oi shall pay such additional amounts as will result in the receipt by the holders of the Notes of such amounts as would have been received by them if no such withholding or deduction had been required. See "Description of the Notes—

	Certain Covenants—Payment of Additional Amounts."
Tax redemption	Oi Netherlands or Oi may, at its option, redeem the Notes, in whole but not in part, at 100% of their principal amount plus accrued and unpaid interest to the redemption date and additional amounts, if any, upon the occurrence of specified events relating to the applicable tax law. See "Description of the Notes—Redemption and Repurchase—Tax Redemption."
Optional redemption	Oi Netherlands or Oi may, at its option, redeem the Notes, in whole or in part, by paying the greater of (1) 100% of the principal amount of the Notes to be redeemed and (2) the applicable "make-whole" amount, plus, in each case, additional amounts, if any, and, in the case of clause (1) only, accrued and unpaid interest to but excluding the redemption date. See "Description of the Notes—Redemption and Repurchase—Optional Redemption with "Make-Whole" Amount."
Repurchase upon change of control	If a Change of Control that results in a Ratings Decline (each as defined in "Description of the Notes") occurs, each holder of the Notes may require Oi Netherlands or Oi to repurchase all or a portion of such holder's Notes at a price equal to 101% of their principal amount, plus accrued and unpaid interest to the date of repurchase and additional amounts, if any. See "Description of the Notes—Redemption and Repurchase—Repurchase of the Notes upon a Change of Control."
Covenants of Oi	The terms of the indenture will impose certain covenants on Oi and/or Oi Netherlands including, among other things, (1) paying all amounts owed by it under the Notes and the indenture when such amounts become due; (2) maintaining all necessary government authorizations and approvals; (3) maintaining an office or agency in New York City for the purpose of service of process; and (4) giving notice to the trustee of any default or event of default under the indenture. In addition, the terms of the indenture will restrict Oi's and certain of its subsidiaries' ability, among other things, to (1) undertake certain mergers, consolidations or similar transactions; (2) create certain liens on its assets; and (3) undertake certain sale and lease-back transactions. These covenants are subject to a number of important qualifications and exceptions. See "Description of the Notes—Certain Covenants."
Absence of further restrictive covenants	The indenture will not contain any covenants restricting the ability of Oi to (1) make payments, (2) incur Indebtedness (as defined in "Description of the Notes"), (3) dispose of assets, (4) issue and sell capital stock, (5) create or incur liens on its property, except as noted under "Description of the Notes—Certain Covenants—Limitation on Liens" or (6) engage in business other than its present business.
Substitution of issuer	Oi Netherlands may, without the consent of the holders of the Notes and subject to certain conditions, be replaced and substituted by Oi or any wholly-owned subsidiary of Oi as principal debtor in respect of the Notes. See "Description of the Notes—Substitution of the Issuer."
Further issuances	We may, from time to time, without the consent of the holders of the Notes, issue additional notes on terms and conditions identical to those of the Notes, which additional notes shall increase the aggregate principal amount of, and shall form a

	single series and vote together with the Notes.
Form and denomination of the Notes....	The Notes will be issued in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be issued as fully registered notes, represented by one or more global notes deposited with or on behalf of a common depositary on behalf of Clearstream and Euroclear and registered in the name of the common depositary or its nominee. Beneficial interests in any of the Notes will be shown on, and transfers will be effected only through, records maintained by Clearstream and Euroclear and their participants, and these beneficial interests may not be exchanged for certificated notes, except in limited circumstances. See "Description of the Notes—Book-Entry Ownership, Denomination and Transfer Procedures for the Notes."
Listing.....	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. We cannot assure you that this listing will be accepted, or if accepted, that the Notes will remain so listed. Even if this listing is accepted, we cannot assure you that a liquid trading market for the Notes will develop. If the listing of the Notes on the Irish Stock Exchange would, in the future, require us to publish financial information either more regularly than we otherwise would be required to, or according to accounting principles which are materially different from the accounting principles which we would otherwise use to prepare our published financial information, we may seek an alternative admission to listing, trading and/or quotation for the Notes by another listing authority, stock exchange and/or quotation system.
Use of proceeds.....	We expect the net proceeds to Oi Netherlands from the sale of the Notes to be approximately €590.3 million, after deducting the fees and estimated expenses of this offering. We intend to use all or a portion of the net proceeds of this offering to repurchase the 5.625% Notes due 2016 notes of PTIF, the 4.375% Notes due 2017 of PTIF, the 5.242% Fixed Rate Notes due 2017 of PTIF and our 5.125% Notes due 2017, which we refer to collectively as the Old Notes, in each case, that we accept for purchase the tender offer described below, and to use any remaining net proceeds to repay or prepay other indebtedness of our company.
Tender Offer	Concurrently with this offering, we have announced our current intention to make a cash tender offer, or the Tender Offer, for an aggregate principal amount of the Old Notes that does not exceed a maximum purchase amount to be determined by us in our sole discretion. The Tender Offer will be made on terms and subject to the conditions to be included in a tender offer memorandum, or the Tender Offer Memorandum, that will be made available to eligible holders of Old Notes upon the commencement of the Tender Offer. The Tender Offer will be conditioned upon, among other things, the pricing of the Notes offered hereby. We currently expect the Tender Offer to commence on the day of pricing of the Notes offered hereby, and to expire on the same day. Valid tenders of Old Notes made by holders who have submitted an equivalent-sized firm bid for the Notes prior to the pricing of the Notes will be accepted before any other tenders. Although we currently intend to make the Tender Offer, we cannot guarantee that such an offer will be made, the terms of such offer or, if made, how many, if any, of the Old Notes will participate. If we launch the Tender Offer, we cannot predict whether holders of the Old Notes will participate in the Tender Offer or whether

	the Tender Offer will be successfully consummated. This offering memorandum is not an offer to purchase or a solicitation of an offer to sell the Old Notes. The Tender Offer will be made only by and pursuant to the terms of the related Tender Offer Memorandum, as may be amended or supplemented from time to time in our sole discretion. The Tender Offer Memorandum will not be distributed in or into or to any person located or resident in the United States or to any U.S. Person or in any other jurisdiction where such distribution is unlawful.
Settlement	The Notes will be issued as global notes registered in the name of a nominee of the common depositary of Euroclear and Clearstream for the accounts of its direct and indirect participants. Beneficial interests in Notes held in book-entry form will not be entitled to receive physical delivery of certificated notes except in certain limited circumstances. For a description of certain factors relating to clearance and settlement, see "Description of the Notes—Book-Entry Ownership, Denomination and Transfer Procedures for the Notes."
Governing law	The indenture, the Notes and the guarantee will be governed by, and construed in accordance with, the laws of the State of New York.
Indenture	The Notes will be issued under an indenture among Oi Netherlands, as issuer, Oi, as guarantor, The Bank of New York Mellon, as trustee, registrar and transfer agent, The Bank of New York Mellon—London Branch, as London paying agent, and The Bank of New York Mellon SA/NV, Dublin Branch, as Irish paying agent.
Trustee, registrar and transfer agent	The Bank of New York Mellon.
London paying agent	The Bank of New York Mellon, London Branch.
Irish paying agent and listing agent	The Bank of New York Mellon SA/NV, Dublin Branch.
Events of default	The indenture will contain certain events of default, consisting of, among others, the following (1) failure to pay principal when due; (2) failure to pay interest and other amounts within 30 calendar days of the due date therefor; (3) subject to a cure period, breach of a covenant or agreement contained in the indenture or the Notes; (4) acceleration of Indebtedness of Oi Netherlands, Oi or any of its Material Subsidiaries (as defined in "Description of the Notes") for a failure to pay amounts due in respect of Indebtedness when due that, in aggregate, equal or exceed US$100 million; (5) certain judgments against Oi or any of its Material Subsidiaries that equal or exceed US$100 million; (6) certain events of bankruptcy, liquidation or insolvency of Oi Netherlands, Oi or any of the Material Subsidiaries; and (7) expropriation of all or substantially all of Oi's or any of its Material Subsidiaries' assets. See "Description of the Notes—Events of Default."
Notice to investors	The Notes have not been, and will not be, registered under the Securities Act, any U.S. state securities laws or the laws of any other jurisdiction and are subject to limitations on transfers as described under "Notice to Investors."
Risk factors	Prospective investors should carefully consider all of the information contained in this offering memorandum prior to investing in the Notes. In particular, we urge prospective investors to carefully consider the information set forth under "Risk Factors" for a discussion of risks and uncertainties relating to us, our subsidiaries, our business, our equity holders and an investment in the Notes.

SUMMARY HISTORICAL FINANCIAL AND OTHER INFORMATION

The following summary financial information as of December 31, 2014 and 2013 and for the three years ended December 31, 2014, 2013 and 2012 have been derived from our audited consolidated financial statements, prepared in accordance with Brazilian GAAP, and included in the Oi Annual Report. The following summary financial information as of December 31, 2012, 2011 and 2010 and for the years ended December 31, 2011 and 2010 has been derived from our audited consolidated financial statements, which are not included in this offering memorandum or incorporated by reference herein. The following summary financial information as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 has been derived from our unaudited condensed consolidated financial statements included in the First Quarter Report. The results for the three-month period ended March 31, 2015 are not necessarily indicative of the results to be expected for the entire year ended December 31, 2015.

This financial information should be read in conjunction with (1) "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in the First Quarter Report, (2) our unaudited condensed consolidated interim financial information as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014 and the related notes thereto, which is included in the First Quarter Report, and (3) "Item 5. Operating and Financial Review and Prospects," "Item 11. Quantitative and Qualitative Disclosures about Market Risk," and our audited financial statements and the related notes thereto, each of which is included in the Oi Annual Report.

Our consolidated financial statements are prepared in accordance with Brazilian GAAP, which differs in certain important respects from U.S. GAAP. Differences between Brazilian GAAP and U.S. GAAP where applicable to Oi are summarized in note 30 to our audited consolidated financial statements included in the Oi Annual Report.

	For the Three-Month Periods Ended March 31,			For the Year Ended December 31,				
	2015(1)	2015	2014	2014	2013	2012	2011	2010
	(in millions of US$)			(in millions of *reais*)				
Income Statement Data:								
Net operating revenue	US$2,194	R$7,040	R$6,877	R$28,247	R$28,422	R$25,161	R$9,245	R$10,263
Cost of sales and services	(1,183)	(3,795)	(3,761)	(15,230)	(15,259)	(12,670)	(4,587)	(4,732)
Gross profit	1,012	3,245	3,115	13,017	13,163	12,491	4,659	5,531
Operating expenses	(764)	(2,452)	(1,306)	(7,343)	(7,876)	(7,731)	(3,091)	(3,072)
Operating income (loss) before financial income (expenses) and taxes	247	793	1,809	5,674	5,287	4,760	1,567	2,459
Financial income	96	307	279	1,345	1,375	2,275	1,406	979
Financial expenses	(491)	(1,576)	(1,473)	(5,891)	(4,650)	(4,491)	(1,478)	(1,060)
Financial income (expenses), net	(396)	(1,269)	(1,194)	(4,546)	(3,275)	(2,216)	(72)	(80)
Income (loss) of continuing operations before taxes	(148)	(476)	615	1,128	2,012	2,544	1,495	2,379
Income tax and social contribution	19	62	(388)	(1,120)	(519)	(760)	(490)	(408)
Net income (loss) of continuing operations	(129)	(414)	228	8	1,493	1,785	1,006	1,971
Net loss of discontinued operations, net of taxes	(10)	(32)	—	(4,415)	—	—	—	—
Net income (loss)	US$(139)	R$(447)	R$228	R$(4,406)	R$1,493	R$1,785	R$1,006	R$1,971

(1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank as of March 31, 2015 for *reais* into U.S. dollars of R$3.2080=US$1.00.

	As of the Three-Month Period Ended March 31,		As of the Year Ended December 31,				
	2015(1)	2015	2014	2013	2012	2011	2010
	(in millions of US$)	(in millions of *reais*)					
Balance Sheet Data:							
Cash and cash equivalents	US$568	R$1,822	R$2,449	R$2,425	R$4,408	R$6,005	R$3,217
Cash investments	44	142	171	493	2,426	1,084	832
Trade accounts receivable, net	2,522	8,092	7,450	7,097	7,018	2,010	2,070
Assets held for sale	11,076	35,531	33,927	—	—	—	—
Long-term investments	36	116	111	99	64	13	—
Total current assets	15,921	51,075	49,287	17,929	21,138	12,246	8,487
Property, plant and equipment, net	7,967	25,557	25,670	24,786	23,103	5,794	5,317
Court blocked and other deposits	3,915	12,560	12,260	11,051	9,723	4,955	4,266
Intangible assets, net	1,125	3,610	3,691	3,919	4,196	1,085	1,318
Total assets	33,349	106,984	102,789	70,096	69,150	31,664	26,886
Short-term loans and financings (including current portion of long-term debt)	1,530	4,910	4,464	4,159	3,114	1,144	1,044
Liabilities of assets held for sale(2)	8,814	28,276	27,178	—	—	—	—
Total current liabilities	13,664	43,835	42,557	15,540	17,093	8,619	6,691
Long-term loans and financings	10,615	34,052	31,386	31,695	30,232	6,962	3,321
Share capital	6,683	21,438	21,438	7,471	7,309	3,731	3,731
Total equity	5,422	19,390	19,311	11,524	11,109	10,589	11,337

(1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank as of March 31, 2015 for *reais* into U.S. dollars of R$3.2080=US$1.00.

(2) As of December 31, 2014 and March 31, 2015, includes short-term loans and financings (including current portion of long-term debt) of R$1,935 million and R$4,086 million, respectively, and long-term loans and financings of R$16,958 million and R$16,048 million, respectively, that were classified as liabilities associated with assets held for sale in our unaudited condensed consolidated interim financial statements as of March 31, 2015 and were reclassified as indebtedness of our company in connection with the PT Portugal Disposition.

	As of and For the Three-Month Period Ended March 31,			As of and For the Year Ended December 31,				
	2015(1)	2015	2014	2014	2013	2012	2011	2010
	(in millions of US$, except as indicated below)	(in millions of *reais*, except as indicated below)						
Other Financial Information:								
Cash Flow Data:								
Net cash provided by (used in):								
Operating activities	US$70	R$224	R$(176)	R$5,531	R$7,035	R$3,910	R$1,839	R$3,416
Investing activities	(397)	(1,272)	1,745	(4,303)	(6,770)	(6,495)	(2,089)	(1,560)
Financing activities	142	457	(361)	(1,175)	(2,299)	974	2,919	(356)
Other Financial Information:								
Capital expenditures	320	1,025	1,274	5,382	6,614	6,477	1,297	889
Depreciation and amortization	(380)	(1,218)	(1,144)	(4,535)	(4,278)	(3,221)	1,044	1,057
Other Data:								
Adjusted EBITDA and ratios for twelve month periods(2)(3)(4):								
Adjusted EBITDA	2,888	9,266	10,379	10,210	9,565	7,982	2,612	3,516
Gross debt to Adjusted EBITDA ratio	3.72x	3.72x	3.31x	3.21x	3.58x	3.73x	3.11x	1.26x
Adjusted EBITDA to interest expense ratio	3.01x	3.01x	3.94x	3.53x	3.90x	4.26x	5.83x	8.22x
Operating Data:								
Mobile:								
Total subscribers (in millions)		50.4	50.6	50.9	50.2	49.3		
Pre-paid		40.8	41.4	41.3	41.0	39.8		
Post-paid		9.6	9.2	9.6	9.2	9.4		
Fixed-line:								
Access lines in service (in millions)		15.5	16.6	15.8	16.9	17.9		
Public telephones in service (in thousands)		653	657	653	655	727		

	As of and For the Three-Month Period Ended March 31,			As of and For the Year Ended December 31,				
	2015(1)	2015	2014	2014	2013	2012	2011	2010
	(in millions of US$, except as indicated below)	(in millions of *reais*, except as indicated below)						
Broadband access lines in service (in millions)		5.8	5.9	5.9	5.9	5.7		

(1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank as of March 31, 2015 for *reais* into U.S. dollars of R$3.2080=US$1.00.

(2) The indenture governing the Notes will not have any financial covenants. See "Description of the Notes—Certain Covenants." We have included a calculation of our Adjusted EBITDA, our gross debt, our gross debt to Adjusted EBITDA ratio and our Adjusted EBITDA to interest expense ratio as (1) our management uses such measures to measure our operating performance, (2) we believe that information about these measures are important for investors to understand our liquidity, and (3) certain of our indebtedness contains financial covenants that may limit our ability to incur additional indebtedness.

We define (1) "Adjusted EBITDA" as net income (loss) *plus* (i) financial income (expenses), net, (ii) depreciation and amortization expenses, (iii) income tax and social contribution, and (iv) net loss of discontinued operations, net of taxes, (2) "gross debt" as current and long-term loans and financing, plus derivative financial instruments, (3) "gross debt to Adjusted EBITDA ratio" as of any date as the ratio of (i) our gross debt to (ii) our Adjusted EBITDA for the then most recently concluded period of four consecutive fiscal quarters, and (4) "Adjusted EBITDA to interest expense ratio" as of any date as the ratio of our Adjusted EBITDA for the then most recently concluded period of four consecutive fiscal quarters to our interest expense for the then most recently concluded period of four consecutive fiscal quarters.

Other companies may calculate gross debt and Adjusted EBITDA differently, and therefore this presentation of gross debt and Adjusted EBITDA may not be comparable to other similarly titled measures used by other companies. Gross debt is not recognized under Brazilian GAAP or any other generally accepted accounting principles. Adjusted EBITDA is not recognized under Brazilian GAAP or any other generally accepted accounting principles as a measure of financial performance and should not be considered as a substitute for net income or loss, cash flow from operations or other measures of operating performance or liquidity determined in accordance with Brazilian GAAP. Adjusted EBITDA is not intended to represent funds available for dividends or other discretionary uses by us because those funds are required for debt service, capital expenditures, working capital and other commitments and contingencies. Adjusted EBITDA presents limitations that impair its use as a measure of our profitability since it does not take into consideration certain costs and expenses that result from our business that could have a significant effect on our net income, such as financial expenses, taxes, depreciation, capital expenses and other related charges.

(3) The following table sets forth our Adjusted EBITDA, gross debt and gross debt to Adjusted EBITDA ratio for the periods presented.

	As of and For the Twelve-Month Periods Ended March 31,			As of an For the Year Ended December 31,				
	2015(a)	2015	2014	2014	2013	2012	2011	2010
	(in millions of US$)	(in millions of *reais*)						
Adjusted EBITDA:								
Net income (loss)	US$(1,584)	R$(5,081)	R$1,459	R$(4,406)	R$1,493	R$1,785	R$1,006	R$1,971
Financial income (expenses), net	1,440	4,621	3,709	4,546	3,274	2,216	72	80
Depreciation and amortization expenses	1,437	4,609	4,406	4,535	4,279	3,221	1,044	1,057
Income tax and social contribution	209	670	805	1,120	519	760	490	408
EBITDA	1,502	4,819	10,379	5,795	9,565	7,982	2,612	3,516
Net loss of discontinued operations, net of taxes	1,386	4,447	—	4,415	—	—	—	—
Adjusted EBITDA	US$2,888	R$9,266	R$10,379	R$10,210	R$9,565	R$7,982	R$2,612	R$3,516
Gross Debt:								
Consolidated loans and financing	US$12,145	R$38,962	R$35,291	R$35,849	R$ 35,854	R$ 33,346	R$ 8,105	R$ 4,365

	As of and For the Twelve-Month Periods Ended March 31,			As of an For the Year Ended December 31,				
	2015(a)	2015	2014	2014	2013	2012	2011	2010
	(in millions of US$)			(in millions of *reais*)				
Consolidated derivative financial instruments	(1,348)	(4,325)	(833)	(2,555)	(1,507)	(475)	19	71
Gross debt	US$10,797	R$34,637	R$34,458	R$33,295	R$34,347	R$32,871	R$8,124	R$4,436
Gross debt to Adjusted EBITDA ratio(b)	3.72x	3.72x	3.31x	3.21x	3.58x	3.73x	3.11x	1.26x

(a) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank at March 31, 2015 for *reais* into U.S. dollars of R$3.2080=US$1.00.

(b) The gross debt to Adjusted EBITDA ratio presented is the ratio that we report to creditors under the instruments that govern our debt obligations that contain financial maintenance covenants. The EBITDA that we use in calculating the ratios that we report gives pro forma effect to our material acquisitions. Prior to our delivery of our quarterly compliance reports to the creditors under these instruments, our auditors analyze these calculations. For example, (1) as a result of the corporate reorganization of our company in February 2012, we reported pro forma EBITDA under these covenants of R$8,801 million, giving effect to the inclusion of the results of Tele Norte Leste Participações S.A. for the fiscal year ended December 31, 2012, rather than the 10-month period following the corporate reorganization, and (2) as a result of our acquisition of PT Portugal in May 2014, we reported pro forma EBITDA under these covenants of R$10,361 million and R$9,299 million, giving effect to the inclusion of the results of PT Portugal's subsidiaries, for the fiscal year ended December 31, 2014 and the twelve-month period ended March 31, 2015, respectively, rather than solely the period following the date of this acquisition.

(4) Adjusted EBITDA, the gross debt to Adjusted EBITDA ratio and the Adjusted EBITDA to interest expense ratio included in the columns for the twelve-months ended March 31, 2015 and 2014 were calculated based on Adjusted EBITDA and interest expense for the 12-month periods ended March 31, 2015 and 2014, respectively.

RISK FACTORS

The Oi Annual Report, which is incorporated by reference in this offering memorandum, includes extensive risk factors relating to our company, the telecommunications industry and Brazil. Prospective purchasers of Notes should carefully consider the risks discussed below and in the Oi Annual Report, as well as the other information included in or incorporated by reference into this offering memorandum, before deciding to purchase any Notes. Our business, results of operations, financial condition or prospects could be negatively affected if any of these risks occurs, and as a result, the trading price of the Notes could decline and you could lose all or part of your investment.

The risk factors discussed below and in the Oi Annual Report are not the only risks that we face, but are the risks that we currently consider to be material. There may be additional risks that we currently consider immaterial or of which we are currently unaware, and any of these risks could have similar effects to those set forth below and in the Oi Annual Report.

Risks Relating to Our Company

We have a substantial amount of debt, which could restrict our financing and operating flexibility, and our financial covenants may, among other things, impede our ability to use the proceeds of the PT Portugal Disposition to participate in the industry consolidation on Brazil.

As of March 31, 2015, our total consolidated debt amounted to R$34,637 million, excluding financial obligations of PT Portugal classified as liabilities associated with assets held for sale amounting to R$20,135 million. As a result of the transfer of 100% of the share capital of PTIF from PT Portugal to Oi S.A. on May 27, 2015 in connection with our sale of PT Portugal, loans and financings of PTIF in the aggregate amount of R$16,987 million (€4,930 million) were reclassified as loans and financings of our company as of and for periods ending after June 2, 2015.

We are subject to certain financial covenants under the instruments that govern some of our indebtedness that limit our ability to incur additional debt. The level of our consolidated indebtedness and the requirements and limitations imposed by these debt instruments could adversely affect our financial condition or results of operations. In particular, the terms of some of these debt instruments restrict our ability, and the ability of our subsidiaries, to:

- incur additional debt;
- grant liens;
- pledge assets;
- sell or dispose of assets; and
- make certain acquisitions, mergers and consolidations.

If we are unable to incur additional debt, we may be unable to invest in our business and make necessary or advisable capital expenditures, which could reduce future net operating revenue and adversely affect our profitability. In addition, the cash required to service our indebtedness reduces the amount available to us to make capital expenditures. If the growth in net operating revenue of our company slows or declines in a significant manner, for any reason, we may not be able to continue servicing our debt.

Furthermore, some of our debt instruments include financial covenants that require us or certain of our subsidiaries to maintain certain specified financial ratios. In anticipation of the completion of the PT Portugal Disposition, we have executed waivers and amendments to each of our debt instruments that contains such financial maintenance covenants (other than our debt instruments with BNDES), pursuant to which the gross debt to EBITDA ratio that we are required to maintain was increased to 6.0 to 1.0 for each of the fiscal quarters of 2015. As a result of the expiration of these waivers and under the terms of these amendments, the gross debt to EBITDA ratio that we are required to maintain under each of these debt instruments will be reduced to their pre-existing levels for the fiscal quarter ending on March 31, 2016 and thereafter, the most restrictive of which will require that we maintain a gross debt to EBITDA ratio of less than 4.0 to 1.0. Under each of these debt instruments, the creditor has the right to accelerate the debt if, at the end of any applicable period we are not in compliance with the applicable financial covenant ratio. If we would not be able to meet the reduced ratios based on our

projections of the increase in our EBITDA resulting from an investment of the proceeds of the PT Portugal Disposition in an acquisition as part of the process of the consolidation of the Brazilian telecommunications industry, we may be unable to pursue an otherwise attractive opportunity.

Our debt facilities with BNDES, which totaled R$5,731 million as of March 31, 2015, contain a number of financial covenants (including ratios with respect to shareholders equity to total assets and gross debt to EBITDA) that are measured on a semi-annual basis on June 30 and December 31. Noncompliance with two or more of these covenants in one semi-annual period will automatically trigger the right of BNDES to retain proceeds (in an amount equivalent to three times our next amortization payment under each debt facility with BNDES) from receivables otherwise payable to us in reserve accounts pledged for the benefit of BNDES until such time as the breach is cured.

We anticipate that on June 30, 2015 we will not be in compliance with the covenants in each of our debt facilities with BNDES that require us to maintain a shareholder's equity to EBITDA ratio of at least 0.25 to 1 and a gross debt to EBITDA ratio of less than 4 to 1. As a result, BNDES will have the right to retain proceeds from receivables in reserve accounts pledged for the benefit of BNDES, as described above. Noncompliance with two or more of these covenants for two consecutive semi-annual periods will constitute a default under these agreements. We are seeking waivers from BNDES relating to compliance with these covenants as of June 30 and December 31, 2015. We cannot provide investors with any assurance that these waivers will be obtained. In the event that we are unable to obtain waivers of the anticipated breaches of these covenants in each of our debt instruments with BNDES, BNDES may permit us to prepay the outstanding debt under such agreements. Such prepayment would avoid triggering any cross-default or cross acceleration provisions contained in our other debt agreements.

In the event that we are unable to obtain these waivers or permission to prepay the debt or, if permitted, do not prepay this debt, and we continue to be in noncompliance with two or more covenants under the terms of the BNDES facilities for two consecutive semi-annual periods, BNDES would have the right, 45 days following our official disclosure of our financial results to the market, to either continue to retain proceeds from receivables otherwise payable to us in reserve accounts pledged for the benefit of BNDES or declare a default and accelerate this debt.

The instruments governing a substantial portion of our indebtedness, including the Notes offered hereby, contain cross-default or cross-acceleration clauses and the occurrence of an event of default under one of these instruments (including our debt instruments with BNDES and the instruments that govern the financial obligations of PTIF that have been reclassified as indebtedness of our company as of and for periods ending after June 2, 2015) could trigger an event of default under other indebtedness or enable the creditors under other indebtedness, including the Notes offered hereby, to accelerate that indebtedness. Were a substantial amount of our outstanding indebtedness to be accelerated, we may not have sufficient funds to repay such debt when due.

If we are unable to meet our debt service obligations or comply with our debt covenants, we could be forced to renegotiate or refinance our indebtedness, seek additional equity capital, seek new waivers or amendments to our debt instruments that include financial covenants, or sell assets. In this circumstance, we may be unable to obtain financing or sell assets on satisfactory terms, or at all. For more information regarding the debt instruments of our company and our indebtedness as of December 31, 2014 and March 31, 2015, see "Item 5. Operating and Financial Review and Prospects—Liquidity and Capital Resources" in the Oi Annual Report and "Management's Discussion and Analysis of Financial Condition and Results Of Operations as of and for the Three-Month Period Ended March 31, 2015" and note 17 to the unaudited condensed consolidated interim financial statements included in the First Quarter Report.

The other shareholders of Unitel have prevented PT Ventures from exercising its rights to appoint the chief executive officer and a majority of the board of directors of Unitel, have refused to permit PT Ventures to participate in general meetings of the shareholders of Unitel and have refused to provide PT Ventures with access to the books and records of Unitel.

Under the shareholders' agreement among our subsidiary, PT Ventures, SGPS, S.A., or PT Ventures, and the other shareholders of Unitel S.A., or Unitel, which we refer to as the Unitel shareholders' agreement, PT Ventures is entitled to appoint three of the five members of Unitel's board of directors and its chief executive officer. Under the Unitel shareholders' agreement, the appointment of the chief executive officer of Unitel is subject to the approval of the holders of 75% of Unitel's shares. However, the other shareholders of Unitel have failed to vote to elect the directors nominated by PT Ventures at Unitel's shareholders' meetings, and as a result, PT Ventures' representation on Unitel's board of directors was

reduced to a single director in June 2006, and the chief executive officer of Unitel has not been PT Ventures' appointee since June 2006.

On July 22, 2014, the only member of Unitel's board of directors that had been appointed by PT Ventures resigned from his position, and the other shareholders of Unitel have not permitted PT Ventures to appoint a replacement. In November 2014, the other shareholders of Unitel stated to PT Ventures that its rights as a shareholder of Unitel had been purportedly "suspended" in October 2012, although these other shareholders have not indicated any legal basis for this alleged suspension, and although the conduct of the other shareholders since October 2012 had been inconsistent with the notion of any purported suspension. At a general shareholders meeting of Unitel held on December 15, 2014, an election of members of the board of directors of Unitel was held. At this meeting, Unitel's other shareholders, in violation of Angolan law, claimed that PT Ventures was not entitled to vote as a result of the alleged "suspension" of its rights as a shareholder of Unitel in October 2012, and they refused to elect the member nominated by PT Ventures to Unitel's board of directors.

PT Ventures has filed a suit in Angolan court to annul the results of the election of members of the Unitel board of directors on December 15, 2014. As of the date of this offering memorandum, no nominee of PT Ventures serves on the Unitel board of directors.

In advance of the general shareholders meeting of Unitel held on December 15, 2014 and subsequently, PT Ventures has sought access to the financial statements of Unitel for the fiscal years ended December 31, 2013 and 2014, as well as access to minutes from meetings of the shareholders and board of directors, as well as certain contractual arrangements entered into by Unitel. On April 29, 2015, Unitel's general counsel informed PT Ventures' representatives that PT Ventures would not be granted access to these books and records as a result of the alleged suspension of its rights as a shareholder of Unitel.

On May 13, 2015, PT Ventures was barred from attending a general shareholders' meeting of Unitel held on that date in view of the allegation of each of the other shareholders of Unitel that PT Ventures should no longer be recognized as a Unitel shareholder nor therefore entitled to attend. PT Ventures has protested this expulsion and notified the President of Unitel's general meeting that any resolutions that this shareholders meeting had purported to approve had not been lawful given that PT Ventures had been prevented from attending.

As a result, PT Ventures is currently unable to prevent Unitel from purporting to take certain actions that should require the approval of the members of the Unitel board of directors nominated by PT Ventures, including approving transactions that we believe are detrimental to the financial condition and results of operations of Unitel. This situation could in turn have a material adverse impact on the financial position and results of operations of Unitel and therefore the value of our investment in Unitel. In addition, the actions taken by the other shareholders, including the alleged suspension of PT Ventures' rights as a shareholder of Unitel, have and may continue to impede our efforts to sell our interest in Africatel for consideration satisfactory to our company or at all.

We have indemnification obligations with respect to the PT Exchange and the PT Portugal Disposition that could materially adversely affect our financial position.

In the Exchange Agreement that we entered into with Portugal Telecom, SGPS, S.A., or PT SGPS, under which we transferred defaulted commercial paper of Rio Forte Investments S.A. to PT SGPS in exchange for the delivery to our company of common shares and preferred shares of our company as described under "Item 4. Information on the Company—Our Recent History and Development— Rio Forte Defaults and PT Exchange," we agreed to indemnify PT SGPS against any loss arising from PT SGPS's contingent or absolute tax or anti-trust obligations in relation to the assets contributed to our company in the Oi Capital Increase described under "Item 4. Information on the Company—Our Recent History and Development—Oi Capital Increase and Acquisition of PT Portugal," and from PT SGPS's management activities, with reference to acts or triggering events occurring on or prior to May 5, 2014, excluding any losses incurred by PT SGPS as a result of the financial investments in the Rio Forte commercial paper and the acquisition of the Rio Forte commercial paper from Oi under the Exchange Agreement.

In the Share Purchase Agreement under which we sold PT Portugal in the PT Portugal Disposition, we agreed to indemnify Altice Portugal for breaches of our representations and warranties under the Share Purchase Agreement, subject to certain customary procedural and financial limitations. There can be no assurance that we will not be subject to significant claims under these indemnification provisions and if we are subject to such claims under these indemnification provisions, we could be required to pay significant amounts, which would have an adverse effect on our financial condition.

Risks Relating to the Notes and the Guarantee

Because Oi Netherlands has no operations of its own, holders of the Notes must depend on Oi to provide Oi Netherlands with sufficient funds to make payments on the Notes when due.

Oi Netherlands, a wholly-owned subsidiary of Oi organized under the laws of the Netherlands, has no operations other than the issuing and making payments on the Notes and other indebtedness ranking equally with the Notes, and using the proceeds therefrom as permitted by the documents governing these issuances, including lending the net proceeds of the Notes and other indebtedness incurred by Oi Netherlands to Oi and subsidiaries of Oi. Accordingly, the ability of Oi Netherlands to pay principal, interest and other amounts due on the Notes and other indebtedness will depend upon the financial condition and results of operations of Oi and its subsidiaries that are creditors of Oi Netherlands. In the event of an adverse change in the financial condition or results of operations of Oi and its subsidiaries that are creditors of Oi Netherlands, these entities may be unable to service their indebtedness to Oi Netherlands, which would result in the failure of Oi Netherlands to have sufficient funds to repay all amounts due on or with respect to the Notes.

Payments on Oi's guarantee will be junior to Oi's secured debt obligations and effectively junior to debt obligations of Oi's subsidiaries.

The Notes will be fully guaranteed by Oi on an unsecured basis. The Oi guarantee will constitute a senior unsecured obligation of Oi. The guarantee will rank equal in right of payment with all of Oi's other existing and future senior unsecured indebtedness. Although the guarantee will provide the holders of the Notes with a direct, but unsecured, claim on Oi's assets and property, payment on the guarantee will be subordinated to secured debt of Oi to the extent of the assets and property securing such debt. Payment on the guarantee will also be structurally subordinated to the payment of secured and unsecured debt and other creditors of Oi's subsidiaries. The indenture relating to the Notes also includes a covenant limiting the ability of Oi and its subsidiaries to create or suffer to exist liens, although this limitation is subject to significant exceptions.

Upon any liquidation or reorganization of Oi, any right of the holders of the Notes, through enforcement of the guarantee, to participate in the assets of Oi, including the capital stock of its subsidiaries, will be subject to the prior claims of Oi's secured creditors, and to participate in the assets of Oi's subsidiaries will be subject to the prior claims of the creditors of its subsidiaries.

As of March 31, 2015, our company had consolidated debt of R$51,624 million (US$16,092 million), including financial obligations classified as liabilities of assets held for sale that have been reclassified as loans and financings as a result of the completion of the PT Portugal Disposition, of which R$45,712 million (US$14,249 million) was unsecured debt of Oi and R$5,912 million (US$1,843 million) was secured debt of Oi or debt of Oi's subsidiaries (other than Oi Netherlands). In servicing payments to be made on its guarantee of the Notes, Oi will rely, in part, on cash flows from these subsidiaries, mainly in the form of dividend payments and interest on shareholders' equity. The ability of these subsidiaries to make dividend payments to Oi will be affected by, among other factors, the obligations of these entities to their creditors, requirements of Brazilian corporate and other law and restrictions contained in agreements entered into by or relating to these entities.

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated, and interest will be paid, in euros. If you measure your investment returns by reference to a currency other than the euro, an investment in the Notes will entail foreign exchange-related risks due to, among other factors, possible significant changes in the value of the euro relative to the currency by reference to which you measure the return on your investment because of economic, political and other factors over which we have no control. Depreciation of that currency against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes below the interest rate of the Notes and could result in a loss to you when the return on the Notes is translated into the currency by which you measure the return on your investment. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the Notes.

Oi's obligations under the guarantee are subordinated to certain statutory preferences.

Under Brazilian law, Oi's obligations under the guarantee is subordinated to certain statutory preferences. In the event of a liquidation, bankruptcy or judicial reorganization of Oi, such statutory preferences, including post-petition claims, claims for salaries, wages, social security, taxes and court fees and expenses and claims secured by collateral, among others, will

have preference over any other claims, including claims by any investor in respect of the guarantee. In such event, enforcement of the guarantee may be unsuccessful, and holders of the Notes may be unable to collect amounts that they are due under the Notes.

Because a substantial portion of Oi's assets are dedicated to providing an essential public service, they will not be available for liquidation in the event of our bankruptcy and cannot be subject to attachment to secure a judgment.

A substantial portion of our assets, including our fixed-line telecommunications network are dedicated to providing an essential public service. These assets would not be available for liquidation in the event of our bankruptcy or attachment to secure a judgment, and in the case of our bankruptcy would, pursuant to the terms of our concession and Brazilian law, revert to the Brazilian government. Although the Brazilian government would be obligated to compensate us for early termination of our concessions, we cannot assure you that the amount ultimately paid by the Brazilian government would be equal to the market value of the reverted assets. These restrictions on liquidation may lower significantly the amounts available to holders of the Notes in the event of our liquidation and may adversely affect our ability to obtain adequate financing.

Oi may not be able to purchase the Notes upon a specified change of control event.

Upon the occurrence of a specified change of control event, Oi will be required to offer to purchase each holder's Notes at a price equal to 101% of their principal amount plus accrued and unpaid interest. At the time of any specified change of control event, Oi may not have sufficient financial resources to purchase all of the Notes that holders may tender in connection with any such change of control offer.

Oi may incur additional indebtedness ranking equal to the Notes and the guarantee, and secured indebtedness which would give such secured creditors a prior claim on our assets covered by their liens.

The indenture will permit Oi and its subsidiaries, including Oi Netherlands, to incur additional debt, including debt that ranks on an equal and ratable basis with the Notes and the guarantee. If Oi or any of its subsidiaries, including Oi Netherlands, incur additional debt or provide guarantees that rank on an equal and ratable basis with the Notes or the guarantee, as the case may be, the holders of that debt (and beneficiaries of those guarantee) would be entitled to share ratably with the holders of the Notes in any proceeds that may be distributed upon Oi's insolvency, liquidation, reorganization, dissolution or other winding up. This would likely reduce the amount of any liquidation proceeds that would be available to be paid to you.

In addition, Oi and Oi Netherlands may, in the future, grant additional liens to secure indebtedness without equally and ratably securing the Notes or the guarantee, in the circumstances provided for in the indenture. See "Description of the Notes" for more information. If we become insolvent, liquidated, reorganized, dissolved, wound-up or default in the payment of these obligations, these secured creditors will be entitled to exercise the remedies available to them under applicable law.

Developments in the international capital markets may adversely affect the market value of the notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. Although economic conditions are different in each country, investors' reaction to developments in one country can affect the securities markets and the securities of issuers in other countries, including Brazil, the United States and European countries. Brazilian securities markets are, to varying degrees, influenced by economic and market conditions in other emerging market countries. Any adverse economic developments in other emerging markets may adversely affect investor confidence in securities issued by Brazilian companies, causing their market price and liquidity to suffer. We cannot assure you that the market for Brazilian securities will not continue to be affected negatively by events elsewhere, or that such developments will not have a negative impact on the market value of the Notes.

Restrictions on the movement of currency out of Brazil may impair the ability of holders of the Notes to receive interest and other payments on the Notes.

The Brazilian government may impose temporary restrictions on the conversion of Brazilian currency into foreign currencies and on the remittance to foreign investors of proceeds of their investments in Brazil. Brazilian law permits the government to impose these restrictions whenever there is a serious imbalance in Brazil's balance of payments or there are reasons to foresee a serious imbalance.

The Brazilian government imposed remittance restrictions for approximately six months in 1990. Similar restrictions, if imposed in the future, would impair or prevent the conversion of interest payments on the Notes from *reais* into euros and the remittance of euros abroad to holders of the Notes. The Brazilian government may take similar measures in the future.

The foreign exchange policy of Brazil may affect the ability of Oi to make money remittances outside Brazil in respect of the guarantee.

Under current Brazilian regulations, Brazilian companies are not required to obtain authorization from the Brazilian Central Bank in order to make payments under guarantee in favor of foreign persons, such as the holders of the Notes. We cannot assure you that these regulations will continue to be in force at the time Oi is required to perform its payment obligations under the guarantee. If these regulations or their interpretation are modified and an authorization from the Brazilian Central Bank is required, Oi would need to seek an authorization from the Brazilian Central Bank to transfer the amounts under the guarantee out of Brazil or, alternatively, make such payments with funds held by Oi outside Brazil. We cannot assure you that such an authorization will be obtained or that such funds will be available. If such authorization is not obtained, we may be unable to make payments to holders of the Notes in euros. If we are unable to obtain the required approvals, if needed for the payment of amounts owed by Oi through remittances from Brazil, we may have to seek other lawful mechanisms to effect payment of amounts due under the Notes. However, we cannot assure you that other remittance mechanisms will be available in the future, and even if they are available in the future, we cannot assure you that payment on the Notes would be possible through such mechanism.

We cannot assure you that a judgment of a U.S. court for liabilities under U.S. securities laws would be enforceable in Brazil or the Netherlands, or that an original action can be brought in Brazil or the Netherlands against Oi, Oi Netherlands, their respective officers and directors for liabilities under U.S. securities laws, among others.

Oi Netherlands is a cooperative with excluded liability organized under the laws of the Netherlands. Oi is a corporation organized under the laws of Brazil. All of the managing directors of Oi Netherlands, all of the directors and officers of Oi and some of the advisors named herein reside in Brazil, the Netherlands or elsewhere outside the United States, and all or a significant portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or other jurisdictions outside Brazil or the Netherlands (as the case may be) upon such persons, or to enforce against such persons judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions. In addition, it may not be possible to bring an original action in Brazil against Oi for liabilities under applicable securities laws. Furthermore, as most of our assets are located in Brazil, any action for enforceability of the guarantee would likely need to be validated by the courts of Brazil. We cannot assure you that such judicial validation would be obtained in a timely manner or at all. See “Enforceability of Civil Liabilities.”

We cannot assure you that an active trading market for the Notes will develop.

The Notes constitute a new issue of securities, for which there is no existing market. Although we have applied to list the Notes on the Global Exchange Market of the Irish Stock Exchange, we cannot assure investors that this application will be accepted. The initial purchasers are not under any obligation to make a market with respect to the Notes, and we cannot provide you with any assurances regarding the future development of a market for the Notes, the ability of holders of the Notes to sell their Notes, or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates, our results of operations and financial condition, political and economic developments in and affecting Brazil and the market for similar securities. The initial purchasers of this offering have advised our company that they currently intend to make a market in the Notes. However, the initial purchasers are not obligated to do so, and any market-making with respect to the Notes may be discontinued at any time without notice.

The Notes are subject to transfer restrictions.

The Notes have not been, and will not be, registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Such exemptions include offers and sales that occur outside the United States in compliance with Regulation S and in accordance with any applicable securities laws of any other jurisdiction and sales to qualified institutional buyers as defined under Rule 144A. For a discussion of certain restrictions on resale and transfer, see “Notice to Investors.”

A holder of a principal amount of Notes of less than €100,000 will be unable to transfer such stub amount.

The Notes are issued and may be transferred only in principal amounts of €100,000 and integral multiples of €1,000, in excess thereof. As a result, it is possible that the Notes may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000, and a holder may hold a principal amount of Notes of less than the €100,000 minimum. The holder of a stub amount of Notes that is less than €100,000 will be unable to transfer such stub amount so long as the Notes are held in Euroclear or Clearstream and may not receive a definitive note in respect of such holding should Notes be issued in certificated form.

Brazilian bankruptcy laws may be less favorable to you than bankruptcy and insolvency laws in other jurisdictions.

If we are unable to pay our indebtedness, including our obligations under the guarantee, then we may become subject to a bankruptcy proceeding or a judicial reorganization proceeding (*recuperação judicial*) in Brazil. The bankruptcy laws of Brazil currently in effect are significantly different from, and may be less favorable to creditors than, those of certain other jurisdictions. For example, holders of the Notes may have limited voting rights at creditors' meetings in the context of a court reorganization proceeding. In addition, any judgment obtained against us in Brazilian courts in respect of any payment obligations under the guarantee normally would be expressed in the *real* equivalent of the euro amount of such sum at the exchange rate in effect (1) on the date of actual payment, (2) on the date on which such judgment is rendered, or (3) on the date on which collection or enforcement proceedings are started against us. Consequently, in the event of our bankruptcy, all of our debt obligations that are denominated in foreign currency, including the guarantee, will be converted into *reais* at the prevailing exchange rate on the date of declaration of our bankruptcy by the court. We cannot assure you that such rate of exchange will afford full compensation of the amount invested in the Notes plus accrued interest.

***Judgments of Brazilian courts enforcing Oi's obligations under the guarantee would be payable only in* reais.**

If proceedings are brought in the courts of Brazil seeking to enforce Oi's obligations under the guarantee, Oi would not be required to discharge its obligations in a currency other than *reais*. Any judgment obtained against Oi in Brazilian courts in respect of any payment obligations under the guarantee would be expressed in *reais*. There can be no assurance that such rate of exchange will afford you full compensation of the amount invested in the Notes plus accrued interest.

The imposition of IOF taxes may indirectly influence the price and volatility of the Notes.

Brazilian law imposes the Tax on Foreign Exchange Transactions (*Imposto sobre Operações de Crédito, Câmbio e Seguro, ou relativas a Títulos e Valores Mobiliários*), or IOF/Exchange, on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Brazilian law also imposes the Tax on Transactions Involving Bonds and Securities, or the IOF/Bonds Tax, on transactions involving securities, including those carried out on a Brazilian stock exchange. The objective of these taxes is to slow the pace of speculative inflows of foreign capital into the Brazilian market and the appreciation of the *real* against the euro. The imposition of this tax may discourage foreign investment in debt of Brazilian companies, including our company, due to higher transaction costs, and may negatively impact the price and volatility of the Notes. See "Taxation—Brazilian Taxation—Other Brazilian Tax Considerations."

If regulations in the European Union are changed, and Oi Netherlands is required to obtain a banking license from the European Central Bank as a result of issuing the Notes, it could have a material adverse effect on us and your investment in the Notes.

Following recently promulgated regulation in the European Union, there is uncertainty regarding how certain key definitions in the regulation will be defined. If such provisions are not defined in a manner that is consistent with current Dutch national guidance on which we rely, Oi Netherlands could be categorized as a "credit institution," which would require it to obtain a banking license from the European Central Bank, and which may trigger regulatory enforcement measures for having conducted the business of a credit institution without such a license.

Under Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, or the CRR, which took effect on January 1, 2014, Oi Netherlands could be categorized as a "credit institution" as a consequence of issuing the Notes if it is deemed to be "undertaking the business of which is to receive deposits or other repayable funds from the public and to grant credits for its own account."

There is limited official guidance at an E.U. level as to the key elements of the definition of "credit institution," as well as the concepts of "repayable funds" and "the public." The Netherlands government has indicated that, as long as there is no clear guidance at the E.U. level, it is to be expected that the current Dutch national interpretation of these key elements will continue to be taken into account for the interpretation of what constitutes a credit institution. On the basis of this national guidance, we do not believe that a requirement to obtain a banking license will not be triggered by Notes issued in denominations equal to or are greater than €100,000.

If European guidance is published on what constitutes "the public" as referred to in the CRR, and such guidance does not provide that the holder of a Note issued in a denomination equal to or greater than €100,000 (such as the Notes offered hereby) is excluded from being considered part of "the public" in this sense and the current Dutch national interpretation of "the public" is not considered to be "grandfathered" into the definition of "credit institution" in the CRR, Oi Netherlands may be required to obtain a banking license. If Oi Netherlands is required to obtain a banking license, or becomes subject to regulatory enforcement measures for having conducted the business of a credit institution without such a license, such events could have a material adverse effect on us and your investment in the Notes.

USE OF PROCEEDS

We expect the net proceeds to Oi Netherlands from the sale of the Notes to be approximately €590.3 million after deducting the fees and estimated expenses of this offering.

We intend to use all or a portion of the net proceeds of this offering to repurchase the 5.625% Notes due 2016 notes of PTIF, the 4.375% Notes due 2017 of PTIF, the 5.242% Fixed Rate Notes due 2017 of PTIF and our 5.125% Notes due 2017, in each case, that we accept for purchase in a tender offer that we intend to conduct concurrently with this offering, and to use any remaining net proceeds to repay or prepay other indebtedness of our company.

EXCHANGE RATES

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Brazilian Central Bank has allowed the U.S. dollar-*real* exchange rate to float freely, and, since then, the U.S. dollar- and euro-*real* exchange rates have fluctuated considerably.

In the past, the Brazilian Central Bank has intervened occasionally to control unstable movements in foreign exchange rates. We cannot predict whether the Brazilian Central Bank or the Brazilian government will continue to permit the *real* to float freely or will intervene in the exchange rate market through the return of a currency band system or otherwise. The *real* may depreciate or appreciate against the U.S. dollar and euro substantially. Furthermore, Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or there are serious reasons to foresee a serious imbalance, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future. See "Item 3. Key Information—Risk Factors—Risks Relating to Brazil—Restrictions on the movement of capital out of Brazil may impair our ability to service certain debt obligations" in the Oi Annual Report, and "Risk Factors—Risks Relating to the Notes and the Guarantee—Restrictions on the movement of currency out of Brazil may impair the ability of holders of the Notes to receive interest and other payments on the Notes" and "Risk Factors—Risks Relating to the Notes and the Guarantee—The foreign exchange policy of Brazil may affect the ability of Oi to make money remittances outside Brazil in respect of the guarantee."

The following table shows the selling rate for U.S. dollars for the periods and dates indicated. The information in the "Average" column represents the average of the exchange rates on the last day of each month during the periods presented.

	***Reais* per U.S. Dollar**			
Year	**High**	**Low**	**Average**	**Period End**
2010	R$1.8811	R$1.6554	R$1.7593	R$1.6662
2011	1.9016	1.5345	1.6746	1.8758
2012	2.1121	1.7024	1.9550	2.0435
2013	2.4457	1.9528	2.1605	2.3426
2014	2.7403	2.1974	2.3547	2.6562

	***Reais* per U.S. Dollar**	
Month	**High**	**Low**
December 2014	R$2.7403	R$2.5607
January 2015	2.7107	2.5754
February 2015	2.8811	2.6894
March 2015	3.2683	2.8655
April 2015	3.1556	2.8943
May 2015	3.1789	2.9894
June 2015(1)	3.1789	3.1184

(1) Through June 8, 2015.
Source: Brazilian Central Bank

The following tables show the selling rate for euros for the periods and dates indicated. The information in the "average" column represents the average of the exchange rates on the last day of each month during the periods presented.

	***Reais* per Euro**			
Year	**High**	**Low**	**Average**	**Period End**
2010	R$2.6139	R$2.1699	R$2.3315	R$2.2280
2011	2.5565	2.1801	2.3278	2.4342
2012	2.7633	2.2465	2.5103	2.6954
2013	3.2682	2.5347	2.8716	3.2270
2014	3.4320	2.8900	3.1210	3.2265

	Reais per Euro	
Month	**High**	**Low**
December 2014	R$3.4320	R$3.1538
January 2015	3.2379	2.9080
February 2015	3.2715	3.0527
March 2015	3.5268	3.2082
April 2015	3.4251	3.1777
May 2015	3.4941	3.3624
June 2015(1)	3.4695	3.5198

(1) Through June 8, 2015.
Source: Brazilian Central Bank

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, short- and long-term debt, dividends and interest on shareholders' equity, non-controlling interest, shareholders' equity and capitalization as of March 31, 2015 derived from our unaudited condensed consolidated interim financial information as of March 31, 2015 prepared in accordance with Brazilian GAAP:

- on an actual basis; and
- as adjusted for:
  - transactions related to the PT Portugal Disposition, considering:
    - our receipt of net cash proceeds of €4,920 million in connection with the completion of the PT Portugal Disposition on June 2, 2015;
    - the exclusion of commercial paper in the amount of €396 million and the outstanding balances under loan agreements with the European Investment Bank in the amount of €473 million, which were among the liabilities of PT Portugal at the time of the PT Portugal Disposition, and which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements;
    - the reclassification of the indebtedness of PTIF (excluding intercompany loans), which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements, as loans and financings of our company as a result of the transfer of PTIF to Oi from PT Portugal in anticipation of the completion of the PT Portugal Disposition;
    - the assumption by PTIF of all obligations under PT Portugal's outstanding 6.25% Notes due 2016 in connection with the PT Portugal Disposition; and
    - the prepayment of €10 million under loan agreements with KfW, which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements; and
  - the disbursement of US$400 million in April 2015 and US$300 million in May 2015 under a revolving credit facility with a syndicate of international institutions that we entered into in November 2011; and
- as further adjusted for the sale of the Notes in this offering and the receipt of proceeds therefrom, after deduction of commissions and expenses we must pay in connection with this offering, and the use of all or a portion of the net cash proceeds to pay for notes acquired in the tender offer conducted by our company on the date of this offering.

You should read this table in conjunction with (1) "Use of Proceeds" and "Summary Financial and Other Information," each of which is included in this offering memorandum, and (2) "Management's Discussion and Analysis of Financial Condition and Results of Operations," which is included in the First Quarter Report, and (3) our unaudited condensed consolidated interim financial statements and the related notes thereto, which is included in the First Quarter Report.

	As of March 31, 2015					
	Actual		As Adjusted		As Further Adjusted	
	(in millions of US$)(1)	(in millions of *reais*)	(in millions of US$)(1)	(in millions of *reais*)	(in millions of US$)(1)	(in millions of *reais*)
Cash, cash equivalents and cash investments(2)	US$648	R$2,079	US$6,633	R$21,278	US$6,929	R$22,227
Short-term loans and financings	US$1,530	R$4,910	US$2,319	R$7,441	US$2,258	R$7,245
Long-term loans and financings	10,615	34,052	15,821	50,754	16,178	51,898
Total loans and financings	12,145	38,962	18,140	58,195	18,436	59,143
Net short-term derivative financial instruments	18	59	18	59	US$18	R$59
Net long-term derivative financial instruments	(1,367)	(4,384)	(1,367)	(4,384)	(1,367)	(4,384)
Net derivative financial instruments	(1,348)	(4,325)	(1,348)	(4,325)	(1,348)	(4,325)
Total consolidated debt	10,797	34,637	16,792	53,869	17,088	54,816
Financial obligations classified as liabilities associated with assets held for sale(3)	6,276	20,135	—	—	—	—
Total shareholders' equity	6,044	19,390	6,044	19,390	6,044	19,390
Total capitalization(4)	US$23,117	R$74,162	US$22,836	R$73,259	US$23,132	R$74,207

(1) Translated for convenience only using the selling rate as reported by the Brazilian Central Bank as of March 31, 2015 for *reais* into U.S. dollars of R$3.2080=US$1.00.

(2) Consists of cash and cash equivalents, current cash investments and long-term investments.

(3) As of March 31, 2015, includes short-term loans and financings (including current portion of long-term loans and financings) of R$4,086 million and long-term loans and financings of R$16,048 million that were classified as liabilities associated with assets held for sale in our unaudited condensed consolidated interim financial statements as of March 31, 2015 and were reclassified as loans and financings of our company in connection with the PT Portugal Disposition.

(4) Total capitalization corresponds to the sum of total consolidated debt, financial obligations classified as liabilities associated with assets held for sale, and total shareholders' equity.

There has been no material change in our capitalization since March 31, 2015 except as disclosed above.

RECENT DEVELOPMENTS

The following discussion of developments since December 31, 2014 affecting Oi should be read in conjunction with the description of the Brazilian telecommunications industry, the history of our company and the description of our business and strategy set forth in "Item 4. Information on the Company" and "Item 8. Financial Information—Legal Proceedings" included in the Oi Annual Report.

The following is a summary of major transactions entered into, and other developments affecting, us since December 31, 2014.

PT Exchange

On March 30, 2015, we transferred commercial paper of Rio Forte Investments S.A. in the aggregate amount of €897 million to Portugal Telecom, SGPS, S.A. in exchange for 47,434,872 of our common shares and 94,869,744 of our preferred shares. For more details regarding this transaction, see "Item 4. Information on the Company—Our Recent History and Development—Rio Forte Defaults and PT Exchange" included in the Oi Annual Report.

Disposition of PT Portugal

On June 2, 2015, we sold all of the share capital of PT Portugal to Altice Portugal for a purchase price equal to the enterprise value of PT Portugal of €6,900 million, subject to adjustments based on the financial debt, cash and working capital of PT Portugal on the closing date, plus an additional earn-out amount of €500 million in the event that the consolidated revenues of PT Portugal and its subsidiaries (as of the closing date) for any single year between the year ending December 31, 2015 and the year ending December 31, 2019 is equal to or exceeds €2,750 million.

In connection with the closing, Altice Portugal disbursed €5,789 million, of which €869 million will be utilized by PT Portugal to prepay outstanding indebtedness in that amount, and €4,920 million were paid to our company in cash. We expect to use the net cash proceeds of the PT Portugal Disposition for the repayment of indebtedness of our company or to carry out corporate transactions that aim to consolidate the telecommunications sector in Brazil, including the acquisition of interests in other mobile operators.

In anticipation of the PT Portugal Disposition, PT Portugal transferred PTIF, its wholly-owned finance subsidiary, to Oi. As a result of this transfer, the indebtedness of PTIF, which had previously been classified as liabilities associated with assets held for sale in our consolidated financial statements as of December 31, 2014 and March 31, 2015, was reclassified as indebtedness of our company. As of March 31, 2015, the indebtedness of PTIF (excluding intercompany loans) was €4,535 million (R$15,628 million). In addition, in connection with the PT Disposition, PTIF assumed all obligations under PT Portugal's outstanding 6.25% Notes due 2016, of which €400 million (R$1,378 million) principal amount was outstanding on March 31, 2015.

In addition, PT Portugal transferred to Oi all of the outstanding share capital of PT Participações, which holds our direct and indirect interests in Africatel and TPT, which provides telecommunications, multimedia and IT services in Timor Leste.

Africatel, in which we own a 75% interest, holds our interests in telecommunications companies in Africa, including telecommunications companies in Angola, Cape Verde, Namibia, and São Tomé and Principe. On September 16, 2014, our board of directors authorized our management to take the necessary measures to market our shares in Africatel. As a result, as of December 31, 2014 and March 31, 2015, we recorded the assets and liabilities of Africatel as held-for sale, although we do not record Africatel as discontinued operations in our income statement due to the immateriality of the effects of Africatel on our results of operations. Due to the many risks involved in the ownership of these interests, particularly our interest in Unitel, we cannot predict when the sale of these assets may be completed. For a discussion of our risks related to our investments in Unitel, see "Item 3. Key Information—Risk Factors—Risks Relating to Our African and Asian Operations" in the Oi Annual Report.

Financial Transactions

In April and May 2015, we received disbursements in the aggregate principal amount of US$400 million and US$300 million, respectively, under a revolving credit facility that we entered into with a syndicate of international institutions in

November 2011. Interest on these loans is payable semi-annually in arrears at a floating rate based on LIBOR plus 1.55% per annum. Principal of these loans is payable on maturity in October 2016.

DESCRIPTION OF THE NOTES

The following is a description of certain provisions of the notes offered hereby. The following information does not purport to be a complete description of the notes and is subject and qualified in its entirety by reference to the provisions of the notes and the Indenture. The notes and the Indenture, and not this description, control your rights as a noteholder. Capitalized terms used in the following summary and not otherwise defined herein shall have the meanings ascribed to them in the Indenture. Copies of the Indenture and specimen notes may be obtained, upon written request, from the Issuer, the Guarantor, The Bank of New York Mellon, as the trustee, or any paying agent.

General

Indenture

The notes (the "notes") are governed by an Indenture, dated as of June 22, 2015, among the Issuer, the Guarantor, The Bank of New York Mellon, as trustee, registrar and transfer agent, The Bank of New York Mellon—London Branch, as London paying agent, and The Bank of New York Mellon SA/NV, Dublin Branch, as Irish paying agent and listing agent. The Issuer has issued the notes under the Indenture. The notes will be guaranteed by the Guarantor pursuant to the provisions described below under "—Notes Guarantee," unless the context indicates otherwise. For purposes of this "Description of the Notes," the term "Issuer" means Oi Brasil Holdings Coöperatief U.A. and its successors under the Indenture, and the term "Guarantor" means Oi S.A., unless the context indicates otherwise.

Principal, Maturity and Interest of the Notes

The notes will initially be issued in an aggregate principal amount of €600.0 million. The notes will mature at par on June 22, 2021 (the "Maturity Date"). The principal amount of the notes will be payable in full in a single payment upon maturity unless repurchased or redeemed earlier pursuant to the terms of the Indenture. The notes will be issued in in fully registered form in minimum denominations of €100,000 and in integral multiples of €1,000 in excess thereof. The rights of holders of beneficial interests in the notes to receive the payments on such notes are subject to applicable procedures of Euroclear Bank S.A/N.V., as operator of Euroclear, and Clearstream.

The notes will bear interest at a fixed rate of 5.625% *per annum* from the date of issuance until all required amounts due in respect thereof have been paid. Interest on the notes will be paid annually in arrears on June 22 of each year (each, an "Interest Payment Date"), commencing on June 22, 2016 to the persons in whose name a note is registered at the close of business London time, on the preceding ICSD Business Day (each, a "Record Date"). An ICSD Business Day is any weekday except December 25 and January 1.

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the relevant Interest Period (Actual/Actual (ICMA)).

The period beginning on and including the issue date and ending on but excluding the first interest payment date and each successive period beginning on and including an interest payment date and ending on but excluding the next succeeding interest payment date is called an "Interest Period."

The principal of, premium, if any, and interest on the notes will be paid in Euros or in such other coin or currency of the European Economic Area as at the time of payment is legal tender for the payment of public and private debts.

For purposes of all payments of interest, principal or other amounts contemplated herein, "business day" means each TARGET Settlement Day other than a day on which commercial banks and foreign exchange markets are authorized or obligated to close in Rio de Janeiro, Brazil, London, England or Dublin, Ireland. A "TARGET Settlement Day" is any day on which TARGET2 (the Trans-European Automated Real-time Gross Settlement Express Transfer system) is open for the settlement of payments in Euro.

Notes Guarantee

The Guarantor will unconditionally and irrevocably guarantee the full and punctual payment when due, whether at the maturity date of the notes, or earlier or later by acceleration or otherwise, of all of the Issuer's obligations now or hereafter existing under the Indenture and the notes, whether for principal, interest, make-whole premium, fees, indemnities, costs, expenses or otherwise. The guarantee will be general unsecured and unsubordinated obligations of the Guarantor and the Guarantor will ensure that the obligations under the guarantee rank at least *pari passu* with all other existing and future general unsecured and unsubordinated Indebtedness of the Guarantor (other than obligations preferred by statute or by operation of law).

Ranking

The notes will be general, senior, unsecured and unsubordinated obligations of the Issuer, will rank *pari passu* among themselves and will be:

- equal in right of payment to all other existing and future unsecured and unsubordinated debt of the Issuer;
- senior in right of payment to the Issuer's subordinated debt;
- effectively subordinated to secured debt of the Issuer to the extent of such security;
- effectively subordinated to certain obligations of the Issuer that benefit from priority of payment under applicable law; and
- unconditionally guaranteed by the Guarantor pursuant to a guarantee described above under "—Note Guarantee".

The guarantee of the Guarantor will:

- be a general, senior, unsecured and unsubordinated obligation of the Guarantor;
- rank at least *pari passu* with all other existing and future unsecured and unsubordinated Indebtedness of the Guarantor;
- rank senior in right of payment to all existing and future subordinated Indebtedness of the Guarantor;
- rank at least *pari passu* with the Guarantor's obligations in respect of its outstanding and future guaranties of Indebtedness issued by the Issuer;
- be effectively subordinated to any existing and future secured debt of the Guarantor to the extent of such security and to certain obligations of the Guarantor that benefit from priority of payment under applicable law; and
- be effectively subordinated to any existing and future debt and other liabilities (including subordinated debt and trade payables) of the Guarantor's subsidiaries (other than the Issuer).

As of March 31, 2015 the Guarantor had total consolidated debt of R$51,624 million (US$16,092 million), including financial obligations classified as liabilities of assets held for sale that have been reclassified as loans and financings as a result of the completion of the PT Portugal Disposition), of which R$45,712 million (US$14,249 million) was unsecured debt of the Guarantor and R$5,912 million (US$1,843 million) was secured debt of the Guarantor or debt of the Guarantor's subsidiaries (other than the Issuer).

Listing

Application has been made to the Irish Stock Exchange for the approval of this offering memorandum as Listing Particulars and for the notes to be admitted to the Official List and trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. The Issuer will use commercially reasonable efforts to obtain and maintain listing of the notes on the Irish Stock

Exchange; however, the listing approval may not be obtained, and the Issuer cannot assure the holders of the notes that the notes will be accepted for listing. If it subsequently becomes impracticable or unduly burdensome to maintain the listing of the notes on the Irish Stock Exchange due to changes in listing requirements occurring subsequent to the issue date, the Issuer shall use all reasonable endeavors to procure and maintain an alternative admission to listing, trading and/or quotation for the notes by such other comparable listing authority, exchange or system as it may reasonably decide.

Further Issuances

Under the Indenture, the Issuer may from time to time, without the consent of the holders of the notes, issue additional notes on terms and conditions identical to those of such notes, which additional notes shall increase the aggregate principal amount of, and shall be consolidated, form a single series and vote together with, such notes; *provided, however,* that any such additional notes issued with the same CUSIP as the originally issued notes of a series shall be issued either in a qualified reopening for U.S. federal income tax purposes or with no more than *de minimis* original issue discount for U.S. federal income tax purposes.

Payments of Principal and Interest

Payment of the principal of the notes, together with accrued and unpaid interest thereon, or payment upon redemption prior to maturity, will be made only:

- following the surrender of the notes at the office of the trustee or any other paying agent; and
- to the person in whose name the note is registered as of the close of business, London time, on the ICSD Business Day prior to the due date for such payment.

Payments of interest on a note, other than the last payment of principal and interest or payment in connection with a redemption of the notes prior to maturity, will be made on each payment date to the person in whose name the note is registered at the close of business, London time, on the relevant Record Date.

The notes are represented by two or more global notes, as described under "—Book-Entry Ownership, Denomination and Transfer Procedures for the Notes" The principal of and interest on the notes will be payable in Euro. Payments of principal, premium, if any, and interest, and additional amounts, if any, in respect of each note will be made, in the case of global notes, by a paying agent by wire transfer, or, in the case of certificated non-global notes, by a paying agent by check and mailed to the person entitled thereto at its registered address. If the notes are in certificated form, upon written request from a holder of at least €1.0 million in aggregate principal amount of notes to the specified office of any paying agent, payment may be made by wire transfer to the euro-denominated account maintained by the payee with a bank in London, England. The Issuer will make payments of principal and premium, if any, upon surrender of the relevant notes at the specified office of the trustee or any of the paying agents.

If any scheduled interest or principal payment date or any date for early redemption of the notes is not a Business Day, the payment will be made on the next succeeding Business Day. No interest on the notes will accrue as a result of this delay in payment.

Subject to applicable law, the trustee and the paying agents will pay to the Issuer upon written request any monies held by them for the payment of principal or interest that remains unclaimed for two years. Thereafter, noteholders entitled to these monies must seek payment from the Issuer.

Certain Covenants

Subject to the terms of the Indenture, the Issuer and the Guarantor will, and the Guarantor will cause each of its subsidiaries to, comply with the terms of the covenants, among others, set forth below:

Limitations with respect to the Issuer

The Issuer shall not, so long as any of the notes are outstanding:

(i) engage in any business or enter into, or be party to, any transaction or agreement, except (A) the issuance, sale, redemption, repurchase, or defeasance of each series of the notes (including any additional notes) and any other Indebtedness of the Issuer for the financing of the Guarantor and its subsidiaries not otherwise prohibited by the Indenture and activities incidentally related thereto (including on-lending of funds to the Guarantor and its subsidiaries), (B) entering into affiliate debt transactions, including loan transactions, with regards to proceeds from the notes (including any additional notes) and any other Indebtedness not otherwise prohibited by the Indenture, (C) entering into hedging agreements not for speculative purposes, (D) as required by law, (E) in order to maintain its existence as a corporation, and (F) in connection with any transaction not otherwise prohibited under the indenture;

(ii) acquire or own any subsidiary or other assets or properties, except (A) an interest in hedging agreements relating to its or its Affiliates' Indebtedness and instruments evidencing interests in the foregoing, (B) cash and cash equivalents, (C) any assets related to affiliate debt transactions, and (D) each series of the notes and other Indebtedness not otherwise prohibited under the indenture;

(iii) incur any Indebtedness other than (A) the notes, and (B) any other Indebtedness that (x) ranks equally with the notes or (y) is subordinated to the notes; and

(iv) incur or suffer to exist any Lien upon any properties or assets whatsoever, except Liens imposed by law.

In addition, the Guarantor will covenant to beneficially own, directly or indirectly, no less than 95% of the Capital Stock of the Issuer.

Payment Obligations under the Notes and the Indenture

The Issuer shall duly and punctually pay all amounts owed by it under the terms of the notes and the Indenture.

Maintenance of Corporate Existence

The Issuer and the Guarantor will, and the Guarantor will cause each of its Material Subsidiaries (as defined below) to, maintain in effect its corporate existence and all registrations necessary therefor and take all actions to maintain all rights, privileges, titles to property, franchises and the like necessary or desirable in the normal conduct of its businesses, activities or operations, *provided* that this covenant shall not (i) require the Issuer, the Guarantor or any of its Material Subsidiaries to maintain any such right, privilege, title to property, franchise or the like or require the Guarantor to preserve the corporate existence of any of its Material Subsidiaries, if the failure to do so would not have a material adverse effect on the Guarantor and its subsidiaries taken as a whole or have a material adverse effect on the rights of the noteholders or is not otherwise prohibited by the Indenture or (ii) require that the Issuer maintain its corporate existence as long as it otherwise complies with the provisions of the Indenture described below under "—Limitation on Consolidation, Merger, Sale or Conveyance."

Maintenance of Government Authorizations

The Guarantor will, and will cause its subsidiaries to, duly obtain and maintain in full force and effect all consents, concessions, authorizations, approvals or licenses of any government or governmental agency or authority under the laws of Brazil, or any other jurisdiction having jurisdiction over the Guarantor or any of its subsidiaries, as the case may be ("Authorizations"), necessary in all cases for the Guarantor or any its subsidiaries, as the case may be, to operate its business of offering telecommunications services as of the date of the Indenture, and the Issuer and the Guarantor will, and the Guarantor will cause its subsidiaries to, duly obtain and maintain in full force and effect all Authorizations necessary in all cases to comply with the Indenture and make payments under the notes, except in each case where the failure to do so would not have a material adverse effect on the Guarantor and its subsidiaries taken as a whole.

Maintenance of Office or Agency

Each of the Issuer and the Guarantor will maintain an office or agency in the Borough of Manhattan, The City of New York, where service of process may be served. Initially this office will be at the offices of National Corporate Research, Ltd., 10 E. 40th Street, 10th Floor, New York, New York 10016, and each of the Issuer and the Guarantor will agree not to change the designation of such office without prior written notice to the trustee and designation of a replacement office. Each of the Issuer and the Guarantor will maintain an office or agency in the Borough of Manhattan, The City of New York, where

notices to and demands upon the Issuer in respect of the Indenture may be served. Initially this office will be at the offices of the trustee located at 101 Barclay Street, Floor 7E, New York, New York 10286.

Notice of Certain Events

The Issuer will give written notice to the trustee, as soon as is practicable and in any event within ten calendar days after the Issuer becomes aware, or should reasonably become aware, of the occurrence of any event of default or an event which with the passage of time or notice may become an event of default (a "default"), accompanied by a certificate of a responsible officer of the Issuer setting forth the details of such event of default or default and stating what action the Issuer proposes to take with respect thereto.

Limitation on Consolidation, Merger, Sale or Conveyance

Other than as provided below, neither the Issuer nor the Guarantor will, in one or a series of related transactions, consolidate or amalgamate with or merge into any Person or convey, lease or transfer all or substantially all of its assets (in the case of the Guarantor**,** determined on a consolidated basis for the Guarantor and its subsidiaries) to any person or permit any person to merge with or into it unless:

(a) (i) the Issuer or the Guarantor (as the case may be) is the continuing entity, or (ii) the Person formed by such consolidation or into which the Issuer or the Guarantor is merged or that acquired or leased such property or assets of the Issuer or the Guarantor (the "Successor Company") will be a company organized and validly existing under the laws of the Federative Republic of Brazil, the Netherlands, the Cayman Islands, the British Virgin Islands or any political subdivision thereof, the United States of America or any state thereof or the District of Columbia or any other country member of the Organization for Economic Co-operation and Development (OECD) and shall assume by a supplemental indenture (in the form satisfactory to the trustee) all obligations of the Issuer or the Guarantor (as the case may be) under the notes, the guarantee (as applicable) and the Indenture; *provided* that, in each case, if the Issuer consolidates or amalgamates with, or merges into, the Guarantor, or conveys, leases or transfers all or substantially all of its assets to the Guarantor, then the Guarantor shall become the primary obligor under the notes;

(b) immediately after giving effect to the transaction, no default or event of default has occurred and is continuing; and

(c) the Issuer, the Guarantor and the Successor Company, have delivered to the trustee an officer's certificate and an opinion of counsel, each stating that all conditions precedent required under the Indenture relating to such transaction and the supplemental indenture, if applicable, have been satisfied.

Notwithstanding anything to the contrary in the foregoing, so long as no default or event of default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom:

(1) the Guarantor may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, a subsidiary of the Guarantor if the Guarantor is the surviving entity in such transaction, such transaction would not have a material adverse effect on the Guarantor and its subsidiaries taken as a whole (as the case may be), it being understood that if the Guarantor is not the surviving entity, Successor Company shall be required to comply with the requirements set forth in clauses (a), (b) and (c) of the previous paragraph;

(2) any subsidiary of the Guarantor (other than the Issuer) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, any Person if such transaction would not have a material adverse effect on the Guarantor and its subsidiaries taken as a whole; or

(3) any subsidiary of the Guarantor (other than the Issuer) may merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of assets to, the Guarantor or any other subsidiary of the Guarantor.

Notwithstanding the foregoing, the Guarantor may consummate each of the transactions set forth under "Proposed Corporate Ownership Simplification and Migration to Novo Mercado" (the "Reorganization") and any transaction reasonably related thereto, as described in the Guarantor's Annual Report incorporated by reference into this offering memorandum.

Upon the consummation of any transaction effected in accordance with these provisions, if either of the Issuer or the Guarantor is not the continuing person (as the case may be), the Successor Company will succeed to, and be substituted for,

and may exercise every right and power of, the Issuer or the Guarantor under the Indenture**,** the guarantee and the relevant notes with the same effect as if such Successor Company had been named as the Issuer or Guarantor (as the case may be) in the Indenture. Upon such substitution, the Issuer or the Guarantor (as the case may be) will be released from its obligations under the Indenture**,** the guarantee and the relevant notes.

Limitation on Liens

The Guarantor will not, and will not permit any of its Material Subsidiaries (as defined below) to, issue, be liable in respect of, assume or guarantee any Indebtedness, if that Indebtedness is secured by a Lien upon any property of any such Person now owned or hereafter acquired, unless, together with the issuance, assumption or guarantee of such Indebtedness, the notes shall be secured equally and ratably with (or prior to) such Indebtedness for so long as such Indebtedness is so secured.

This restriction does not apply to:

(a) any Lien in existence on the date of the Indenture;

(b) any Lien on any property or assets (including capital stock of any person) acquired, constructed or improved by the Guarantor or any of its subsidiaries after the date of the Indenture, which is created, incurred or assumed contemporaneously with, or within 12 months after, that acquisition (or in the case of any such property constructed or improved, after the completion or commencement of commercial operation of such property, whichever is later) to secure or provide for the payment of any part of the purchase price of such property or the costs of that construction or improvement (including costs such as escalation, interest during construction and finance costs); *provided* that in the case of any such construction or improvement the Lien shall not apply to any other property owned by the Guarantor or any of its subsidiaries, other than any unimproved real property on which the property so constructed, or the improvement, is located;

(c) any Lien on any property or assets which secures Indebtedness owing to an Official Lender;

(d) easements, rights-of-way and other encumbrances ("real property encumbrances") on title to real property that do not render title to the property encumbered thereby unmarketable, materially reduce the value thereof or materially adversely affect the use of such property for its intended purposes either individually or in the aggregate when taken together with all such real property encumbrances in existence at such time;

(e) any Lien on any property or assets existing at the time of its acquisition and which is not created as a result of or in connection with or in anticipation of that acquisition (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such property);

(f) any Lien on any property or assets acquired from a corporation or any other Person which is merged with or into the Guarantor or its subsidiaries, or any Lien existing on property of a corporation or any other Person which existed at the time such corporation becomes a subsidiary of the Guarantor and, in either case, which is not created as a result of or in connection with or in anticipation of any such transaction (unless such Lien was created to secure or provide for the payment of any part of the purchase price of such corporation);

(g) any Lien which secures only Indebtedness owing by any of the Guarantor's subsidiaries, to one or more of the Guarantor's subsidiaries or to the Guarantor and one or more of the Guarantor's subsidiaries;

(h) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing paragraphs (a) through (g) inclusive; *provided* that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured plus any premiums, fees and expenses in connection with such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(i) any Lien arising by operation of law (including a decision by a court) in the ordinary course of business;

(j) any Lien securing Hedging Agreements or other similar transactions; and

(k) any Lien of the Guarantor or any of its subsidiaries that does not fall within paragraphs (a) through (j) above and that secures an aggregate amount of Indebtedness which, when aggregated with then outstanding Indebtedness secured by all other Liens of the Guarantor and its subsidiaries pursuant to this paragraph (k) (together with any Sale and Lease-Back Transaction (as defined below) that would otherwise be prohibited by the provisions of the Indenture described below under "—Limitations on Sale and Lease-Back Transactions") does not exceed 12.5% of Consolidated Total Assets.

As used herein, the following terms have the respective meanings set forth below:

"Consolidated Total Assets" means the total amount of assets of the Guarantor and its subsidiaries appearing on the most recently available annual or quarterly consolidated financial statements of the Guarantor and its subsidiaries prepared in accordance with GAAP, calculated to give pro forma effect to any acquisition or disposition of companies, divisions, lines of businesses or operations by the Guarantor and its subsidiaries, in each case, subsequent to such date and on or prior to the date of determination.

"GAAP" means, as elected from time to time by the Guarantor, (i) the accounting principles prescribed by Brazilian Corporate Law, the rules and regulations issued by applicable regulators, including the CVM, as well as the technical releases issued by the Brazilian Institute of Accountants (*Instituto Brasileiro de Contadores*), or (ii) International Financial Reporting Standards as issued by the International Accounting Standards Board, in each case, as in effect from time to time.

"Hedging Agreements" mean any interest rate protection agreements, interest rate swaps, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements so long as such agreements are entered into for the purpose of managing the Guarantor's consolidated borrowings or investments, hedging the Guarantor's consolidated underlying assets or liabilities or in connection with the Guarantor's and its subsidiaries' line of business, and not for the purposes of speculation.

"Indebtedness" of any Person means, without duplication,

(i) all obligations of such Person for borrowed money;

(ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(iii) all obligations of such Person to pay the deferred purchase price of property or services, except trade and commercial accounts payable arising in the ordinary course of business and repaid within 90 calendar days of the provision of such property or services and except obligations arising under indefeasible rights of use and other telecommunications capacity agreements entered into in the ordinary course of business;

(iv) all obligations of such Person as lessee which are capitalized (or, if such Person is not subject to GAAP, would be capitalized) in accordance with GAAP;

(v) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments, excluding (a) obligations in respect of letters of credit, bankers' acceptances and other similar instruments issued in respect of trade accounts payable to the extent not drawn upon or presented, or, if drawn upon or presented, to the extent the resulting obligation of such Person is paid in accordance with its respective terms and (b) letters of credit, bankers' acceptance or other similar instruments other than those in respect of trade amounts payable issued in respect of obligations of any Person that are not Indebtedness by reason of clauses (i) to (iv) or (vi) to (viii) of this definition;

(vi) all capital stock of such Person or any of its Material Subsidiaries that, by its terms is mandatorily redeemable or subject to repurchase or a sinking fund on or before the Maturity Date;

(vii) all Indebtedness pursuant to any of the foregoing clauses secured by a Lien on any asset of such Person, whether or not such Indebtedness is otherwise Indebtedness of such Person (and to the extent not otherwise included in items (i) through (vi) above); *provided*, that the amount of such Indebtedness shall be the lesser of (x) the fair market value of such asset on the date the Lien attached and (y) the amount of such Indebtedness; and

(viii) all guarantees by such Person of Indebtedness of another Person (each such guarantee to constitute Indebtedness in an amount equal to the amount of such other Person's Indebtedness guaranteed thereby to the extent not otherwise included in items (i) through (vii)).

"Lien" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to give any security interest).

"Material Subsidiary" means PTIF and any subsidiary of the Guarantor which at the time of determination had either (i) assets which, based on the consolidated balance sheet of the Guarantor for the fiscal quarter most recently ended for which internal financial statements are available, constituted at least 10% of the Issuer's total assets on a consolidated basis as of such date, measured in accordance with GAAP and on a pro forma basis to give effect to any corporate restructuring or any acquisition or disposition of companies, divisions, lines of businesses or operations by the Guarantor and its consolidated subsidiaries subsequent to such date and on or prior to the date of determination, or (ii) Net Operating Income which, based on the consolidated income statement of the Guarantor for the period of four fiscal quarters most recently ended for which internal financial statements are available, constituted at least 10% of the Guarantor's total Net Operating Income on a consolidated basis for such period, measured in accordance with GAAP and on a pro forma basis to give effect to any corporate restructuring or any acquisition or disposition of companies, divisions, lines of businesses or operations by the Guarantor and its consolidated subsidiaries subsequent to the beginning of such period and on or prior to the date of determination.

"Net Operating Income" means, with respect to any Person for any period, the consolidated total net operating revenue of such Person for such period less the cost of sales and services and less operating income and expenses, but, for the avoidance of doubt, before adding or deducting any financial income, financial expenses or taxes.

"Official Lender" means (i) any Brazilian governmental financial institution, agency or development bank (or any other bank or financial institution representing or acting as agent for any of such institutions, agencies or banks), including, without limitation, Banco Nacional de Desenvolvimento Econômico e Social—BNDES (including loans from Financiadora de Estudos e Projetos—FINEP), FINAME (Agência Especial de Financiamento Industrial), Banco do Nordeste S.A. and the related system, (ii) any multilateral or foreign governmental financial institution, export credit agency or credit insurer or other similar agency, bank or entity (or any other bank or financial institution representing or acting as agent for any such institutions, agencies or banks), including, without limitation, the World Bank, the International Finance Corporation and the Inter-American Development Bank and (iii) any governmental authority of jurisdictions where the Guarantor or any of its subsidiaries conducts business (or any bank or financial institutions representing or acting as agent for such governmental authority).

"Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture or any nation or government, any state, province or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"PTIF" means Portugal Telecom International Finance B.V.

"Sale and Lease-Back Transaction" means any transaction or series of related transactions pursuant to which the Guarantor or any of its subsidiaries sells or transfers any property to any Person with the intention of taking back a lease of such property.

Limitations on Sale and Lease-Back Transactions

The Guarantor will not, and will not permit any of its Material Subsidiaries to, enter into any Sale and Lease-Back Transaction with respect to any property of such person, unless either:

(a) the Guarantor or that subsidiary would be entitled pursuant to the provisions of the Indenture described above under "—Limitation on Liens" (including any exception to the restrictions set forth therein) to issue, assume or guarantee Indebtedness secured by a Lien on any such property without equally and ratably securing the notes, or

(b) the Guarantor or that subsidiary shall apply or cause to be applied, in the case of a sale or transfer for cash, an amount equal to the net proceeds thereof and, in the case of a sale or transfer otherwise than for cash, an amount equal to the fair market value of the property so leased, to the retirement, within 12 months after the effective date of the Sale and Lease-Back Transaction, of any of the Issuer's Indebtedness ranking at least *pari passu* with the notes and owing to a person other than the Guarantor or any of its subsidiaries or to the construction or improvement of real property or personal property used by the Guarantor or any of its subsidiaries in the ordinary course of business.

These restrictions will not apply to:

(1) transactions providing for a lease term, including any renewal, of not more than three years;

(2) transactions between the Guarantor and any of its subsidiaries or between the Guarantor's subsidiaries; and

(3) transactions involving sales outlets or similar properties or other properties the sale of which is not restricted by any governmental concession or authorization.

Provision of Financial Statements and Reports

Unless the Guarantor has made such information available on the SEC's (EDGAR) website or on the Guarantor's website, the Guarantor, on a consolidated basis, will provide the trustee and upon written request, the holders of notes with the following reports:

(a) an English language version of the Guarantor's annual audited consolidated financial statements prepared in accordance with GAAP, no more than 30 days after such statements become publicly available but not later than 120 days after the close of the Guarantor's fiscal year;

(b) an English language version of the Guarantor's unaudited quarterly consolidated financial statements prepared in accordance with GAAP, no more than 30 days after such statements become publicly available but not later than 60 days after the close of each fiscal quarter (other than the last fiscal quarter of the Guarantor's fiscal year); and

(c) without duplication, English language versions or summaries of such other material reports or material notices of the Issuer as may be filed with or submitted or furnished to (within 30 calendar days of the date of such filing, submission or furnishing) (i) the CVM or (ii) the SEC (in each case, to the extent that any such report or notice is generally available to the Issuer's security holders or the public in Brazil or elsewhere and, in the case of clause (ii), is filed or submitted pursuant to Rule 12g3-2(b) under, or Section 13 or 15(d) of, the Exchange Act).

For so long as any of the notes are outstanding, the above information will be made available at the specified offices of each paying agent. For so long as the notes are listed on the Official List of the Irish Stock Exchange and the rules of such exchange so require, the above information will also be made available in Ireland through the offices of the Irish Paying Agent.

Delivery of the above reports to the trustee is for informational purposes only and the trustee's access to, or receipt of, such reports will not constitute constructive notice of any information contained therein or determinable from information contained therein, including our and each of our subsidiaries' compliance with any of its covenants in the Indenture (as to which the trustee is entitled to rely exclusively on officer's certificates).

Available Information

For as long as any of the notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, to the extent required, furnish to any noteholder holding an interest in a restricted global note, or to any prospective purchaser designated by such noteholder, upon request of such noteholder, financial and other information described in paragraph (d)(4) of Rule 144A with respect to the Issuer to the extent required in order to permit such noteholder to comply with Rule 144A with respect to any resale of its note, unless during that time, the Issuer is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, or is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act and no such information about the Issuer is otherwise required pursuant to Rule 144A.

Appointment to Fill a Vacancy in the Office of the Trustee

The Issuer, whenever necessary to avoid or fill a vacancy in the office of the trustee, will appoint in the manner set forth in the Indenture, a successor trustee, so that there shall at all times be a trustee with respect to the notes. Subject to the conditions set forth in the Indenture, the Issuer may remove the trustee and appoint a successor trustee at any time for any reason as long as no default or event of default has occurred and is continuing.

Payment of Additional Amounts

Any and all payments of principal, premium, if any, and interest by or on behalf of the Issuer or the Guarantor in respect of each series of the notes shall be made without withholding or deduction for any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Brazil, Netherlands or any other jurisdiction or political subdivision thereof in which the Issuer or the Guarantor is organized or is a resident for tax purposes having power to tax or by the jurisdictions in which any paying agents appointed by the Issuer are organized or the location where payment is made, or any political subdivision or any authority thereof or therein having power to tax (a "Relevant Jurisdiction"), unless such withholding or deduction is required by law. In the event that any such withholding or deduction is required, the Issuer or the Guarantor (as the case may be) shall pay such additional amounts, as will result in the receipt by the noteholders of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any note:

(a) to the extent that such taxes in respect of such note would not have been imposed but for the existence of any current or former connection of the noteholder or the beneficial owner of such note with the Relevant Jurisdiction other than the mere holding of such note or the receipt of payments thereon or enforcement of rights thereunder;

(b) in respect of any estate, inheritance, gift, sales, transfer or personal property taxes imposed with respect to such notes, except as otherwise provided in the Indenture;

(c) to the extent that such holder or the beneficial owner of such note would not be liable or subject to such withholding or deduction of taxes but for the failure to make a valid declaration of non-residence or other similar claim for exemption, which is reasonably requested by the Issuer or the Guarantor in writing at least 60 days before such withholding or deduction is payable, if the making of such declaration or claim is required or imposed by statute, treaty, regulation, ruling or administrative practice of the relevant taxing authority as a precondition to an exemption from, or reduction in, the relevant taxes;

(d) where (in the case of a payment of principal or interest on redemption) the relevant note is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to such additional amounts if it had surrendered the relevant note on the last day of such period of 30 days;

(e) where such withholding or deduction **is** imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC (as amended from time to time), or any law implementing or complying with, or introduced in order to conform to, such Directive;

(f) held by or on behalf of a holder who would have been able to avoid such withholding or deduction by such holder presenting the relevant note (if presentation is required) or requesting that such payment be made to another paying agent in a member state of the European Union;

(g) any tax, assessment or other governmental charge which is payable other than by deduction or withholding from payments of principal of, premium, if any, or interest on a note;

(h) to the extent such taxes were imposed pursuant to Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto; or

(i) any combination of the above.

"Relevant Date" means whichever is the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received by the trustee or a paying agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the noteholders.

Any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this section or under "—General—Payments of Principal and Interest" above.

The Issuer or the Guarantor will provide the trustee with documentation evidencing the payment of taxes to a Relevant Jurisdiction, if any. Copies of such documentation will be made available by the trustee to any noteholder or any Paying Agent, as applicable, upon request thereof.

The Issuer or the Guarantor shall promptly pay when due any present or future stamp, issue, registration, transaction or similar documentary taxes and duties, including interest and penalties, court or documentary taxes or any other excise or property taxes, charges or similar levies that arise in any jurisdiction from the execution, delivery or registration of each note or any other document or instrument referred to herein or therein, excluding any such taxes, charges or similar levies imposed by any jurisdiction that is not a Relevant Jurisdiction.

Redemption and Repurchase

The notes of each series will not be redeemable prior to maturity, except as described below.

Optional Redemption with "Make-Whole" Amount

The notes will be redeemable, at the option of the Issuer or the Guarantor, in whole or in part, at any time from time to time prior to their maturity, upon giving not less than 30 nor more than 60 days' notice to the holders of such notes (which notice will be irrevocable), at a redemption price equal to the greater of (a) 100% of the principal amount of such notes and (b) the sum of the present values of each remaining scheduled payment of principal and interest thereon (inclusive of interest accrued to the date of redemption) discounted to the redemption date on an annual basis (assuming a 365-day or 366-day year, as applicable, and the actual number of days elapsed) at the Bund Rate plus 50 basis points, plus additional amounts, if any, and in the case of clause (a) only, accrued and unpaid interest on the principal amount of the such notes to the date of redemption.

The following terms are relevant to the determination of the redemption price:

"*Bund Rate*" means, with respect to any redemption date, the rate per annum equal to the yield to maturity as of such redemption date of the Comparable German Bund Issue (as defined below), assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price (as defined below) for such redemption date, where:

(1) "*Comparable German Bund Issue*" means the *German Bundesanleihe* security selected by the Independent German Bund Investment Banker as having a fixed maturity most nearly equal to the remaining term of the notes, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of Euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the notes, and of a maturity most nearly equal to the remaining term of such notes; *provided*, however, that, if the remaining term of such notes is not equal to the fixed maturity of the German Bundesanleihe security selected by such Independent German Bund Investment Banker (as defined below), the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of *German Bundesanleihe* securities for which such yields are given, except that if the remaining term of the notes is less than one year, a fixed maturity of one year shall be used;

(2) "*Comparable German Bund Price*" means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations (as defined below) for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Independent German Bund Investment Banker obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) "*Independent German Bund Investment Banker*" means one of the Reference German Bund Dealers (as defined below) appointed by the Issuer;

(4) "*Reference German Bund Dealer*" means at least three leading dealers of German *Bundesanleihe* securities reasonably designated by the Issuer; provided, however, that if any of the foregoing shall cease to be a dealer of German Bundesanleihe securities, the Issuer will substitute therefor another dealer of German *Bundesanleihe* securities; and

(5) "*Reference German Bund Dealer Quotations*" means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Independent German Bund Investment Banker of the bid and offered prices for the Comparable German Bund Issue (expressed in each case, as a percentage of its principal amount) quoted in writing to the Independent German Bund Investment Banker by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

On and after the redemption date, interest will cease to accrue on the notes or any portion of such notes called for redemption (unless the Issuer defaults in payment of the redemption price and accrued and unpaid interest (including any additional amounts)). On or before the Business Day prior to the redemption date, the Issuer or the Guarantor (as the case may be) will deposit with the principal paying agent money sufficient to pay the redemption price of and any accrued and unpaid interest (including any additional amounts) to the redemption date on the notes to be redeemed on such date. If less than all of the notes are to be redeemed, the notes to be redeemed shall be selected by the trustee as outlined in the Indenture.

Tax Redemption

The notes may be redeemed at the option of the Issuer or the Guarantor in whole, but not in part, at 100% of their principal amount plus accrued and unpaid interest and additional amounts, if any, at any time upon giving not less than 30 nor more than 60 days' written notice to the holders of such notes (which notice shall be irrevocable) if the Issuer or the Guarantor (as the case may be) certifies in writing to the trustee that the Issuer has or will become obliged to pay additional amounts with respect to such notes (other than additional amounts attributable to Brazilian taxes imposed on payments on such notes at a withholding tax rate that is equal to or less than 15%) as provided or referred to under "—Certain Covenants—Payment of Additional Amounts" above as a result of any change in, or amendment to, the laws or regulations of Brazil, the Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the official application or interpretation of such laws or regulations (including a determination by a court of competent jurisdiction), which change or amendment becomes effective on or after the issue date of each series of the notes or, with respect to a successor, on or after the date a successor assumes the obligations under the notes, and, in any such case, such obligation cannot be avoided by the Issuer or the Guarantor taking reasonable measures available to it; *provided* that no such notice of redemption shall be given to redeem such notes earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of such notes were then due. Prior to the giving of any notice of redemption pursuant to this paragraph, the Issuer or the Guarantor (as the case may be) shall deliver to the trustee:

(1) an officer's certificate stating that the Issuer or the Guarantor (as the case may be) is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer or the Guarantor (as the case may be) so to redeem have occurred; and

(2) an opinion of independent legal advisors of recognized standing, in form and substance satisfactory to the trustee, to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The trustee shall be entitled to accept such officer's certificate and opinion as sufficient evidence of the satisfaction of the circumstances, as the case may be, set out in paragraph (1) or (2) above, in which event it shall be conclusive and binding on the noteholders. Upon the expiry of any such notice as is referred to in this paragraph, the Issuer or the Guarantor (as the case may be) shall be bound to redeem the relevant notes in accordance with this paragraph.

In any redemption pursuant to the foregoing, the Issuer or the Guarantor (as the case may be) shall pay the paying agent on the Business Day prior to the date fixed for redemption an amount equal to the sum of (i) the then outstanding principal amount of the relevant notes, (ii) all unpaid interest accrued to the date fixed for redemption and (iii) all other amounts owed

to noteholders under the terms of the Indenture or the relevant notes. No such redemption shall be effective unless and until the trustee receives the amount payable upon redemption on the payment date from the principal paying agent.

Repurchase of the Notes upon a Change of Control

No later than 30 days following a Change of Control that results in a Ratings Decline, the Issuer or the Guarantor will make an Offer to Purchase all outstanding notes of the affected series at a purchase price equal to 101% of the principal amount plus accrued but unpaid interest to the date of purchase and additional amounts, if any.

An "Offer to Purchase" must be made by written offer (a copy of which will be delivered to the trustee), which will specify the principal amount of notes subject to the offer and the purchase price. The offer must specify an expiration date (the "Expiration Date") not less than 30 days or more than 60 days after the date of the offer and a settlement date for purchase (the "Purchase Date") not more than five Business Days after the Expiration Date. The offer must include information which the Issuer and the Guarantor believe will enable the holders to make an informed decision with respect to the Offer to Purchase. The offer will also contain instructions and materials necessary to enable holders to tender notes pursuant to the offer. The Issuer and the Guarantor will comply with Rule 14e-1 under the Exchange Act (to the extent applicable) and all other applicable laws in making any Offer to Purchase, and the above procedures will be deemed modified as necessary to permit such compliance.

A noteholder may tender all or any portion of its notes pursuant to an Offer to Purchase, subject to the requirement that any portion of a note tendered must be in a multiple of €1,000 principal amount and that the minimum tender of any noteholder must be no less than €100,000. No such purchase in part shall reduce the outstanding principal amount of the notes held by any holder to below €100,000. Noteholders shall be entitled to withdraw notes tendered up to the close of business on the Expiration Date. On the Purchase Date, the purchase price will become due and payable on each note accepted for purchase pursuant to the Offer to Purchase, and interest on the notes purchased will cease to accrue on and after the Purchase Date provided that payment is made available on the Business Day prior to that date.

The Issuer or the Guarantor (as the case may be) will not be required to make an Offer to Purchase upon a Change of Control that results in a Ratings Decline if (1) a third party makes the Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to an Offer to Purchase made by the Issuer and purchases all notes properly tendered and not withdrawn under the Offer to Purchase or (2) notice of redemption for all outstanding notes has been given pursuant to the Indenture as described above under the caption "—Redemption and Repurchase," unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Offer to Purchase is made.

The Guarantor agrees to obtain, in a timely manner and prior to making any Offer to Purchase, all necessary consents and approvals from all appropriate Brazilian and other governmental authorities or agencies having jurisdiction over it and the Offer to Purchase for the remittance of funds outside of Brazil.

In the event that the holders of not less than 90% of the aggregate principal amount of the outstanding notes accept the Issuer's and Guarantor's Offer to Purchase upon a Change of Control that results in a Ratings Decline and the Issuer (and the Guarantor) or a third party purchases all the notes held by such holders, the Issuer or the Guarantor (as the case may be) will have the right, on not less than 30 nor more than 60 days' prior notice (with a copy to the trustee), given not more than 30 days following the purchase pursuant to the Offer to Purchase described above, to redeem all of the notes that remain outstanding following such purchase at the purchase price equal to that in the Offer to Purchase plus, to the extent not included in the Offer to Purchase payment, accrued and unpaid interest and additional amounts, if any, on the notes that remain outstanding, to the date of redemption.

The following terms are relevant to the repurchase of the notes upon a change of control.

"Affiliate" means, with respect to any person, any other person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with") with respect to any person, means the

possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise.

"Change of Control" means (i) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act), other than a person or group that includes any one or more of the Permitted Holders, is or becomes after the date hereof the "beneficial owner" (as such term is used in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of the outstanding Voting Securities of the Guarantor or (ii) any "person" or "group" (as such terms are used for purposes of Sections 13(d) and 14(d) of the Exchange Act), other than a person or group that includes any one or more of the Permitted Holders, after the date hereof has or acquires the power to direct or cause the direction of the management and policies of the Guarantor.

Notwithstanding anything to the contrary in the foregoing, the Reorganization will not be deemed to constitute, or result in, a Change of Control.

"Fitch" means Fitch, Inc., or any successor thereto.

"Investment Grade Rating" means a rating equal to or higher than BBB- (or the equivalent) by S&P, Baa3 (or the equivalent) by Moody's or BBB- (or the equivalent) by Fitch.

"Moody's" means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

"Permitted Holders" means AG Telecom Participações S.A., Luxemburgo Participações S.A., BNDES Participações S.A.—BNDESPAR, Fiago Participações S.A., Fundação Atlantico de Seguridade Social, L.F. Tel S.A., Caixa de Previdência dos Funcionários do Banco do Brasil—PREVI, Fundação Petrobrás de Seguridade Social—PETROS, Fundação dos Economiários Federais—FUNCEF, Portugal Telecom, SGPS, S.A., Bratel Brasil S.A., PASA Participações S.A., EDSP75 Participações S.A., Venus RJ Participações S.A., Sayed RJ Participações S.A. or any subsidiary of any such person, any holding company of any such person, any other subsidiary of such holding company or any Affiliate of any of the foregoing.

"Rating Agency" means each of S&P, Moody's and Fitch, provided that if either of S&P, Moody's or Fitch ceases to rate either of the notes or fails to make a rating on such notes publicly available, the Issuer will appoint a replacement for such Rating Agency that is a "nationally recognized statistical rating organization" within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act.

"Rating Date" means the date which is 90 days prior to the earlier of (i) a Change of Control and (ii) public notice of the occurrence of a Change of Control or of the intention of the Guarantor to effect a Change of Control.

"Ratings Decline" means the occurrence of the following on, or within 90 days after, the date of public notice of the occurrence of a Change of Control or of the intention by the Guarantor to effect a Change of Control (which period shall be extended so long as the rating of such notes is under publicly announced consideration for possible downgrade by either of the Rating Agencies): (i) in the event the notes of such particular series are assigned an Investment Grade Rating by at least two of the Rating Agencies on the Rating Date, the rating of the notes of such series by at least two of the Rating Agencies shall be below an Investment Grade Rating; or (ii) in the event the notes of such series are rated below an Investment Grade Rating by at least two of the Rating Agencies on the Rating Date, the rating of the notes of such series by at least two of the Rating Agencies shall be decreased by one or more gradations (including gradations within rating categories as well as between rating categories); provided that, in each case, any such Ratings Decline is in whole or in part the result of the Change of Control. The Issuer or the Guarantor will provide the trustee with prompt written notice of any Ratings Decline, and the trustee shall not be deemed to have knowledge of any Ratings Decline until it receives such notice.

"S&P" means Standard and Poor's Ratings Group, a division of McGraw Hill, Inc. and its successors.

"Voting Securities" of any specified person at any time means the capital stock or other securities of such person that is at the time entitled to vote generally in the election of the board of directors or similar managerial controlling body of such person.

Cancellation

Any notes redeemed by the Issuer, the Guarantor or any of its subsidiaries or affiliates may, at the option of either of the Issuer and Guarantor, continue to be outstanding or be cancelled but may not be reissued or resold to a non-affiliate of the Guarantor.

Purchases of Notes by the Issuer or the Guarantor or any of its Subsidiaries or Affiliates

The Issuer or the Guarantor or any of its subsidiaries or affiliates may at any time purchase any notes in the open market or otherwise at any price; *provided* that, in determining whether noteholders holding any requisite principal amount of notes have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, notes owned by either of the Issuer or the Guarantor or any of its subsidiaries or affiliates shall be deemed not outstanding for purposes thereof. All notes purchased by either of the Issuer or the Guarantor or any of its subsidiaries or affiliates may, at the option of the Issuer or the Guarantor, as the case may be, continue to be outstanding or be cancelled.

Substitution of the Issuer

(a) Notwithstanding any other provision contained in the Indenture, the Issuer may, without the consent of the holders of the notes, be replaced and substituted by (a) the Guarantor or (b) any Wholly Owned Subsidiary of the Guarantor as principal debtor (in such capacity, the "Substituted Debtor") in respect of such notes; *provided* that the following conditions are satisfied:

(i) such documents will be executed by the Substituted Debtor, the Guarantor, the Issuer and the trustee as may be necessary to give full effect to the substitution, including a supplemental Indenture whereby the Substituted Debtor assumes all of the Issuer's obligations under the Indenture and the relevant notes and, unless the Guarantor's then-existing guarantee remains in full force and effect, a substitute guarantee issued by the Guarantor in respect of the notes (together, the "Issuer Substitution Documents");

(ii) if the Substituted Debtor is organized in a jurisdiction other than the Netherlands, the Issuer Substitution Documents will contain a provision (1) to ensure that each noteholder has the benefit of a covenant in terms corresponding to the obligations of the Issuer in respect of the payment of Additional Amounts (but replacing references to the Netherlands with references to such other jurisdiction); and (2) to indemnify and hold harmless each noteholder and beneficial owner of the relevant notes against all taxes or duties imposed by the jurisdiction in which the Substituted Debtor is organized or the Netherlands and which arise by reason of a law or regulation in effect or contemplated on the effective date of the substitution, which may be incurred or levied against such holder or beneficial owner of the relevant notes as a result of the substitution and which would not have been so incurred or levied had the substitution not been made, in each case, subject to similar exceptions set forth under clauses (a) through (i) under "—Certain Covenants—Payment of Additional Amounts" above," *mutatis mutandis*; *provided*, that none of the Issuer, the Guarantor, any paying agent or any other person shall be required to indemnify any holder or beneficial owner of the notes for any taxes imposed pursuant to FATCA, the laws of Brazil or The Netherlands implementing FATCA, or any agreement between the Issuer and/or the Guarantor and the United States or any authority thereof implementing FATCA;

(iii) the Issuer Substitution Documents will contain a provision that the Substituted Debtor, the Guarantor and the Issuer will indemnify and hold harmless each noteholder and beneficial owner of the relevant notes against all taxes or duties which are imposed on such holder or beneficial owner of such notes by any political subdivision or taxing authority of any country in which such holder or beneficial owner of such notes resides or is subject to any such tax or duty and which would not have been so imposed had the substitution not been made, taking into account any present or future tax savings or tax benefit reasonably expected to be realized by such holder or such beneficial owner of such notes and subject to similar exceptions set forth under clauses (a) through (i) under "—Certain Covenants—Payment of Additional Amounts" above, *mutatis mutandis*; provided, that any holder or beneficial owner of such note making a claim with respect to such tax indemnity shall provide the Issuer with notice of such claim, along with supporting documentation, within four weeks of the announcement of the substitution of the Issuer as issuer, *provided*, that none of the Issuer, the Guarantor, any paying agent or any other person shall be required to indemnify any holder or beneficial owner of the notes for any taxes imposed pursuant to FATCA, the laws of Brazil or The Netherlands

implementing FATCA, or any agreement between the Issuer and/or the Guarantor and the United States or any authority thereof implementing FATCA;

(iv) the Issuer will deliver, or cause the delivery, to the trustee of opinions from internationally recognized counsel in the jurisdiction of organization of the Substituted Debtor, the Netherlands, New York and Brazil (if applicable) as to the validity, legally binding effect and enforceability of the Issuer Substitution Documents and specified other legal matters, as well as an officer's certificate as to compliance with the provisions described under this section;

(v) the Substituted Debtor shall have appointed a process agent in the Borough of Manhattan, The City of New York to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the relevant notes or the Issuer Substitution Documents;

(vi) no event of default will have occurred and be continuing;

(vii) a credit rating will continue to be assigned to the relevant notes when the Substituted Debtor replaces and substitutes the Issuer in respect of the relevant notes; and

(viii) the substitution will comply with all applicable requirements under the laws of the jurisdiction of organization of the Substituted Debtor, the Netherlands and Brazil.

(b) Upon the execution of the Issuer Substitution Documents as referred to in paragraph (i) above, the Substituted Debtor shall be deemed to be named in the applicable notes as the principal debtor in place of the Issuer (or of any previous substitute under these provisions) and such notes shall thereupon be deemed to be amended to give effect to the substitution. In accordance with the foregoing, the execution of the Issuer Substitution Documents shall operate to release the Issuer (or such previous substitute as aforesaid) from all its obligations in respect of the notes and its obligation to indemnify the trustee under the Indenture. Additionally, upon the execution of the Issuer Substitution Documents referred to in paragraph (i) above, the Issuer and the Substituted Debtor (other than any finance subsidiary, including PTIF) will not be subject to the provision described above under the caption "— Limitations with respect to the Issuer."

(c) The Substituted Debtor, the Guarantor and the Issuer shall acknowledge in the Issuer Substitution Documents the right of every noteholder to the production of the Issuer Substitution Documents for the enforcement of any of the notes or the Issuer Substitution Documents.

(d) The covenant above under "Listing" will continue to apply to the notes following the substitution of the Issuer.

(e) Not later than 10 Business Days after the execution of the Issuer Substitution Documents, the Substituted Debtor will give notice thereof to the noteholders in accordance with the provisions described in this section.

"Wholly Owned Subsidiary" means any Subsidiary of the Guarantor of which at least 95% of the outstanding capital stock or other ownership interests (other than directors' qualifying shares) of such entity shall at the time be owned by the Guarantor or by one or more Wholly Owned Subsidiaries of the Guarantor.

Events of Default

The following events will each be an "event of default" with respect to the notes under the terms of the Indenture:

(a) The Issuer defaults in the payment of the principal or any related additional amounts, if any, of any note of such series when the same becomes due and payable at maturity, upon acceleration or redemption, or otherwise and the trustee has not received such amounts from the Guarantor under the guarantee;

(b) The Issuer defaults in the payment of interest or any related additional amounts, if any, on any note of such series when the same becomes due and payable, and the default continues for a period of 30 calendar days and the trustee has not received such amounts from the Guarantor under the guarantee;

(c) The Issuer or the Guarantor shall fail to perform, observe or comply with any covenant or agreement contained in the notes of such series or Indenture and such failure (other than any failure to make any payment contemplated in clause (a) or (b) hereof) continues for a period of 60 calendar days after written notice to the Issuer or the Guarantor (as the case may be) by the trustee acting at the written direction of holders of 25% or more in aggregate principal amount of the notes, or to the Issuer and to the Guarantor and the trustee by the holders of 25% or more in aggregate principal amount of the relevant notes;

(d) The guarantee granted by the Guarantor under the Indenture is declared invalid, illegal or unenforceable by a court of competent jurisdiction or ceases to be in full force and effect, other than in accordance with the terms of the Indenture;

(e) (i) The acceleration of any Indebtedness of the Issuer, Guarantor or any of its Material Subsidiaries by reason of default, unless such acceleration is at the option of the Issuer, the Guarantor or any such Material Subsidiary, as the case may be, or at the option of the holder of any such Indebtedness pursuant to any option to require the repurchase of such Indebtedness or (ii) the Issuer, the Guarantor or any of its Material Subsidiaries fails to pay any amount in respect of principal, interest or other amounts due in respect of any existing Indebtedness on the date required for such payment (in each case after giving effect to any applicable grace period); *provided*, *however*, that the aggregate amount of any such Indebtedness falling within (i) above and any relevant payments falling within (ii) above (as to which the time for payment has not been extended by the relevant obligees) equals or exceeds US$100.0 million (or its equivalent in another currency);

(f) One or more final and nonappealable judgments or final decrees is entered against the Issuer, the Guarantor or any of its Material Subsidiaries involving an aggregate liability (not yet paid or reimbursed by insurance) of US$100.0 million or more (or its equivalent in another currency), and all such judgments or decrees shall not have been vacated, discharged or stayed within 180 calendar days after the applicable judgment or decree is entered;

(g) The Issuer, the Guarantor or any of its Material Subsidiaries shall commence a voluntary case or other proceeding seeking liquidation, judicial or extrajudicial reorganization or other relief with respect to itself or its Indebtedness under any bankruptcy, insolvency or other similar law now or hereafter in effect, or seek the appointment of a trustee, receiver, judicial administrator (*administrador judicial*), liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment or conveyance for the benefit of creditors;

(h) A court of competent jurisdiction enters an order or decree against the Issuer, the Guarantor or any of its Material Subsidiaries for (i) liquidation, reorganization or other relief with respect to it or its Indebtedness under any bankruptcy, insolvency or other similar law now or hereafter in effect or (ii) the appointment of a trustee, receiver, judicial administrator (*administrador judicial*), liquidator, custodian or other similar official of it or any substantial part of its property; *provided* that such order or decree shall remain undismissed and unstayed for a period of 90 calendar days;

(i) Any event occurs that under the laws of Brazil, the Netherlands or any political subdivision thereof has substantially the same effect as any of the events referred to in any of paragraphs (g) or (h);

(j) The Issuer or the Guarantor denies or disaffirms its obligations under the relevant notes, the Indenture or the guarantee; or

(k) All or substantially all of the assets of the Guarantor or any of its Material Subsidiaries (other than PTIF) shall be condemned, seized or otherwise appropriated, or custody of such assets shall be assumed by any governmental authority or court or any other person purporting to act under the authority of the government of any jurisdiction, or the Guarantor or any of its Material Subsidiaries (other than PTIF) shall be prevented from exercising normal control over all or substantially all of their assets for a period of 60 consecutive days or longer.

The trustee is not to be charged with knowledge of any default or event of default or knowledge of any cure of any default or event of default unless either (i) an authorized officer or agent of the trustee with direct responsibility for the administration of the Indenture has actual knowledge of such default or event of default or (ii) written notice of such default or event of default has been given to such authorized officer of the trustee by the Issuer or any holder of the relevant notes.

The trustee shall not be deemed to have any knowledge of an event of default specified in subsection (i) or (k) above unless it is notified, in writing, by holders of at least 25% in aggregate principal amount of the then outstanding notes of the series.

Remedies Upon Occurrence of an Event of Default

If an event of default occurs, and is continuing, the trustee shall, upon the request of noteholders holding not less than 25% in aggregate principal amount of the notes then outstanding, by written notice to the Issuer or the Guarantor, declare the principal amount of all such notes and all accrued interest thereon immediately due and payable; *provided* that if an event of default described in paragraphs (g), (h), or (i) above occurs and is continuing, then and in each and every such case, the principal amount of all such notes and all accrued interest thereon shall, without any notice to the Issuer or any other act by the trustee or any noteholder, become and be accelerated and immediately due and payable. Upon any such declaration of acceleration, the principal of such notes so accelerated and the interest accrued thereon and all other amounts payable with respect to such notes shall be immediately due and payable. If the event of default or events of default giving rise to any such declaration of acceleration shall be cured following such declaration, such declaration may be rescinded by noteholders holding a majority of the such notes.

The noteholders holding at least a majority of the aggregate principal amount of the outstanding notes may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee. However, the trustee may refuse to follow any direction that conflicts with law or the Indenture, or that the trustee determines in good faith may involve the trustee in personal liability, or for which the trustee reasonably believes it will not be adequately secured or indemnified against the costs, expenses or liabilities, which might be incurred, or that may be unduly prejudicial to the rights of noteholders not taking part in such direction, and the trustee may take any other action it deems proper that is not inconsistent with any such direction received from noteholders. A noteholder may not pursue any remedy with respect to the Indenture or such notes directly against the Issuer or the Guarantor (without the trustee) unless:

(a) the noteholder gives the trustee written notice of a continuing event of default;

(b) noteholders holding not less than 25% in aggregate principal amount of outstanding notes make a written request to the trustee to pursue the remedy;

(c) such noteholder or noteholders offer the trustee adequate security and/or indemnity satisfactory to the trustee against any costs, liability or expense;

(d) the trustee does not comply with the request within 60 calendar days after receipt of the request and the offer of indemnity or security; and

(e) during such 60-calendar-day period, noteholders holding a majority in aggregate principal amount of the outstanding notes do not give the trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any noteholder to receive payment of the principal of, premium, if any, interest on or additional amounts related to such note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the notes, which right shall not be impaired or affected without the consent of the noteholder.

Modification of the Indenture

The Issuer and the trustee may, without the consent of the noteholders, amend, waive or supplement the Indenture for certain specific purposes, including, among other things, curing ambiguities, defects or inconsistencies, to conform the Indenture to this “Description of the Notes” or making any other provisions with respect to matters or questions arising under the Indenture or the notes or making any other change that will not materially and adversely affect the interest of the noteholders.

In addition, with certain exceptions, the Indenture may be modified with respect to a series of notes by the Issuer and the trustee with the consent of the holders of a majority of the aggregate principal amount of the notes then outstanding. However, without the consent of each noteholder affected, no modification may (with respect to any notes held by non-consenting holders):

(a) change the maturity of any payment of principal of or any installment of interest on any note;

(b) reduce the principal amount or the rate of interest, or change the method of computing the amount of principal or interest payable on any date;

(c) change any place of payment where the principal of or interest on the notes is payable;

(d) change the coin or currency in which the principal of or interest on the notes is payable;

(e) impair the right of the noteholders to institute suit for the enforcement of any payment on or after the date due;

(f) reduce the percentage in principal amount of the outstanding notes, the consent of whose noteholders is required for any modification or the consent of whose noteholders is required for any waiver of compliance with certain provisions of the Indenture or certain defaults under the Indenture and their consequences provided for in the Indenture; or

(g) change or modify the ranking of the notes that would have a material adverse effect on the noteholders.

In the event that consent is obtained from some of the holders but not from all of the holders with respect to any of these amendments or modifications, new notes with such modifications will be issued to those consenting holders. Such new notes shall have separate CUSIP numbers and ISINs from those notes held by the non-consenting holders.

Defeasance and Covenant Defeasance

The Issuer may, at its option, elect to be discharged from the Issuer's obligations with respect to the notes of a series ("defeasance"). In general, upon a defeasance, the Issuer will be deemed to have paid and discharged the entire Indebtedness represented by the notes of a series and to have satisfied all of the Issuer's obligations under such notes and the Indenture except for (i) the rights of the noteholders to receive payments in respect of the principal of and interest and additional amounts, if any, on such notes when the payments are due, (ii) certain provisions of the Indenture relating to ownership, registration and transfer of such notes, (iii) the covenant relating to the maintenance of an office or agency in New York and (iv) certain provisions relating to the rights, powers, trusts, duties, protections, indemnities and immunities of the trustee.

In addition, the Issuer may, at its option, and at any time, elect to be released with respect to the notes of a series from the covenants described above under the heading "—Certain Covenants" (covenant defeasance). Following such covenant defeasance, the occurrence of a breach or violation of any such covenant with respect to such notes will not constitute an event of default under the Indenture, and certain other events (not including, among other things, non-payment or bankruptcy and insolvency events) described under "—Events of Default" also will not constitute events of default.

In order to exercise either defeasance or covenant defeasance, the Issuer will be required to satisfy, among other conditions, the following:

(a) The Issuer must irrevocably deposit with the trustee, in trust, for the benefit of the relevant noteholders, cash in Euros or German *Bundesanleihe* securities, or a combination thereof, in amounts sufficient (in the opinion of an internationally recognized firm of independent public accountants or an internationally recognized investment bank) to pay and discharge the principal of and each installment of interest on the relevant notes on the stated maturity of such principal or installment of interest in accordance with the terms of the Indenture and such notes;

(b) in the case of an election to fully defease the notes, the Issuer must deliver to the trustee an opinion of counsel stating that (i) the Issuer has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the date of the Indenture there has been a change in the applicable U.S. federal income tax law or the interpretation thereof, in either case to the effect that, and based thereon, the opinion of counsel shall confirm that, the noteholders will not recognize gain or loss for U.S. federal income tax purposes as a result of such deposit, defeasance and discharge and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred;

(c) in the case of a covenant defeasance, the Issuer must deliver to the trustee an opinion of counsel to the effect that the noteholders of that series will not recognize gain or loss for U.S. federal income tax purposes as a result of such

deposit and covenant defeasance and will be subject to U.S. federal income tax on the same amount, in the same manner and at the same time as would have been the case if such deposit and covenant defeasance had not occurred;

(d) no default or event of default shall have occurred and be continuing and, in the case of a legal defeasance only, certain events of bankruptcy or insolvency, at any time during the period ending on the 121st calendar day after the date of such deposit (it being understood that this condition as it applies with respect to a legal defeasance shall not be deemed satisfied until the expiration of such period);

(e) such defeasance or covenant defeasance shall not (i) cause the trustee to have a conflicting interest for the purposes of the Trust Indenture Act with respect to any securities of the Issuer or (ii) result in a breach or violation of, or constitute a default under, any other material agreement or instrument to which the Issuer is a party or by which it is bound; and

(f) the Issuer shall have delivered to the trustee an officer's certificate and an opinion of counsel stating that all conditions precedent required relating to either of defeasance or covenant defeasance, as the case may be, have been satisfied.

Transfer and Exchange

A noteholder may transfer or exchange notes in accordance with the Indenture. The notes are subject to restrictions on transfer and may only be offered and sold in transactions exempt from or not subject to the registration requirements of the Securities Act. See "Notice to Investors." The registrar and the trustee may require a noteholder, among other things, to furnish appropriate endorsements and transfer documents (in addition to those required by the Indenture), and the Issuer may require a noteholder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer is not required to transfer or exchange any note for a period of 15 days before the notes are to be redeemed for tax reasons. The registered noteholder will be treated as the owner of it for all purposes.

The Trustee

The Bank of New York Mellon is the trustee under the Indenture. The Issuer may have normal banking relationships with The Bank of New York Mellon or any of its affiliates in the ordinary course of business. The address of the trustee is 101 Barclay Street, Floor 7E, New York, New York 10286.

Registrar; Paying Agents; Transfer Agents; Irish Listing Agent

The Issuer has initially appointed The Bank of New York Mellon as registrar and transfer agent, The Bank of New York Mellon, London Branch, as London paying agent, and The Bank of New York Mellon SA/NV, Dublin Branch, as Irish paying agent and Irish listing agent. The Issuer may at any time appoint new paying agents, transfer agents and registrars. However, the Issuer will at all times maintain a paying agent in London or any other city in the European Union until the notes are paid.

The Issuer will at all times maintain a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusion of the ECOFIN council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notices

So long as any of the notes are represented by a global security deposited with The Bank of New York Mellon, as custodian for the common depositary for Clearstream and Euroclear, notices to be given to holders will be given to Clearstream and Euroclear in accordance with their applicable policies as in effect from time to time. If we issue notes in certificated form, notices to be given to holders will be sent by mail to the respective addresses of the holders as they appear in the trustee's records, and will be deemed given when mailed.

In addition, so long as any of the notes are listed on the official list of the Irish Stock Exchange and admitted to trading on the Global Exchange Market and it is required by the rules of such exchange, all notices to holders of the notes will be published in English: (1) in a leading newspaper having general circulation in London (which is expected to be the Financial

Times) and, if and so long as any of the notes are listed on the Global Exchange Market of the Irish Stock Exchange and the guidelines of such stock exchange shall so require, published through the Irish Stock Exchange's Companies Announcement Office.

Notices will be deemed to have been given on the date of mailing or of publication as aforesaid or, if published on different dates, on the date of the first such publication. If publication as provided above is not practicable, notices will be given in such other manner, and shall be deemed to have been given on such date, as the trustee may approve.

Neither the failure to give any notice to a particular holder, nor any defect in a notice given to a particular holder, will affect the sufficiency of any notice given to other holders.

Governing Law

The Indenture and the notes are governed by the laws of the State of New York.

Jurisdiction

Each of the Issuer and the Guarantor has consented to the non-exclusive jurisdiction of any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan in The City of New York, New York, United States, and any appellate court from any thereof. Each of the Issuer and the Guarantor has appointed National Corporate Research, Ltd., 10 E. 40th Street, 10th floor, New York, New York 10016, as its authorized agent upon which service of process may be served in any action or proceeding brought in any court of the State of New York or any U.S. federal court sitting in the Borough of Manhattan in The City of New York in connection with the Indenture or any of the notes.

Waiver of Immunities

To the extent that the Issuer or the Guarantor may in any jurisdiction claim for itself or its assets immunity from a suit, execution, attachment, whether in aid of execution, before judgment or otherwise, or other legal process in connection with and as set out in the Indenture and the notes and to the extent that in any jurisdiction there may be immunity attributed to the Issuer, the Guarantor or their respective assets, whether or not claimed, each of the Issuer and the Guarantor has irrevocably agreed for the benefit of the noteholders not to claim, and irrevocably waive, the immunity to the full extent permitted by law except for the immunity provided under Brazilian law to property of the Guarantor that is considered essential for the rendering of public services under any concession agreement, authorization or license (*bens vinculados à concessão ou bens reversíveis*), to the extent such immunity cannot be waived or contested.

Currency Rate Indemnity

Each of the Issuer and the Guarantor has agreed that, if a judgment or order made by any court for the payment of any amount in respect of the notes is expressed in a currency other than Euros, the Issuer and the Guarantor will indemnify the relevant noteholder against any deficiency arising from any variation in rates of exchange between the date as of which the denomination currency is notionally converted into the judgment currency for the purposes of the judgment or order and the date of actual payment. This indemnity will constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations under the Indenture, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted from time to time and will continue in full force and effect notwithstanding any judgment or order for a liquidated sum or sums in respect of amounts due under the Indenture or the notes.

Book-Entry Ownership, Denomination and Transfer Procedures for the Notes

General

The notes are being offered and sold only:

- to qualified institutional buyers in reliance on Rule 144A under the Securities Act ("*Rule 144A Notes*"), or
- to persons other than "U.S. persons" (as defined in Regulation S) in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S Notes").

The notes will be issued in fully registered form only in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof and may be issued in global form. The notes will be issued on the issue date therefor only against payment in immediately available funds.

Rule 144A Notes of each series initially will be represented by a single permanent global certificate (which may be subdivided in denominations of €100,000 and integral multiples of €1,000 in excess thereof) without interest coupons (the "Rule 144A Global Note"). Regulation S Notes of each series initially will be represented by a single permanent global certificate (which may be subdivided in denominations of €100,000 and integral multiples of €1,000 in excess thereof) without interest coupons (the "Regulation S Global Note" and together with the Rule 144A Global Note, the "Global Notes").

The Global Notes will be deposited upon issuance with a common depositary for Euroclear and Clearstream and registered in the name of a nominee for the common depositary for credit to the accounts of Euroclear and Clearstream, who will credit the accounts of direct or indirect participants in Euroclear or Clearstream, as described below under "— Depositary Procedures."

Beneficial interests in the Global Notes may not be exchanged for notes in certificated form except in the limited circumstances described below under "— Exchange of Book-Entry Notes for Certificated Notes."

The notes will be subject to certain restrictions on transfer and will bear restrictive legends as described under "Transfer Restrictions; Notice to Investors." In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of Euroclear and/or Clearstream and their direct or indirect participants, which may change from time to time.

Depositary Procedures

The following description of the operations and procedures of Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the systems or their participants directly to discuss these matters.

Information Concerning Euroclear and Clearstream

All book-entry interests will be subject to the operations and procedures of Euroclear and/or Clearstream. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the initial purchasers are responsible for those operations or procedures.

Euroclear and Clearstream hold securities for participating organizations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions only through Euroclear or Clearstream participants.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the Indenture for any purpose.

Payments in respect of the principal of and premium, if any, and interest on a Global Note registered in the name of a nominee for the common depository will be payable by the Trustee (or the paying agent if other than the Trustee) to the common depository in its capacity as the registered holder under the Indenture. The Issuer and the Trustee will treat the persons in whose names the notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Trustee or any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

- any aspect of Euroclear and/or Clearstream's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in the Global Notes, or for maintaining, supervising or reviewing any of Euroclear and/or Clearstream's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the Global Notes; or

- any other matter relating to the actions and practices of Euroclear and/or Clearstream or any of its participants or indirect participants.

Subject to the transfer restrictions described under "Notice to Investors," transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Each of Euroclear and Clearstream has advised the Issuer that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account with Euroclear and/or Clearstream interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction.

The information in this section concerning Euroclear and Clearstream and their book-entry systems has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

Exchange of Book-Entry Notes for Certificated Notes

A Global Note is exchangeable for certificated notes in fully registered form without interest coupons ("Certificated Notes") only in the following limited circumstances:

- the common depositary notifies the Issuer that it is unwilling or unable to continue as depositary for the Global Note, and the Issuer fails to appoint a successor depositary within 90 days of such notice,

- upon the request of a holder thereof, if there shall have occurred and be continuing an Event of Default with respect to the notes.

In all cases, Certificated notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of Euroclear and Clearstream (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in "Transfer Restrictions; Notice to Investors," unless the Issuer determines otherwise in accordance with the Indenture and in compliance with applicable law.

Transfers Within and Between Global Notes

Beneficial interests in a Regulation S Global Note of a series may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note of a series only if the transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in a Rule 144A Global Note of a series may be transferred to a person who takes delivery in the form of a beneficial interest in a Regulation S Global Note of a series only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S under the Securities Act.

Transfers of beneficial interests within a Global Note may be made without delivery of any written certification or other documentation from the transferor or the transferee.

Transfers of beneficial interests in a Regulation S Global Note for beneficial interests in the Rule 144A Global Note or vice versa will be effected by Euroclear and Clearstream by means of an instruction originated by the Trustee. Accordingly, in connection with any transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note of a series or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a person who takes delivery in the form of an interest in another Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Global Note for so long as it remains such an interest. Such transfer shall be made on a delivery free of payment basis, and the buyer and seller will not need to arrange for payment outside the clearing system.

ERISA AND CERTAIN OTHER CONSIDERATIONS

The discussion herein of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA") is general in nature and is not intended to be all inclusive. Any fiduciary of an ERISA plan, governmental plan, church plan, non-U.S. plan or other entity whose assets include plan assets subject to ERISA, Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or similar federal, state, local or non-U.S. laws or regulations considering an investment in the Notes should consult with its legal advisors regarding the consequences of such investment.

General

A fiduciary of an employee benefit plan subject to Title I of ERISA should consider fiduciary standards under ERISA in the context of the particular circumstances of such plan before authorizing an investment in the Notes. Such fiduciary should consider ERISA's diversification and prudence requirements and whether the investment is in accordance with the documents and instruments governing the plan and the fiduciary. In addition, ERISA and the Code prohibit a wide range of transactions ("Prohibited Transactions") involving, on the one hand, the assets of a plan subject to ERISA or Section 4975 of the Code (including individual retirement accounts, individual retirement annuities and Keogh plans) or any entity in which such plan invests whose assets are deemed "plan assets" (each of the foregoing, an "ERISA Plan") and, on the other hand, persons who have certain specified relationships to the ERISA Plan ("parties in interest," within the meaning of ERISA, and "disqualified persons," within the meaning of the Code). If not covered by a statutory or administrative exemption, Prohibited Transactions may require "correction" and may cause the ERISA Plan fiduciary to incur certain liabilities and the parties in interest or disqualified persons to be subject to civil penalties and excise taxes.

Governmental plans, non-U.S. plans and certain church plans (each as defined under ERISA) are not subject to the Prohibited Transaction rules. Such plans may, however, be subject to substantially similar federal, state, local or non-U.S. laws or regulations which may affect their investment in the Notes ("Similar Laws"). Any fiduciary of a governmental, non-U.S. or church plan considering an investment in the Notes should determine the need for, and the availability, if necessary, of any exemptive relief under Similar Laws.

Prohibited Transactions

The acquisition or holding of Notes by or on behalf of an ERISA Plan could be considered to give rise to a Prohibited Transaction if the issuer, the guarantor, any of the initial purchasers or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such ERISA Plan. Before investing in the Notes, any person who is, or who is acquiring the Notes for, or on behalf of, an ERISA Plan must determine that the investment in, or acquisition of, the Notes will not result in a Prohibited Transaction or that a statutory or administrative exemption from the prohibited transaction rules is applicable to the investment in the Notes.

The statutory or administrative exemptions from the prohibited transaction rules under ERISA and the Code which may be available to an ERISA Plan which is investing in the Notes include: (1) PTCE 90-1, regarding investments by insurance company pooled separate accounts; (2) PTCE 91-38, regarding investments by bank collective investment funds; (3) PTCE 84-14, regarding transactions effected by qualified professional asset managers; (4) PTCE 96-23, regarding transactions effected by in-house managers; (5) PTCE 95-60, regarding investments by insurance company general accounts; and (6) the statutory exemption under Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code for prohibited transactions between an ERISA Plan and a person or entity that is a party in interest to such ERISA Plan solely by reason of providing services to the ERISA Plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the ERISA Plan involved in the transaction), provided that there is adequate consideration for the transaction (collectively referred to as the "ERISA Investor Exceptions"). The Notes may not be acquired by any person who is, or who in acquiring such Notes is using the assets of, an ERISA Plan unless such person is eligible for, and satisfies all requirements for relief under one of the ERISA Investor Exemptions or another applicable exemption, or such acquisition will otherwise not constitute or result in a non-exempt Prohibited Transaction. **Any purchaser or holder of the Notes or any interest therein will be deemed to have represented by its acquisition and holding of the Notes or any interest therein that it either (1) is not a ERISA Plan and is not acquiring Notes on behalf of an ERISA Plan or (2) the acquisition and holding of the Notes will not constitute or result in a non-exempt Prohibited Transaction or a similar violation under any applicable Similar Laws.**

TAXATION

The following discussion summarizes certain Brazilian, Dutch and U.S. federal income tax considerations that may be relevant to you if you invest in the Notes. This summary is based on laws, regulations, rulings and decisions now in effect in Brazil, the Netherlands and the United States, which, in each case, may change. Any change could apply retroactively and could affect the continued validity of this summary.

This summary does not describe all of the tax considerations that may be relevant to you or your situation, particularly if you are subject to special tax rules. You should consult your tax advisors about the tax consequences of holding the Notes, including the relevance to your particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Brazilian Taxation

The following discussion is a general description of certain Brazilian tax aspects of the Notes applicable to an individual, entity, trust or organization that is not resident or domiciled in Brazil for purposes of Brazilian taxation, or non-resident holder and does not purport to be a comprehensive description of all the tax aspects of the Notes and does not address all of the Brazilian tax considerations relating to the acquisition, ownership and disposition of the Notes applicable to any non-resident holder. Therefore, each non-resident holder should consult its own tax advisor concerning the Brazilian tax consequences in respect of the Notes.

Investors should note that, as to the discussion below, other income tax rates or treatment may be provided for in any applicable tax treaty between Brazil and the country where the non-resident holder is domiciled. Investors should also note that there is no tax treaty between Brazil and the United States. This summary does not address any tax issues that affect solely our company, such as deductibility of expenses.

Payments on the Notes made by Oi Netherlands

Generally, a non-resident holder is taxed in Brazil only when income is derived from Brazilian sources or gains are realized on the disposition of assets located in Brazil. In this circumstance, other income tax rates may be provided for in an applicable tax treaty between Brazil and the country of residence of the beneficiary. There is some uncertainty regarding the applicable tax treatment to payments of the principal amount by Oi as a guarantor to non-resident holders.

Therefore, based on the fact that Oi Netherlands is not considered for tax purposes to be domiciled in Brazil, any income (including interest and original interest discount, if any) paid by it in respect of the Notes to non-resident holders will not be subject to withholding or deduction in respect of Brazilian income tax or any other taxes, duties, assessments or governmental charges in Brazil, provided that such payments are made with funds held by Oi Netherlands outside of Brazil. See below “Payments on the Notes Made by Oi as Guarantor.”

Sale or other Taxable Disposition of Notes

According to article 26 of Law No. 10,833 dated December 29, 2003 (“Law 10,833”), capital gains realized on the disposition of assets located in Brazil by a non-resident holder to another non-resident are subject to taxation in Brazil. Based on the fact that the Notes are issued and registered abroad, the Notes should not fall within the definition of assets located in Brazil for purposes of Law 10,833. Gains on the sale or other disposition of the Notes made outside Brazil by a non-Brazilian Holder to another non-Brazilian resident should not be subject to Brazilian taxes. Notwithstanding the foregoing, considering the general and unclear scope of this legislation and the absence of judicial guidance in respect thereof, we cannot assure prospective investors that such interpretation will prevail in the courts of Brazil.

If the income tax is deemed to be due, the gains may be subject to income tax in Brazil at a rate of 15%, or 25% if such non-resident holder is located in a jurisdiction that (1) does not impose any income tax or which imposes it at a maximum rate lower than 20% (“Tax Favorable Jurisdiction”) or (2) in a country or location where the local legislation imposes restrictions on the disclosure of ownership composition or securities ownership or do not allow for the identification of the effective beneficiary of the income attributed to non-residents. On December 12, 2014 the Brazilian Revenue Service issued Rule 488 narrowing the concept of Tax Favorable Jurisdictions to those that impose taxation on income at a maximum rate lower than 17%, which will probably result in an amendment to the list provided under Normative Ruling No. 1,037. In certain circumstances, if income tax is not paid, the amount of tax charged could be subject to an upward adjustment, as if the

amount received by the non-resident holder was net of taxes in Brazil (gross-up). A lower rate of income tax may be provided for in an applicable tax treaty between Brazil and the country where the non-resident holder is domiciled.

Tax Favorable Jurisdictions

On June 4, 2010, Brazilian tax authorities enacted Normative Instruction No. 1,037 listing (1) the countries and jurisdictions considered as Tax Favorable Jurisdictions or where the local legislation does not allow access to information related to the shareholding composition of legal entities to their ownership or to the identity of the effective beneficiary of the income attributed to non-residents and (2) the "privileged tax regimes," which definition is provided by Law No. 11,727, of June 23, 2008. On December 12, 2014 the Brazilian Revenue Service issued Rule 488 narrowing the concept of Tax Favorable Jurisdictions to those that impose taxation on income at a maximum rate lower than 17% (previous concept adopted a 20% maximum rate for that purpose), which will probably result in an amendment to the list provided under Normative Ruling No. 1,037. Although we believe that the best interpretation of the current tax legislation could lead to the conclusion that the above mentioned "privileged tax regime" concept should apply solely for purposes of Brazilian transfer pricing and thin capitalization rules, we cannot assure you that subsequent legislation or interpretations by the Brazilian tax authorities regarding the definition of a "privileged tax regime" provided by Law No. 11,727 will also apply to a non-resident holder on payments potentially made by a Brazilian source.

We recommend that you consult your own tax advisors from time to time to verify any possible tax consequences arising of Normative Ruling No. 1,037 and Law No. 11,727.

Payments on the Notes Made by Oi as Guarantor

If Oi is ever required, in its capacity as guarantor, to make any payment under the Notes (including principal or interest) to a non-resident holder, the Brazilian tax authorities could attempt to impose withholding income tax at the rate of 15% or 25% (depending on the nature of the payment and the location of the non-resident holder). Please note that another income tax rate may be provided for in an applicable tax treaty between Brazil and the country of residence of the non-resident holder. Although there is an argument according to which such payments made by the guarantor do not convert the nature of the payment from principal into taxable income, there are no precedents from Brazilian courts endorsing that position and it is not possible to assure that such argument would prevail in the courts of Brazil.

In the event Oi is required to withhold or deduct amounts for any taxes or other governmental charges imposed by Brazil, Oi will pay such additional amounts as are necessary to ensure that the holders of the Notes receive the same amount as such holders would have received without such withholding or deduction, subject to certain exceptions. See "Description of the Notes—Payment of Additional Amounts."

Other Brazilian Tax Considerations

In addition to withholding income tax, Brazilian law imposes the IOF/Exchange, due on the conversion of *reais* into foreign currency and on the conversion of foreign currency into *reais*. Currently, the IOF/Exchange rate is 0.38% for almost all foreign currency exchange transactions, including foreign exchange transactions in connection with payments under the guarantee by Oi to non-resident holders. The Brazilian government is permitted to increase this rate at any time up to 25%. Any such increase in rates may only apply to future foreign exchange transactions and not retroactively.

Stamp, Transfer or Similar Taxes

Generally, there are no stamp, transfer or other similar taxes in Brazil applicable to the transfer, assignment or sale of the Notes outside Brazil, nor any inheritance, gift or succession tax applicable to the ownership, transfer or disposition of the Notes, except for gift and inheritance taxes imposed in some states of Brazil on gifts and bequests by the non-resident holder to individuals or entities domiciled or residing within such Brazilian states.

The above description is not intended to constitute a complete analysis of all Brazilian tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

The Proposed Financial Transactions Tax (FTT)

On February 14, 2013, the European Commission published a proposal, or the Commission's Proposal, for a Directive for a common financial transaction tax, or FTT, in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia, or the participating Member States.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (1) by transacting with a person established in a participating Member State or (2) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by January 1, 2016. However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Dutch Tax Considerations

The following summary of certain Dutch taxation matters is based on the laws and practice in force as of the date of this offering memorandum and is subject to any changes in law and the interpretation and application thereof, which changes could be made with retroactive effect. The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, hold or dispose of Notes, and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

For the purpose of the paragraph "Taxes on Income and Capital Gains" below it is assumed that a holder of Notes or a connected person (verbonden persoon) to such holder, does not have nor will have a substantial interest (aanmerkelijk belang) within the meaning of the Dutch income tax act in the issuer.

For the purpose of this summary, the term "entity" means a corporation as well as any other person that is taxable as a corporation for Dutch corporate tax purposes.

Where this summary refers to a holder of Notes, an individual holding Notes or an entity holding Notes, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Notes or otherwise being regarded as owning Notes for Dutch tax purposes. It is noted that for purposes of Dutch income, corporate, gift and inheritance tax, assets legally owned by a third party such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Where the summary refers to "the Netherlands" or "Dutch" it refers only to the European part of the Kingdom of the Netherlands.

Investors should consult their professional advisers on the Dutch tax consequences of their acquiring, holding and disposing of Notes or Coupons.

Withholding Tax

All payments made by the issuer of interest and principal under the Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

Resident Entities

An entity holding Notes which is, or is deemed to be, resident in the Netherlands for corporate tax purposes and which is not tax exempt, will generally be subject to corporate tax in respect of income or a capital gain derived from the Notes at the prevailing statutory rates.

Resident Individuals

An individual holding Notes who is, or is deemed to be, resident in the Netherlands for income tax purposes will be subject to income tax in respect of income or a capital gain derived from the Notes at rates up to 52 percent if:

(1) the income or capital gain is attributable to an enterprise from which the holder derives profits (other than as a shareholder); or

(2) the income or capital gain qualifies as income from miscellaneous activities (*belastbaar resultaat uit overige werkzaamheden*) as defined in the Income Tax Act (Wet inkomstenbelasting 2001), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

If neither condition (1) nor (2) applies, an individual holding Notes will be subject to income tax on the basis of a deemed return, regardless of any actual income or capital gain derived from the Notes. The deemed return amounts 4% of the value of the individual's net assets as at the beginning of the relevant fiscal year (including the Notes). Subject to application of certain allowances, the deemed return will be taxed at a rate of 30 percent.

Non-residents

A holder which is not, and is not deemed to be, resident in the Netherlands for the relevant tax purposes will not be subject to taxation on income or a capital gain derived from the Notes unless:

(1) the income or capital gain is attributable to an enterprise or part thereof which is either effectively managed in the Netherlands or carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger)* taxable in the Netherlands and the holder of Notes derives profits from such enterprise (other than by way of Notes); or

(2) the holder is an individual and the income or capital gain qualifies as income from miscellaneous activities (belastbaar *resultaat uit overige werkzaamheden*) in the Netherlands as defined in the Income Tax Act (*Wet inkomstenbelasting 2001*), including, without limitation, activities that exceed normal, active asset management (*normaal, actief vermogensbeheer*).

Gift and Inheritance Taxes

Dutch gift or inheritance taxes will not be levied on the occasion of the transfer of Notes by way of gift by, or on the death of, a holder of Notes, unless:

(1) such holder is, or is deemed to be, resident in the Netherlands for the purpose of the relevant provisions; or

(2) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands for the purpose of the relevant provisions.

Value Added Tax

There is no Dutch value added tax payable by a holder of Notes in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes, or the transfer of Notes.

Other Taxes and Duties

There is no Dutch registration tax, stamp duty or any other similar tax or duty payable in the Netherlands by a holder of Notes in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of the Netherlands) of the Notes or the performance of the issuer's obligations under the Notes.

Residence

A holder of Notes will not be and will not be deemed to be resident in the Netherlands for tax purposes and, subject to the exceptions set out above, will not otherwise become subject to Dutch taxation, by reason only of acquiring, holding or disposing of Notes or the execution, performance, delivery and/or enforcement of Notes.

U.S. Federal Income Taxation

The following is a description of the principal U.S. federal income tax consequences of the acquisition, ownership, retirement or other disposition of Notes by a holder thereof. This description only applies to Notes held as capital assets by a "U.S. holder" (as defined below) and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as:

- financial institutions;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- grantor trusts;
- tax-exempt organizations;
- persons that will own Notes through partnerships or other pass-through entities;
- dealers or traders in securities or currencies;
- certain former citizens or long-term residents of the United States;
- holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes; or
- holders that have a functional currency other than the U.S. dollar.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, retirement or other disposition of Notes and does not address the U.S. federal income tax treatment of holders that do not acquire Notes as part of this offering at their initial issue price.

This description is based on the Code, existing and proposed U.S. Treasury regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a U.S. holder is a beneficial owner of Notes who, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States;

- a corporation (or any other entity that is treated as a corporation for U.S. federal income tax purposes) organized in or under the laws of the United States, any State thereof or the District of Columbia;

- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

- a trust (1) that has a valid election in effect to be treated as a U.S. person for U.S. federal income tax purposes or (2)(a) the administration over which a U.S. court can exercise primary supervision and (b) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax advisor as to its consequences.

The Notes are being issued by Oi Netherlands, an entity that is disregarded as separate from Oi for U.S. federal income tax purposes. Consequently, Oi will be treated as the issuer and obligor of the Notes for U.S. federal income tax purposes.

Issue Price of the Notes

The "issue price" of a Note is generally equal to the first price at which a substantial amount of the Notes are sold for money to investors (excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity as initial purchasers, placement agents or wholesalers).

In the case of a U.S. holder who acquires Notes as part of this Offering that has tendered and sold notes ("Old Notes") in the tender offer that we intend to conduct concurrently with this offering, a U.S. holder should consult its tax advisor to determine whether the sale of Old Notes and the subsequent purchase of Notes could be characterized as an exchange for U.S. federal income tax purposes. In that event, the issue price of the Notes would be equal to their fair market value at issuance, assuming that the Notes are treated as "publicly traded" for U.S federal income tax purposes, unless a substantial amount of the Notes are sold for money to investors that do not tender Old Notes as part of the tender offer. In addition, the disposition of Old 5.125% Notes due 2017 ("5.125% Notes") and subsequent acquisition of the Notes by a U.S. holder would be treated as a recapitalization transaction for U.S. federal income tax purposes, in which case the U.S. holder would not recognize gain on the transaction except to the extent the principal amount of the Notes exceeds the principal amount of the 5.125% Notes tendered, and its tax basis in the Notes would be determined by reference to its tax basis in the Old Notes increased by the amount of any such gain recognized on the transaction. It is also possible that the disposition of other Old Notes and subsequent acquisition of the Notes by a U.S. holder would be treated as a recapitalization transaction.

We intend to take the position that the sale of Old Notes pursuant to the tender offer is treated as a sale, and not as an exchange, for U.S. federal income tax purposes. Under this treatment a U.S. holder that disposes of the Old Notes pursuant to the Offer for an amount that exceeds its basis would recognize gain at the time of the disposition, rather than original issue discount over the term of the Notes. In addition, the issue price of the Notes would be determined under the rule described in the first paragraph of this section, and the U.S. holder's basis in the Notes would be equal to the Notes' issue price. The remainder of this disclosure assumes the correctness of this treatment, except where specifically stated.

Classification of the Notes

In certain circumstances we may be obligated to make payments on the Notes in excess of stated interest and principal. Under the U.S. Treasury contingent payment debt instrument, or CDPI, regulations the possibility of a contingent payment on a Note may be disregarded if the likelihood of the contingent payment, as of the issue date, is remote or incidental. We believe that as of the expected issue date of the Notes, there is no more than a remote chance that we will make such payments on the Notes and, therefore, we do not intend to treat the Notes as contingent payment debt instruments, or CPDIs. Our determination, however, is not binding on the IRS, and if the IRS were to challenge this determination, a U.S. holder may be required to accrue income on the Notes that such holder owns in excess of stated interest, and to treat as ordinary income rather than capital gain any income realized on the taxable disposition of such Notes before the resolution of the contingency. In the event that such contingency were to occur, it would affect the amount and timing of the income that a U.S. holder recognizes. U.S. holders are urged to consult their tax advisors regarding the potential application to the Notes of the CPDI rules and the consequences thereof. This discussion assumes that the Notes will not be treated as CPDIs.

Interest

It is expected and this discussion assumes that either the issue price of the Notes will equal the stated principal amount of the Notes or the Notes will be issued with no more than a *de minimis* amount of original issue discount. Therefore, interest paid to a U.S. holder on a Note, including any additional amounts with respect thereto as described under "Description of the Notes—Payments of Additional Amounts," will be includible in such holder's gross income as ordinary interest income in accordance with such holder's usual method of tax accounting. In addition, interest on the Notes will be treated as foreign source income for U.S. federal income tax purposes. Subject to certain conditions and limitations, Brazilian, Dutch or other foreign taxes, if any, withheld on interest payments may be treated as foreign taxes eligible for credit against such holder's U.S. federal income tax liability. The limitation on foreign taxes eligible for the U.S. foreign tax credit is calculated separately with respect to specific "baskets" of income. Interest on the Notes generally will constitute "passive category income," or, in the case of certain U.S. holders, "general category income." As an alternative to the tax credit, a U.S. holder may elect to deduct such taxes (the election would then apply to all foreign income taxes such U.S. holder paid in that taxable year). The rules governing the foreign tax credit are complex. U.S. holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Any interest paid or accrued in euros will be included in a U.S. holder's gross income in an amount equal to the U.S. dollar value of such euros (before reduction for any withholding tax thereon, and including any additional amounts paid), regardless of whether the euros are converted into U.S. dollars. Generally, a U.S. holder that uses the cash method of tax accounting will determine such U.S. dollar value using the spot rate of exchange on the date of receipt. A cash method U.S. holder generally will not realize foreign currency gain or loss on the receipt of the interest payment but may have foreign currency gain or loss attributable to the actual disposition of the euros received. Generally, a U.S. holder that uses the accrual method of tax accounting will determine the U.S. dollar value of accrued interest income using the average rate of exchange for the accrual period (or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the U.S. holder's taxable year). Alternatively, an accrual basis U.S. holder may make an election (which must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS) to translate interest income at the spot rate of exchange on the last day of the accrual period (or, with respect to an accrual period that spans two taxable years, the last day of the taxable year) or the spot rate on the date of receipt, if that date is within five business days of the last day of the accrual period. A U.S. holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss on the receipt of an interest payment if the exchange rate in effect on the date of payment is received differs from the rate applicable to an accrual of that interest. The amount of foreign currency gain or loss to be recognized by the holder will be an amount equal to the difference between the U.S. dollar value of the euro interest payment (determined on the basis of the spot rate on the date the interest income is received) in respect of the accrual period and the U.S. dollar value of the interest income that has accrued during the accrual period (as determined above). This foreign currency gain or loss will be ordinary income or loss. Foreign currency gain or loss generally will be U.S. source provided that the residence of a taxpayer is considered to be the United States for purposes of the rules regarding foreign currency gain or loss.

Sale, Exchange, Retirement or Other Disposition

Upon the sale, exchange, retirement or other disposition of a Note, a U.S. holder will recognize taxable gain or loss equal to the difference, if any, between the amount realized on the sale, exchange, retirement or other disposition, other than accrued but unpaid interest which will be taxable as interest to the extent not previously included in income, and such U.S. holder's adjusted tax basis in the Note. Except as discussed above ("—Issue Price of the Notes"), a U.S. holder's adjusted tax basis in a Note generally will equal the U.S. dollar value of the purchase price of that Note on the date of purchase, calculated at the spot rate in effect on that date. Any such gain or loss will be capital gain or loss except to the extent attributable to changes in exchange rates as described below. The amount realized generally will be the U.S. dollar value of the euro received, calculated at the spot rate in effect on the date the Note is sold, matures or is retired. If the Notes are traded on an established securities market a cash method U.S. holder (or an electing accrual method U.S. holder) will determine its tax basis or amount realized by using the spot rate in effect on the settlement date of the purchase or disposition, as the case may be. For a non-corporate U.S. holder, the maximum marginal U.S. federal income tax rate applicable to the gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income (other than certain dividends) if such U.S. holder's holding period for the Notes exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realized on the sale, exchange, retirement or other disposition of a Note generally will be treated as U.S. source gain or loss, as the case may be. Consequently, a U.S. holder may not be able to claim a credit for any Brazilian, Dutch or other foreign tax imposed upon a disposition of a Note, if any, unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The deductibility of capital losses is subject to limitations.

Gain or loss realized upon the sale or other disposition of a Note that is attributable to fluctuations in foreign currency exchange rates will constitute foreign currency gain or loss with respect to the principal amount to the extent provided under special rules. This foreign currency gain or loss will be taxable as U.S. source ordinary income or loss, but generally will not be treated as interest income or expense. A U.S. holder will recognize foreign currency gain or loss with respect to the principal amount of the Note equal to the difference between (i) the U.S. dollar value of the U.S. holder's purchase price for the Note determined at the spot rate on the date of sale or other disposition and (ii) the U.S. dollar value of the U.S. Holder's purchase price for the Note determined at the spot rate on the date the U.S. holder acquired the Note. However, a U.S. holder will recognize foreign currency gain or loss only to the extent of the total gain or loss realized on the sale or other disposition.

Substitution of the Issuer

Oi Netherlands may, subject to certain conditions, be replaced and substituted by Oi or any wholly-owned subsidiary of Oi as principal debtor (which we refer to herein as the "substituted issuer") in respect of the Notes (see "Description of the Notes—Substitution of the Issuer"). Any such substitution might be treated for U.S. federal income tax purposes as a deemed disposition of notes by a U.S. holder in exchange for new Notes by the new obligor. As a result of this deemed disposition of notes by a U.S. holder, such U.S. holder could be required to recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new Notes (as determined for U.S. federal income tax purposes), and the U.S. holder's tax basis in the Notes. In addition, the new Notes deemed to be issued by the substituted issuer may be treated as issued with original issue discount, which could have adverse U.S. federal income tax consequences for U.S. holders. U.S. holders should consult their tax advisors concerning the U.S federal income tax consequences to them of a change in obligor with respect to the Notes. If the substituted issuer is organized in a jurisdiction other than the Netherlands, the substituted issuer and Oi will have certain indemnity obligations with respect to certain taxes incurred as a result of such substitution. See "Description of the Notes— Substitution of the Issuer." Holders are urged to consult their tax advisors regarding any potential adverse tax consequences that may result from a substitution of Oi Netherlands.

U.S. Backup Withholding Tax and Information Reporting

A backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain U.S. holders. Information reporting generally will apply to payments of principal of, and interest on, Notes, and to proceeds from the sale or redemption of, Notes within the United States, or by a U.S. payor or U.S. middleman, to a U.S. holder (other than an exempt recipient that, if required, establishes its exemption and certain other persons). The payor will be required to backup withhold on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Note to a U.S. holder, other than an exempt recipient that has certified exempt status, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. The backup withholding tax rate is currently 28%.

Backup withholding is not an additional tax. A U.S. holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability and the U.S. holder may be entitled to a refund, provided the required information is furnished to the IRS in a timely manner.

Foreign Asset Reporting

Certain U.S. holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by financial institutions). U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

Medicare Tax

A U.S. holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. holder's ''net investment income'' (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. holder's net investment income will generally include its gross interest income and its net gains from the disposition of the Notes, unless such interest or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain

passive or trading activities). If you are a U.S. holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of this tax to your income and gains in respect of your investment in the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership and disposition of the Notes. Prospective purchasers of Notes should consult their tax advisors concerning the tax consequences of their particular situations.

EU Council Directive on Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income, or the Savings Directive, each Member State of the European Union, or Member States, is required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The rate of withholding is 35%. However, the beneficial owner of the interest (or similar income) payment may elect that certain provision of information procedures should be applied instead of withholding, provided that certain conditions are met. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On March 24, 2014, the Council of the European Union adopted a Council Directive, or the Amending Directive, amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to adopt national legislation necessary to comply with the Amending Directive by January 1, 2016 and to apply these new requirements from January 1, 2017 and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from January 1, 2017 in the case of Austria and from January 1, 2016 in the case of all other Member States (subject to on-going requirements to fulfill administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment under a Note were to be made and an amount of, or in respect of, tax were to be withheld from that payment pursuant to the Savings Directive (as amended from time to time) or any law implementing or complying with, or introduced in order to conform to, such Directive, neither the Issuer, nor the guarantor, nor any other person would be obliged to pay additional amounts under the terms of such Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive (as amended from time to time).

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in the purchase agreement dated June 11, 2015, between the issuer, the guarantor and the initial purchasers, the issuer has agreed to sell to each initial purchaser and the initial purchasers have agreed to severally buy from the issuer the principal amount of the Notes set forth opposite their names in the table below:

Initial Purchasers	Aggregate Principal Amount of the Notes
Banco Santander, S.A.	€65,807,000
BB Securities Ltd.	65,807,000
HSBC Bank plc	65,807,000
Merrill Lynch International	65,806,000
Banco Bradesco BBI S.A.	65,806,000
Citigroup Global Markets Limited	65,806,000
Deutsche Bank AG, London Branch	65,806,000
Banco BTG Pactual S.A. – Cayman Branch	46,452,000
BNP Paribas	46,452,000
Itau BBA International plc	46,451,000
Total	€600,000,000

The purchase agreement provides that the initial purchasers are obligated to purchase all of the Notes if any are purchased. The purchase agreement also provides that if any of the initial purchasers defaults, the purchase commitments of non-defaulting initial purchasers may be increased or the offering may be terminated.

The initial purchasers propose to offer the Notes initially at the offering price on the cover page of this offering memorandum and may also offer the Notes to selling group members at the offering price less a concession. After the initial offering, the offering price may be changed.

Banco Santander, S.A. is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco Santander, S.A. intends to effect sales of the Notes in the United States, it will do so only through Santander Investment Securities Inc. or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

BB Securities Ltd. is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that BB Securities Ltd. intends to effect sales of the Notes in the United States, it will do so only through Banco do Brasil Securities LLC or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law. BB Securities Asia Pte. Ltd. may be involved in the sales of the Notes in Asia.

Banco BTG Pactual S.A. – Cayman Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch intends to effect sales of the Notes in the United States, it will do so only through BTG Pactual US Capital LLC or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

BNP Paribas is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that BNP Paribas intends to effect sales of the Notes in the United States, BNP Paribas will do so only through BNP Paribas Securities Corp. or another U.S. registered broker-dealer or otherwise, as permitted by applicable U.S. law.

Bradesco Securities Inc. will act as agent of Banco Bradesco BBI S.A. for sales of the Notes in the United States of America. Banco Bradesco BBI S.A. is not a broker-dealer registered with the SEC, and therefore may not make sales of any notes in the United States to U.S. persons. Banco Bradesco BBI S.A. and Bradesco Securities Inc. are affiliates of Banco Bradesco S.A.

Deutsche Bank AG, London Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Deutsche Bank AG, London Branch intends to effect sales of the Notes in the United States, Deutsche Bank AG, London Branch will do so only through Deutsche Bank Securities Inc. or another U.S. registered broker-dealer or otherwise, as permitted by applicable U.S. law.

HSBC Bank plc is not a broker-dealer registered with the SEC, and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that HSBC Bank plc intends to effect sales of the Notes in the United States, it will do so only through HSBC Securities (USA) Inc. or one or more U.S. registered broker dealers, or otherwise as permitted by applicable U.S. law.

Itau BBA International plc is not a broker-dealer registered with the SEC and therefore may not make sales of any Notes in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Itau BBA International plc intends to effect sales of the notes in the United States, it will do so only through Itau BBA USA Securities, Inc., or one or more U.S. registered broker-dealers or otherwise as permitted by applicable U.S. law.

The initial purchasers and/or their affiliates may enter into derivative and/or structured transactions with clients, at their request, in connection with the Notes and the initial purchasers and/or their affiliates may also purchase some of the Notes to hedge their risk exposure in connection with such transactions. Also, the initial purchasers and/or their affiliates may acquire the Notes for their own propriety accounts. Such acquisitions may have an effect on demand for and the price of the Notes.

The Notes have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except to QIBs in reliance on Rule 144A. Except as permitted by the purchase agreement, the Notes will not be offered, sold or delivered (1) as part of the distribution at any time, or (2) otherwise until 40 days after the later of the commencement of this offering and the closing date, within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under “Notice to Investors.”

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by a broker/dealer (whether or not it is participating in the offering), may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

We expect that delivery of the notes will be made to investors on or about June 22, 2015, which will be the seventh business day following the date of this offering memorandum. Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to a trade expressly agree otherwise. Accordingly, purchasers who wish to trade notes on the date of pricing or the next three succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+7, to specify alternative settlement arrangements to prevent a failed settlement.

In connection with the offering, the initial purchasers may purchase and sell the Notes in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the initial purchasers of a greater principal amount of Notes than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the initial purchasers’ option to purchase additional Notes described above. The initial purchasers may close out any covered short position by either exercising their option to purchase additional Notes or purchasing Notes in the open market. In determining the source of Notes to close out the covered short position, the initial purchasers will consider, among other things, the price of Notes available for purchase in the open market as compared to the price at which they may purchase Notes through the option granted to them. “Naked” short sales are sales in excess of such option. The initial purchasers must close out any naked short position by purchasing Notes in the open market. A naked short position is more likely to be created if the initial purchasers are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Notes made by the initial purchasers in the open market to peg, fix or maintain the price of the Notes prior to the completion of the offering.

Similar to other purchase transactions, the initial purchasers’ purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market.

Neither we nor any of the initial purchasers make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Notes. In addition, neither we nor any of the initial purchasers make any representation that the representatives will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

None of the Notes has been offered, sold or delivered and none of the Notes will be offered, sold or delivered, directly or indirectly, and neither this offering memorandum nor any other offering material relating to the Notes will be distributed, in or from any jurisdiction, except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on us except as set forth in the purchase agreement.

Purchasers of Notes sold outside the United States may be required to pay stamp taxes and other charges in compliance with the laws and practices of the country of purchase in addition to the price to investors on the cover page of this offering memorandum.

Other Relationships

The initial purchasers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the initial purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The initial purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, we and our affiliates have financing agreements with certain of the initial purchasers and their affiliates, which may be repaid using proceeds of the offering. Also, Caravelas Fundo de Investimentos em Ações, an investment vehicle managed through Banco BTG Pactual S.A., which is also owned in part by Banco BTG Pactual S.A., holds certain of our common and preferred shares.

We have agreed to indemnify the initial purchasers against certain liabilities or to contribute to payments which they may be required to make.

New Issue of Notes

The Notes are a new issue of securities for which there currently is no market. The initial purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for the Notes.

Short Positions and Price Stabilization

The initial purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids.

- Over-allotment involves sales in excess of the offering size, which creates a short position for the initial purchasers.
- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions.
- Penalty bids permit the initial purchasers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than they would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

IN CONNECTION WITH THE ISSUE OF THE NOTES, HSBC BANK PLC (IN THIS CAPACITY, THE ''STABILIZING MANAGER'') (OR ANY PERSON ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) WILL UNDERTAKE ANY STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE, AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT COMMENCED WILL BE CARRIED OUT IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS.

Certain Selling Restrictions

General

The Notes are offered for sale in those jurisdictions where it is lawful to make such offers. No action is being taken or is contemplated by the issuer and the guarantor that would permit a public offering of the Notes or possession or distribution of any preliminary offering memorandum or offering memorandum or any amendment thereof, any supplement thereto or any other offering material relating to the Notes in any jurisdiction where, or in any other circumstance in which, action for those purposes is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed, published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Notice to Prospective Investors in Brazil

The Notes have not been, and will not be, registered with CVM. The Notes may not be offered or sold in Brazil, except in circumstances that do not constitute a public offering or distribution under Brazilian laws and regulations. The Notes are not being offered into Brazil. Documents relating to the offering of the Notes, as well as information contained therein, may not be supplied to the public in Brazil, nor be used in connection with any offer for subscription or sale of the Notes to the general public in Brazil.

Notice to Prospective Investors in Chile

Pursuant to Law No. 18,045 of Chile (the securities market law of Chile) and Rule (*Norma de Carácter General*) No. 336, dated June 27, 2012, or Rule 336, issued by the Superintendency of Securities and Insurance of Chile (*Superintendencia de Valores y Seguros de Chile*), or SVS, the Notes may be privately offered in Chile to certain "qualified investors" identified as such by Rule 336 (which in turn are further described in Rule No. 216, dated June 12, 2008, of the SVS).

Rule 336 requires the following information to be provided to prospective investors in Chile:

(1) the date of commencement of the offer is June 10, 2015. The offer of the Notes is subject Rule No. 336;

(2) the subject matter of this offer are securities not registered with the SVS, nor with the foreign securities registry (*registro de valores extranjeros*) of the SVS, due to the Notes not being subject to the oversight of the SVS;

(3) since the Notes are not registered in Chile there is no obligation by the issuer to make publicly available information about the Notes in Chile; and

(4) the Notes shall not be subject to public offering in Chile unless registered with the relevant securities registry of the SVS.

Información a los Inversionistas Chilenos

De conformidad con la ley N° 18.045, de mercado de valores y la Norma de Carácter General N° 336 (la "NCG 336"), de 27 de junio de 2012, de la Superintendencia de Valores y Seguros de Chile (la "SVS"), los bonos pueden ser ofrecidos privadamente a ciertos "inversionistas calificados", a los que se refiere la NCG 336 y que se definen como tales en la Norma de Carácter General N° 216, de 12 de junio de 2008, de la SVS.

La siguiente información se proporciona a potenciales inversionistas de conformidad con la NCG 336:

(1) La oferta de los bonos comienza el 10 de junio de 2015, y se encuentra acogida a la Norma de Carácter General N° 336, de fecha 27 de junio de 2012, de la SVS;

(2) La oferta versa sobre valores no inscritos en el Registro de Valores o en el Registro de Valores Extranjeros que lleva la SVS, por lo que tales valores no están sujetos a la fiscalización de esa Superintendencia;

(3) Por tratarse de valores no inscritos en Chile no existe la obligación por parte del emisor de entregar en Chile información pública sobre los mismos; y

(4) Estos valores no podrán ser objeto de oferta pública en Chile mientras no sean inscritos en el Registro de Valores correspondiente.

Notice to Prospective Investors in Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor copies of this pricing supplement, the accompanying prospectus, prospectus supplement, or any other documents relating to the Notes may be distributed in Italy except:

(1) to "qualified investors", as referred to in Article 100 of Legislative Decree No. 58 of February 24, 1998, as amended, or the Decree No. 58, and defined in Article 26, paragraph 1, letter (d) of CONSOB Regulation No. 16190 of October 29, 2007, as amended, or Regulation No. 16190, pursuant to Article 34-ter, paragraph 1, letter (b) of CONSOB Regulation No. 11971 of May 14, 1999, as amended, or Regulation No. 11971; or

(2) in any other circumstances where an express exemption from compliance with the offer restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any offer, sale or delivery of the Notes or distribution of copies of this pricing supplement, the accompanying prospectus, prospectus supplement or any other documents relating to the Notes in Italy must be:

(1) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended, or the Banking Law, Decree No. 58 and Regulation No. 16190 and any other applicable laws and regulations;

(2) in compliance with Article 129 of the Banking Law, and the implementing guidelines of the Bank of Italy, as amended; and

(3) in compliance with any other applicable notification requirement or limitation which may be imposed, from time to time, by CONSOB or the Bank of Italy or other competent authority.

Please note that, in accordance with Article 100-bis of Decree No. 58, where no exemption from the rules on public offerings applies, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under Decree No. 58 and Regulation No. 11971.

Notice to Prospective Investors in Peru

The Notes and the information contained in this offering memorandum are not being publicly marketed or offered in Peru and will not be distributed or caused to be distributed to the general public in Peru. Peruvian securities laws and

regulations on public offerings will not be applicable to the offering of the Notes and therefore, the disclosure obligations set forth therein will not be applicable to the issuer or the sellers of the Notes before or after their acquisition by prospective investors. The Notes and the information contained in this offering memorandum have not been and will not be reviewed, confirmed, approved or in any way submitted to the Peruvian Superintendency of Capital Markets (*Superintendencia del Mercado de Valores*), or the SMV, and the Notes have not been registered under the Securities Market Law (*Ley del Mercado de Valores*) or any other Peruvian regulations. Accordingly, the Notes cannot be offered or sold within Peruvian territory except to the extent any such offering or sale qualifies as a private offering under Peruvian regulations and complies with the provisions on private offerings set forth therein.

Notice to Prospective Investors in the European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each a Relevant Member State, with effect from the including the date on which the Prospectus Directive is implemented in that Relevant Member State, or the Relevant Implementation Date, an offer to the public of any Notes which are the subject of the offering contemplated by this offering memorandum may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State may be made at any time with effect from and including the Relevant Implementation Date under the following exemptions under the Prospectus Directive:

(1) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(2) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the issuer for any such offer; or

(3) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the issuer, the guarantor or the representative(s) to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Notes under, the offers contemplated in this offering memorandum will be deemed to have represented, warranted and agreed to and with the issuer, the guarantor and each representative that:

(1) it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and

(2) in the case of any Notes acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (i) the Notes acquired by it in the offer have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (ii) where Notes have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Notes to it is not treated under the Prospectus Directive as having been made to such persons.

The issuer, the guarantor, the representatives and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

This offering memorandum has been prepared on the basis that any offer of Notes in any Relevant Member State will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for the issuer, the guarantor or any of the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive in relation to such offer. Neither the issuer, the guarantor nor the initial purchasers have authorized, nor do they authorize, the making of any offer of Notes in circumstances in which an obligation arises for the issuer, the guarantor or the initial purchasers to publish a prospectus for such offer.

For the purpose of the above provisions, the expression "an offer to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member States) and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This EEA selling restriction is in addition to any other selling restrictions set out in this offering memorandum.

Notice to Prospective Investors in the Netherlands

The Notes (including rights representing an interest in each global note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands other than to qualified investors as defined in The Netherlands Financial Supervision Act (*Wet op het financieel toezicht*).

Notice to Prospective Investors in the United Kingdom

This offering memorandum is for distribution only to persons who (1) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or the Order, (2) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Order, (3) are outside the United Kingdom, or (4) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, or the FSMA), in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

In relation to the United Kingdom, each initial purchaser has represented and agreed that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA), received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the issuer or the guarantor; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Notice to Prospective Investors in Switzerland

This offering memorandum does not, and is not intended to, constitute an offer or solicitation to purchase or invest in the Notes described herein in Switzerland. The Notes may not be offered, sold or advertised, directly or indirectly, to the public in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this offering memorandum nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to article 652a or article 1156 of the Swiss Code of Obligations or a listing prospectus pursuant to the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this offering memorandum nor any other offering or marketing material relating to the Notes may be distributed, or otherwise made available, to the public in Switzerland.

Notice to Prospective Investors in Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (1) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap.571, The Laws of Hong Kong) and any rules made thereunder, or (2) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, The Laws of Hong Kong), or which do not constitute an offer to the public within the meaning of the Companies Ordinance, and no advertisement, invitation or document relating to the Notes may be issued or

may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance and any rules made thereunder.

Notice to Prospective Investors in Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, or FIEL, and each initial purchaser has agreed that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Notice to Prospective Investors in Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation or subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

NOTICE TO INVESTORS

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered hereby only (1) to QIBs (as defined in Rule 144A), in compliance with Rule 144A, and (2) in offers and sales that occur outside the United States to persons other than U.S. persons ("non-U.S. purchasers," which term includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for non-U.S. beneficial owners (other than an estate or trust)), in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S. As used herein, the terms "offshore transactions," "United States" and "U.S. person" have the respective meanings given to them in Regulation S.

Each purchaser of Notes will be deemed to have represented and agreed with the issuer, the guarantor and the initial purchasers as follows:

(1) It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (a) a QIB, and is aware that the sale to it is being made in reliance on Rule 144A, or (b) a non-U.S. purchaser that is outside the United States (or a non-U.S. purchaser that is a dealer or other fiduciary as referred to above);

(2) It understands that the Notes are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act, that the Notes have not been and will not be registered under the Securities Act, and that the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;

(3) It shall not resell or otherwise transfer any of such Notes except:

- to the issuer, the guarantor or any of their subsidiaries;
- pursuant to a registration statement which has been declared effective under the Securities Act;
- within the United States to a QIB in compliance with Rule 144A;
- outside the United States to non-U.S. purchasers in offshore transactions meeting the requirements of Rule 903 or Rule 904 of Regulation S; or
- pursuant to another available exemption from the registration requirements of the Securities Act;

(4) It agrees that it will give notice of any restrictions on transfer of such Notes to each person to whom it transfers the Notes;

(5) It understands that the certificates evidencing the Notes (other than the Regulation S Global Notes) will bear a legend substantially to the following effect unless otherwise agreed by us and the trustee:

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS, AND MAY NOT BE OFFERED, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE:

BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT, AND ANY ACCOUNT FOR WHICH IT IS ACTING, (A) IS A "QUALIFIED INSTITUTIONAL BUYER" (WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT) OR (B) IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN "OFFSHORE TRANSACTION" PURSUANT TO RULE 903 OR 904 OF REGULATION S AND, WITH RESPECT TO (A) AND (B), EXERCISES SOLE INVESTMENT DISCRETION WITH RESPECT TO SUCH ACCOUNT, (2) AGREES FOR THE BENEFIT OF THE ISSUER AND THE GUARANTOR THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL

INTEREST HEREIN, EXCEPT (A) (I) TO THE ISSUER OR THE GUARANTOR OR ANY SUBSIDIARY THEREOF, (II) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, (III) TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (IV) IN AN OFFSHORE TRANSACTION COMPLYING WITH THE REQUIREMENTS OF RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, OR (V) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT (IF AVAILABLE), AND (B) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE RESPECTIVE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH PARAGRAPH 2A(V) ABOVE, THE ISSUER, THE GUARANTOR AND THE TRUSTEE RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS, OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.*

*This legend (other than the first paragraph hereof) shall be deemed removed from the face of this security without further action of the issuer, the guarantor, the trustee, or the holders of this Security at such time as the issuer and the guarantor instruct the trustee to remove such legend pursuant to the Indenture.

(6) If it is a non-U.S. purchaser acquiring a beneficial interest in a Regulation S Global Note offered pursuant to this offering memorandum, it acknowledges and agrees that, until the expiration of the 40 day "distribution compliance period" within the meaning of Regulation S, any offer, sale, pledge or other transfer shall not be made by it in the United States or to, or for the account or benefit of, a U.S. person, except pursuant to Rule 144A to a QIB taking delivery thereof in the form of a beneficial interest in a Rule 144A Global Note, and that each Regulation S Global Note will contain a legend to substantially the following effect:

PRIOR TO EXPIRATION OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT")), THIS SECURITY MAY NOT BE REOFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES (AS DEFINED IN REGULATION S) OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S), EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF THE INDENTURE REFERRED TO HEREIN.

(7) (a) Either: (a) it is not, and is not purchasing the Notes on behalf of or investing assets of, and for so long as it holds the Notes or interests in Notes will not be, (i) an employee benefit plan (as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended, or ERISA, that is subject to the provisions of part 4 of subtitle B of Title I of ERISA, (ii) a plan to which Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, applies, (iii) any entity whose underlying assets include "plan assets" by reason of such an employee benefit plan and/or plan's investment in such entity, or (iv) a governmental plan, church plan, non-U.S. or other plan that is subject to any laws, regulations or rules that are substantially similar to Section 406 of ERISA or Section 4975 of the Code, or collectively, the Similar Law, or (b) its acquisition, holding and disposition of the Notes or interests in Notes or any beneficial interest therein will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law or any other violation of ERISA or Similar Law); and (b) it will not transfer any such Note to any person unless such person could itself truthfully make the foregoing representations and agreements;

(8) It acknowledges that the foregoing restrictions apply to holders of beneficial interests in the Notes, as well as holders of the Notes;

(9) It acknowledges that the trustee will not be required to accept for registration of transfer any Notes acquired by it, except upon presentation of evidence satisfactory to the issuer, the guarantor and the trustee that the restrictions set forth herein have been complied with; and

(10) It acknowledges that the issuer, the guarantor, the trustee, the initial purchasers and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that if any of the acknowledgments, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the issuer, the guarantor, the trustee and the initial purchasers. If it is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

ENFORCEMENT OF CIVIL LIABILITIES

Oi is a corporation organized under the laws of Brazil. All of the directors and officers of Oi and some of the advisors named herein reside in Brazil or elsewhere outside the United States, and all or a significant portion of the assets of such persons may be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States or other jurisdictions outside Brazil upon such persons, or to enforce against such persons judgments predicated upon the civil liability provisions of the U.S. federal securities laws or the laws of such other jurisdictions.

In the indenture pursuant to which the Notes will be issued, Oi will (1) agree that the courts of the State of New York and the federal courts of the United States, in each case sitting in the Borough of Manhattan, The City of New York, will have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with the guarantee and, for such purposes, irrevocably submit to the nonexclusive jurisdiction of such courts, and (2) name an agent for service of process in the Borough of Manhattan, The City of New York. See "Description of the Notes."

Brazil

We have been advised by Barbosa, Müssnich & Aragão Advogados, our Brazilian counsel, that a judgment of non-Brazilian courts for civil liabilities predicated upon the securities laws of countries other than Brazil, including the U.S. securities laws, may be enforced in Brazil, subject to certain requirements described below. Such counsel has advised that a judgment against us, our directors and officers or certain advisors named herein obtained outside Brazil would be enforceable in Brazil upon confirmation of that judgment by the *Superior Tribunal de Justiça* (Superior Court of Justice). That confirmation will only be available if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the non-Brazilian court where the foreign judgment is granted;
- is issued by a court of competent jurisdiction after proper service of process on the parties, which must be in accordance with Brazilian law if made in Brazil, or after sufficient evidence of our absence has been given, as established pursuant to applicable law;
- is final and, therefore, not subject to appeal;
- duly authenticated by the Brazilian consulate in the location where the non-Brazilian court rendered the judgment and is accompanied by a sworn translation into Portuguese; and
- is not against Brazilian public policy, good morals or national sovereignty (as set forth in Brazilian law).

We have been further advised by our Brazilian counsel that original actions may be brought in connection with this offering memorandum predicated solely on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against us or the directors and officers and certain advisors named herein provided that provisions of the federal securities laws of the United States do not contravene Brazilian laws and regulation, public policy, good morals or national sovereignty and provided further that Brazilian courts can assert jurisdiction over the particular action.

In addition, a plaintiff, whether Brazilian or non-Brazilian, that resides outside Brazil during the course of litigation in Brazil must provide a bond to guarantee court costs and legal fees if the plaintiff owns no real property in Brazil that could secure its payment. This bond must have a value sufficient to satisfy the payment of court fees and defendant attorney's fees, as determined by the Brazilian judge, except in the case of the enforcement of debt instrument or counterclaim. Notwithstanding the foregoing, we cannot assure you that confirmation of any judgment will be obtained, or that the process described above can be conducted in a timely manner.

If proceedings are brought in the courts of Brazil seeking to enforce our obligations under the Notes, we would not be required to discharge our obligations in a currency other than *reais*. Any judgment obtained against us in Brazilian courts in respect of any payment obligations under the Notes would be expressed in *reais*.

Netherlands

We have been advised that the ability of holders of Notes in certain countries other than the Netherlands to bring an action against Oi Netherlands may be limited under applicable law. Certain of Oi Netherlands' directors named in this offering memorandum are residents of, in which case most of their assets are located in, jurisdictions outside the United States. Substantially all of Oi Netherlands' assets are also located outside the United States. As a result, it may be difficult for you to serve process on Oi Netherlands or these persons within the United States or to enforce against Oi Netherlands or these persons in courts in the United States, judgments of these courts predicated upon the civil liability provisions of U.S. securities laws. We have been advised that it is not clear whether a Dutch court would impose civil liability on Oi Netherlands or its directors in an original action based solely upon the federal securities laws of the United States brought in a court of competent jurisdiction in the Netherlands.

The United States and the Netherlands do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final and enforceable judgment for payment given by any court in the United States would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Netherlands court. We have been advised that a Netherlands court will, under current practice, generally grant the same judgment without re-litigation on the merits, provided that:

- the foreign court rendering the judgment had jurisdiction over the subject matter of the litigation on internationally acceptable grounds (for example, if the parties have agreed, in a written contract, to submit their disputes to the foreign court);

- the foreign court has conducted the proceedings in accordance with generally accepted principles of fair trial (e.g. after proper service of process, giving the defendant sufficient time to prepare for the litigation);

- the foreign judgment is not in conflict with Dutch public policy (we are not aware of any reasons why in general enforcement of payment obligations under a foreign law agreement would be in conflict with current Dutch public policy);

- the foreign judgment is not in conflict with a decision rendered by a Dutch court between the same parties, or with an earlier judgment rendered by a foreign court in proceedings involving the same cause of action and between the same parties, provided that the earlier decision can be recognized in the Netherlands; and

- the foreign decision is—according to the law of its country of origin—formally capable of being enforced (e.g., is readily enforceable, has not been annulled in appeal or its enforceability has not been subject to a certain time frame).

We have been advised that awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the Netherlands. Furthermore, it may be difficult for holders of the Notes to enforce judgments of U.S. courts predicated upon the civil liability provisions of the U.S. federal securities laws outside the United States. Finally, it is doubtful whether a Netherlands court would accept jurisdiction and impose civil liability in an action commenced in the Netherlands and predicated solely upon U.S. federal securities laws.

LEGAL MATTERS

The validity of the Notes and the guarantee will be passed upon for Oi and Oi Netherlands by White & Case LLP, U.S. counsel to for Oi and Oi Netherlands, and for the initial purchasers by Cleary Gottlieb Steen & Hamilton LLP, U.S. counsel to the initial purchasers.

Certain matters of Brazilian law relating to the Notes and the guarantee will be passed upon for Oi and Oi Netherlands by Barbosa, Müssnich & Aragão Advogados, Brazilian counsel to for Oi and Oi Netherlands, and for the initial purchasers by Stocche, Forbes, Padis, Filizzola, Clapis, Pássaro, Meyer e Refinetti Advogados, Brazilian counsel to the initial purchasers.

Certain matters of Dutch law will be passed upon for the initial purchasers by Clifford Chance LLP, Dutch counsel to the initial purchasers.

INDEPENDENT AUDITORS

Our audited consolidated financial statements as of December 31, 2014 and 2013 and for each of the three years ended December 31, 2014, 2013 and 2012 incorporated by reference into this offering memorandum have been audited by KPMG Auditores Independentes, independent registered public accountants, as stated in their report incorporated by reference herein.

The unaudited interim consolidated financial information of Oi as of March 31, 2015 and for the three-month periods ended March 31, 2015 and 2014, incorporated by reference into this offering memorandum, have been reviewed by KPMG Auditores Independentes , independent auditors, who report that they applied limited procedures in accordance with professional standards for a review of such information. Accordingly, the degree of reliance on such report should be restricted in light of the limited nature of the review procedures applied. The review report contains an emphasis of matter paragraph in relation to the investment in Unitel which states that the amount of R$4,575 million as of March 31, 2015 was determined by management based on assumptions which best reflect its fair value at that date. In that matter, they call the attention to the uncertainties described in explanatory notes 1 and 26 of the interim financial information. The review report does not contain a qualification in relation to this matter. Also, the review report contains an “other matters” paragraph referring to the fact that they also reviewed the consolidated interim statements of added value for the three-month period ended March 31, 2015 and 2014, prepared under the responsibility of the company’s management, which presentation is required in the interim financial information in accordance with the standards issued by the CVM but not required under IFRS.

KPMG Auditores Independentes is registered with the CVM and the Brazilian Regional Accounting Council (*Conselho Regional de Contabilidade*) in the State of Rio de Janeiro under the number CRC SP-014428/O-6 F-RJ.

AVAILABLE INFORMATION

We are subject to the reporting requirements of the Exchange Act, in accordance with which we file annual reports on Form 20-F with the SEC. However, if at any time we cease to be a reporting company under Section 13 or Section 15(d) of the Exchange Act, or are not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, we will be required to furnish to any holder of a note which is a “restricted security” (within the meaning of Rule 144 under the Securities Act), or to any prospective purchaser thereof designated by such a holder, upon the request of such a holder or prospective purchaser, in connection with a transfer or proposed transfer of any such note pursuant to Rule 144A or otherwise, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

The Oi Annual Report, the First Quarter Report, and any other materials we may file with the SEC may be inspected without charge at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference room. In addition, the SEC maintains an Internet web site at http://www.sec.gov, from which you can electronically access the Oi Annual Report, the First Quarter Report, and any other materials we may file with the SEC.

LISTING AND GENERAL INFORMATION

1. The notes have been accepted for clearance and settlement through Euroclear and Clearstream. The Common Codes for the notes are 144A: 124524504 / Reg S: 124524440. The ISIN numbers for the notes are 144A: XS1245245045 / Reg S: XS1245244402.

2. Copies of the audited annual financial statements of Oi as of and for the years ended December 31, 2014 and 2013, and Oi's latest unaudited quarterly financial information, and copies of Oi's *estatuto social* (by-laws), as well as the indenture (including the guarantee and forms of the notes), will be available (at our expense) at the offices of any paying agent, including the Irish listing agent. For the life of the Listing Particulars, the documents referred to in this paragraph may be inspected, by physical or electronic means.

3. The Bank of New York Mellon SA/NV, Dublin Branch is acting solely in its capacity as listing agent for the issuer (and not on its own behalf) in connection with the application for admission of the Notes to the Official List of the Irish Stock Exchange and trading on its Global Exchange Market.

4. Copies of the Oi Netherland's Articles of Association will be available (at our expense) at the offices of any paying agent, including the Irish listing agent. For the life of the Listing Particulars, the documents referred to in this paragraph may be inspected, by physical or electronic means.

5. Copies of the Listing Particulars will be available (at our expense) at the offices of any paying agent, including the Irish listing agent. For the life of the Listing Particulars, the documents referred to in this paragraph may be inspected, by physical or electronic means.

6. Except as disclosed in this offering memorandum, there has been no material adverse change in our prospects position since December 31, 2014, the date of Oi's latest audited financial statements incorporated by reference in this offering memorandum, or significant change in our financial or trading position since March 31, 2014, the date of Oi's latest unaudited quarterly financial information incorporated by reference to this offering memorandum.

7. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Global Exchange Market which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. We will comply with any undertakings assumed or undertaken by us from time to time to the Global Exchange Market of the Irish Stock Exchange in connection with the notes, and we will furnish to them all such information as the rules of the Global Exchange Market of the Irish Stock Exchange may require in connection with the listing of the notes.

8. The issuance of the notes was authorized by the management board of Oi Netherlands on June 10, 2015. The issuance of the guarantee was authorized by the board of directors of Oi on June 8, 2015.

9. The initial expenses for admission to trading of the notes will amount to €4,540.

10. Except as disclosed in this offering memorandum, neither we nor the issuer has been involved in any governmental, legal or arbitration proceeding relating to claims or amounts that are material and may have, or have had during the 12 months preceding the date of this offering memorandum, a significant effect on our financial position nor so far as we are aware is any such litigation or arbitration pending or threatened.

PRINCIPAL EXECUTIVE OFFICES

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