

PORTUGAL TELECOM INTERNATIONAL FINANCE B.V.
(the “**Issuer**”)

ANNOUNCEMENT ON THE SUBSTITUTION OF THE ISSUER OF THE

€400,000,000 6,25% Notes due 2016

ISIN: PTPTCYOM0008

2 June 2015

Portugal Telecom International Finance B.V. (“**PTIF**”) informs that, pursuant to the agreements implementing the changes approved at the meeting held on May 19 2015 by the holders of € 400.000.000 6,25 *per cent* Notes due 2016 (ISIN PTPTCYOM0008), issued under the € 7.500.000.000 *Euro Medium Term Note Programme* of Portugal Telecom International Finance B.V. and Portugal Telecom, SGPS, S.A. guaranteed by Oi S.A. (the “**Guarantor**”) (the “**Notes**”), as of today PTIF becomes the issuer and principal obligor of such Notes.

As already announced, the substitution of PT Portugal, SGPS, S.A. (“**PT Portugal**”) by PTIF, that remains in the companies held by the Guarantor, as issuer and principal obligor of the Notes, results of the conditions set by the Guarantor and Altice Portugal, S.A. for the sale of all of the shares representing the share capital of PT Portugal to Altice, sale which was also completed today.