

**PORTUGAL TELECOM INTERNATIONAL FINANCE B.V.**

(the “**Issuer**”)

**NOTICE**

to the holders (the “**Noteholders**”) of the following securities:

**€500,000,000 4.375 per cent. Notes due 2017**

(ISIN: XS0215828913)

**€250,000,000 5.242 per cent. Notes due 2017**

(ISIN: XS0441479804)

**€750,000,000 5.875 per cent. Notes due 2018**

(ISIN: XS0843939918)

**€750,000,000 5.00 per cent. Notes due 2019**

(ISIN: XS0462994343)

**€1,000,000,000 4.625 per cent. Notes due 2020**

(ISIN: XS0927581842)

**€500,000,000 4.5 per cent. Notes due 2025**

(ISIN: XS0221854200)

and

**€400,000,000 6.25 per cent. Notes due 2016**

(ISIN: PTPTCYOM0008)

(together, the “**Notes**”)

issued by the Issuer under its €7,500,000,000 Euro Medium Term Note Programme  
and guaranteed by

**Oi S.A.**

(the “**Guarantor**”)

Reference is made to the trust deed dated 17 December 1998 (as amended and/or supplemented and/or restated from time to time in relation to the Notes) (the “**Trust Deed**”) and constituting the Notes. Capitalised terms not defined herein shall have the meanings given to them in the Trust Deed.

On 29 April 2016, the Trustee notified the Noteholders that the Issuer had notified the Trustee that a Potential Event of Default has occurred pursuant to Condition 10(a)(ii) of the Terms and Conditions of the Notes by reason of the Issuer’s and the Guarantor’s breach of Clauses 14(iii) and 14(v) of the Trust Deed.

On 4 May 2016, the Trustee notified the Noteholders that it had sent a letter to the Issuer and the Guarantor requiring that the Potential Event of Default referred to above be remedied, pursuant to the terms of Condition 10 (a)(ii), within 30 days following the date of the letter from the Trustee to the Issuer and the Guarantor.

The Issuer now informs the Noteholders that on 27 May 2016 the Issuer delivered the audited accounts of the Issuer for the financial year ended 31 December 2014 to the Trustee and so remedied the relevant Potential Event of Default within the 30-day period required by Condition 10(a)(ii).

This Notice is given by:

**Portugal Telecom International Finance B.V.**

Naritaweg 165

1043 BW Amsterdam

The Netherlands

27 May 2016