

PORTUGAL TELECOM INTERNATIONAL FINANCE B.V.

(the “**Issuer**”)

NOTICE

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

€400,000,000 6.25% Notes due 2016

(ISIN: PTPTCYOM0008)

(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 20 June 2016, the Guarantor, in conjunction with the Issuer and other of its wholly-owned direct and indirect subsidiaries, (the “**Oi Companies**”), filed a request for judicial reorganization of the Oi Companies with the Court of the State of Rio de Janeiro, pursuant to Art. 51 of Law No. 11,101/05 and Art. 122 of the Brazilian Corporations Law (the “**Proceedings**”).

The Issuer now informs the Noteholders that on 22 June 2016 the Trustee certified to the Issuer and the Guarantor that the Proceedings (including the circumstances resulting therein and the consequences resulting therefrom) are, in its opinion, materially prejudicial to the interests of the Noteholders and that an Event of Default has occurred under Condition 10(a)(viii) of the Notes.

22 June 2016