



Announcement | Lisbon | 8 December 2014

## Material fact disclosed by Oi

Portugal Telecom, SGPS S.A. hereby informs on the material fact disclosed by Oi, S.A., regarding the Oi S.A. Board of Directors Approval of the Sale of Shares of PT Portugal to Altice S.A., according to the company's announcement attached hereto.

**Portugal Telecom, SGPS, SA**  
Avenida Fontes Pereira de Melo, 40  
1069-300 Lisbon  
Portugal

Public company  
Share capital Euro 26,895,375  
Registered in the Commercial  
Registry Office of Lisbon  
and Corporation no. 503 215 058

Portugal Telecom is listed on the  
Euronext and New York Stock  
Exchange. Information may be  
accessed on the Reuters under the  
symbols PTC.LS and PT and on  
Bloomberg under the symbol PTC PL.

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**Oi S.A.**

Corporate Taxpayers' Registry (CNPJ/MF) No. 76.535.764/0001-43

Board of Trade (NIRE) No. 33.3.0029520-8

Publicly-Held Company

**MATERIAL FACT**

**Oi S.A. Board of Directors Approval of the Sale of Shares of PT Portugal to Altice S.A.**

**Oi S.A.** (“Oi” or the “Company”, Bovespa: OIBR3, OIBR4; NYSE: OIBR and OIBR.C), in accordance with article 157, paragraph 4 of Law No. 6,404/76 (the “Brazilian Corporation Law”) and the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários - CVM) Instruction No. 358/02, continuing with the Material Facts dated November 3, 2014 and November 30, 2014, informs its shareholders and the market in general that, on this date, the Board of Directors of Oi finalized the formalities to approve the general terms and conditions for the sale of all of the shares of PT Portugal SPGS S.A. (“PT Portugal”) to Altice Portugal S.A. (“Altice PT”), a wholly-owned subsidiary of Altice S.A. (and together with Altice PT, “Altice”). The sale substantially involves PT Portugal’s operations in Portugal and Hungary. The effectiveness of the purchase and sale contract will depend on the approval by the shareholders of Portugal Telecom SGPS, S.A. (“PT SGPS”), which will be called in due course.

With this approval, Oi will transfer to Altice all of the shares issued by PT Portugal for an enterprise value of 7.4 billion Euros, adjusting for cash and debt and including an earn-out of 500 million Euros related to PT Portugal’s generation of future revenue. The price to be paid by Altice will suffer adjustments usually adopted in similar transactions, in accordance with PT Portugal’s cash holdings on the closing of this transaction.

Prior to the consummation of the sale and as a condition precedent to its closing, certain corporate reorganizations will be required to take place in order to delineate the operations to be transferred as well as to separate PT Portugal’s investments which will not be included in the sale, including the investments in Africatel GmbH & Co. KG and Timor Telecom S.A. and the investments held by PT Portugal in Rio Forte Investments S.A. (which are subject of the share exchange agreement with PT SGPS under which this investment will be exchanged for shares issued by Oi, which is still subject to approval by the CVM), as well as all or part of PT Portugal’s indebtedness.

In addition to the corporate reorganization considered above, the closing of this sale will be conditioned on, among other matters, obtaining the required regulatory and antitrust approvals, in accordance with applicable law.

With this step concluded, Oi continues its objective of reinforcing its financial capacity in order to maintain its objective of leading the consolidation movement in the Brazilian telecommunications market.

Oi will maintain its shareholders and the market informed of any material events related to this subject.

Rio de Janeiro, December 8, 2014.

**Oi S.A.**

Bayard De Paoli Gontijo

Chief Executive Officer, Chief Financial Officer and Investor Relations Officer

**Special Note Regarding Forward-Looking Statements:**

This communication may contain forward-looking statements. Statements that are not historical facts, including statements regarding the beliefs and expectations, business strategies, future synergies and cost savings, future costs and future liquidity, are forward-looking statements. The words “will,” “will be,” “should,” “could,” “may,” “should be,” “could be,” “may be,” “estimates,” “has as an objective,” “targets,” “target “goal,” “anticipates,” “believes,” “expects,” “forecasts,” “intends,” “plans,” “predicts,” “foretells,” “projects,” “points to” and similar expressions are intended to identify forward-looking statements and are subject to a number of risks and uncertainties. These statements reflect current expectations. In light of the many risks and uncertainties surrounding the offer, you should understand that we cannot assure you that the forward-looking statements contained in this communication will be realized. Undue reliance should not be placed on such statements.