



Announcement | Lisbon | 23 June 2015

Material fact disclosed by Oi

PHAROL, SGPS S.A. hereby informs on the Material fact disclosed by Oi, S.A., according to the company's announcement attached hereto.

PHAROL, SGPS S.A.

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

PHAROL is listed on the
Euronext (PHR). Information
may be accessed on Bloomberg
under the symbol PHR PL.

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Oi S.A.

Corporate Taxpayers' Registry (CNPJ/MF) No. 76.535.764/0001-43
Board of Trade (NIRE) No. 33.30029520-8
Publicly-Held Company

NOTICE TO THE MARKET

Oi S.A. (BOVESPA: OIBR3, OIBR4; NYSE: OIBR.C and OIBR) ("Oi" or the "Company") informs its shareholders and the market in general that it has concluded the issuance of foreign currency denominated 5.625% Senior Notes due 2021 through its wholly-owned subsidiary Oi Brasil Holdings Coöperatif UA ("Oi Holanda"), in the aggregate principal amount of €600,000,000 (the "Notes"). Interest due on the Notes will accrue at a rate of 5.625% per annum and will be paid annually. The Notes are unconditionally and irrevocably guaranteed by the Company and will be listed on the Global Exchange Market of the Irish Stock Exchange (the "Issuance").

The Company used or will use the proceeds from the Issuance to (i) repurchase a portion of the outstanding balance of each of the (a) 5.625% Notes due 2016 issued by Portugal Telecom International Finance B.V. ("PTIF"); (b) 4.375% Notes due 2017 issued by PTIF; (c) 5.242% Fixed Rate Notes due 2017 issued by PTIF; and (d) 5.125% Notes due 2017 issued by the Company (collectively, the "Old Notes"), and (ii) the remaining proceeds to pre-pay or refinance other Company debt.

The total amount repurchased of each of the Old Notes is described in the table below:

<u>Old Notes</u>	<u>Amount Repurchased</u>
5.625% Notes due 2016	€56,925,000
4.375% Notes due 2017	€115,877,000
5.242% Fixed Rate Notes due 2017	€0
5.125% Notes due 2017	€148,735,000
Total Amount Repurchased	€321,537,000

The Notes were not registered in the United States in accordance with U.S. securities laws and may not be offered or sold in the United States or to United States persons, except pursuant to a registration statement or an exemption from registration in accordance with U.S. law. There was neither an intention to register the offering of such notes nor a public offering thereof in the United States. Since the Notes were neither

offered nor distributed in Brazil, no registration of the offering was made with the Brazilian Securities Commission (*Comissão de Valores Mobiliários – CVM*).

This communication does not constitute an offer to sell the Notes or a solicitation to purchase the Notes. The Notes will not be sold in any state or jurisdiction in which an offer to sell the Notes would be prohibited according to the securities laws of such state or jurisdiction.

Rio de Janeiro, June 22, 2015.

Flavio Nicolay Guimarães
Chief Financial Officer and Investor Relations Officer
Oi S.A.