



Announcement | Lisbon | October 02, 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. 33.300.29520-8

Publicly-Held Company

MATERIAL FACT

Oi S.A. ("Oi" or "Company"), in accordance with Art. 157, paragraph 4 of Law No. 6,404/76, informs its shareholders and the market in general that the period for (i) its shareholders to declare their intention to convert their preferred shares into common shares issued by the Company ("Voluntary Conversion"), as well as (ii) the offer to exchange (the "Exchange Offer") American Depositary Shares representing preferred shares ("Preferred ADSs") for American Depositary Shares representing common shares ("Common ADS") expired as of October 1, 2015.

According to preliminary information received from the São Paulo Stock Exchange ("BM&FBovespa"), Banco do Brasil (the registrar of the Company's shares), and The Bank of New York Mellon (the U.S. exchange agent for the Exchange Offer), the Company confirms that the condition of the Voluntary Conversion that 2/3 of the outstanding preferred shares, excluding treasury shares, elect to participate in the conversion, has been met.

As requested by New York Stock Exchange, the Company informs that it has received a preliminary confirmation by The Bank of New York Mellon that 67,460,254 Preferred ADSs, or 62.0% of the outstanding Preferred ADSs, representing 67,460,254 preferred shares, or 14.3% of the outstanding preferred shares, have been tendered for exchange for Common ADSs in the Exchange Offer.

The Company intends to issue a Notice to the Market containing the final results and the proposed timetable for the next steps to be taken concerning the Voluntary Conversion as soon as the final tabulation of the participating preferred shares and Preferred ADSs is completed.

Rio de Janeiro, October 2, 2015

Flavio Nicolay Guimarães

Chief Financial Officer and Investor Relations Officer

Oi S.A.